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BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
STATE OF GEORGIA

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.'s 2022 GEORIGIA RATE ADJUSTMENT MECHANISM FILING ("2022 Annual GRAM Filing")

DOCKET # DOCKET NO. 42959
DOCUMENT # 188466

DOCKET NO. 42959

ORDER ADOPTING 2022 GRAM STIPULATION

The Georgia Public Service Commission ("Commission") issues this Order to accept the Stipulation agreed to in Docket 42959 by Liberty Utilities (Peach State Natural Gas) Corp. ("PSNG") and the Gas Staff of the Georgia Public Service Commission ("Staff"). A copy of the Stipulation is attached hereto as Exhibit 1, which includes an Attachment A and an Attachment B.

I. Background

On December 27, 2011, the Commission approved a Stipulated Agreement between the Staff and Atmos Energy for an alternative form of ratemaking in accordance with O.C.G.A. 46-2-23.1. The process is called the Georgia Rate Adjustment Mechanism or GRAM. On February 26, 2013, PSNG purchased the Atmos Energy assets in Georgia and inherited the GRAM process. The purchase was final on April 1, 2013. On May 3, 2016, the Commission approved a new GRAM stipulated agreement between the Staff and PSNG that continued to incorporate the annual filing with a detailed revenue requirement and rate design model with eleven schedules and supporting workpapers. On July 30, 2020, the Commission approved a new GRAM Stipulated Agreement between Staff and PSNG for a continuation of the alternative form of ratemaking in accordance with O.C.G.A. 46-2-23.1.

II. 2022 GRAM Filing

On October 1, 2021, PSNG filed its 2022 GRAM asking for a rate increase of \$5,240,835, as found in Schedule-11, on a Rate Base Attributed to Common Equity totaling \$109,505,082 with an ROE of 6.37% using current rates through the Forward Looking Test Year ending January 31, 2023.

III. Staff's Analysis

The Staff reviewed the 2022 GRAM by analyzing each of the eleven (11) schedules and the forty-five (45) supporting workpapers. Schedule-1 provided a Calculation of Revenue Sufficiency/(Deficiency) for PSNG's overall rate base. The Staff traced the source numbers and found no issues. Schedule-2 calculated the Average Rate Base, but more specifically it calculated PSNG's Return on Equity ("ROE") using present rates through the end of the Forward Looking Test Year, twelve months ending January 31, 2023. Since Schedule-2 is the main schedule that determined if PSNG was overearning or under-earning, it pulls its supporting data from its own workpapers, Schedules-3 through Schedule-10, and their schedules supporting workpapers. The Staff conducted a detailed review of the supporting data from Schedules-3 through Schedule-10, supporting workpapers, quarterly GRAM reports, appropriate methodologies and rates approved in the 2020 GRAM Stipulation in Docket No. 42959. The Staff then compared the final ROE number, 6.37% to the ROE provided on Schedule-11 Line-1 for a final Revenue Requirement Calculation ("RRC"). The target ROE is 10.20%. PSNG presented a revenue deficiency of \$4,195,339, and when accounting for EDIT amortization of (\$293,145), the deficiency became \$3,902,195. After income taxes, the revenue adjustment, or proposed rate increase, was \$5,240,835.

The Staff focused on several issues related to the filing that included a Liberty Utilities (Canada) Corporation allocated asset of \$18,556,745 that was called Customer First. As part of responses to Staff's Fourteenth Set of Data Requests, PSNG stated this was the Georgia utility portion of the overall cost of assets and implantation of a new IT enterprise system. This new system would replace existing legacy IT assets. The \$18,556,745 appeared in WP 2-1-1 in FERC account 30320. Another issue addressed was how WP 4-1-1 presented the customer growth methodology. This included missing worksheets from prior GRAM filings and the 2020 rate case, WP 4-1-3 and WP 4-1-3-1. Also, Staff had concerns about the numbers used for the Commercial class of customers. Staff and PSNG had numerous ZOOM meetings, phone calls, and email exchanges to resolve these issues. As a result of these meetings, the Staff and PSNG resolved all issues as part of the stipulated agreement.

IV. Staff and PSNG 2022 GRAM Stipulation

The Stipulation adopts the Company's 2022 Revised Annual GRAM Filing, which includes the following revisions. First, concerning the allocated Customer First assets, the Parties agreed that the allocated Customer First assets would remain in rate base for ratemaking purposes. Of the \$18,556,745 in allocated Customer First assets, \$17,203,400 would change from a ten-year

(10) depreciable life to a fifteen (15) year depreciable life for ratemaking purposes, and \$1,353,346 would have a seven year (7) depreciable life. This change, coupled with the other revision to the 2022 Annual GRAM Filing, had a cumulative 2022 GRAM rate impact of reducing the revenue deficiency by \$642,521. Second, the Parties agreed to a detailed customer growth methodology that was used in prior GRAM filings and approved in the 2020 rate case with a detailed description of the methodology. Third, the Parties agreed workpapers WP 4-1-3 and WP 4-1-3-1 would be included in all GRAM filings and in the same format as the 2020 rate case filing. Fourth, the Parties agreed that the Customer Numbers used in WP 4-1-1 will be equal to the Customer Numbers WP 4-1-6, as in prior GRAM filings and the 2020 rate case, and the Commercial Customer Numbers will be a total of both 820 and 830 Commercial customers. The Residential and 820 and 830 Commercial customer numbers used in WP 4-1-6 would be the same as the quarterly GRAM filings made with the Commission.

After Staff's thorough review, the above items were resolved through stipulation resulting in a reduction to revenue requirement from that requested in the initial filing on October 1, 2021.

V. Revised 2022 GRAM and Revenue Tracking

On January 25, 2022, PSNG filed a revised 2022 GRAM with adjustments agreed on in the 2022 GRAM Stipulation. The Schedule-2 Rate Base Attributed to Equity was \$109,583,409, and the Operating Income was \$7,460,573. The revised ROE was 6.81%. When reviewing Schedule-11, compared to the target ROE of 10.20%, there was a revenue deficiency totaling \$3,716,935. With the EDIT amortization of (\$293,145), the revenue deficiency became \$3,423,790. With income taxes, the final revenue adjustment was on Schedule-11 Line-9 was \$4,598,314. With agreed-to changes by the Parties in the 2022 GRAM Stipulation, the revised final revenue adjustment was decreased by \$642,521 compared to the original 2022 GRAM Annual Filing made on October 1, 2021. This revenue requirement also appears in WP 4-3 and it was allocated among the rate classes. For the Rate Effective Period, February 1, 2022 – January 31, 2023, the tracking revenues for the 2022 GRAM Revenue True Up is \$43,968,693. The 2022 Revenue True Up shall be filed by April 30, 2023 to compare actual revenues to the approved revenues.

VI. Rate Impact

In WP 4-4, included below, is a breakdown and comparison of the approved 2022 GRAM rates related to the Schedule-11 \$4,598,314 revenue adjustment increase. WP 4-4 also provides a customer estimated average customer monthly and annual impacts. For the 810 Residential customer, the monthly average increase in rates is estimated at a total of \$4.96 per month per customer. Annual Rate Effective period, February 1, 2022 – January 31, 2023, the average Residential customer increase in rates is estimated at a total of \$59.51 per customer.

2022 GRAM WP 4-4

	Column I	Column II	Column III	Column IV	Column V
Liberty Tariff	Proposed Base Tariff	Current GRAM Base Tariff	Variance Proposed Rates to Current Rates I - II	Monthly Inc (Dec) in Avg Customer Cost	Annual Inc (Dec) in Avg Customer Cost
810 Residential					
Fixed Charge	\$27.96	\$25.00	\$2.96	\$2.96	\$35.58
Volumetric Charge	\$0.5489	\$0.4907	\$0.0582	\$1.99	\$23.93
Total				\$4.96	\$59.51
820 General Service Commercial					
Customer Charge	\$55.93	\$50.00	\$5.93	\$5.93	\$71.15
Commodity Charge	\$0.3314	\$0.2963	\$0.0351	\$8.52	\$102.23
Total				\$14.45	\$173.39
820 General Service Industrial					
Customer Charge	\$ 184.57	\$ 165.00	\$ 19.57	\$ 19.57	\$ 234.81
Commodity Charge	\$0.3314	\$0.2963	\$0.0351	\$ 78.79	\$ 945.53
Total				\$ 98.36	\$ 1,180.34
822 Res and Comm HVAC					
Fixed Charge	\$27.96	\$25.00	\$2.96	\$2.96	\$35.58
Volumetric Charge	\$0.2573	\$0.2300	\$0.0273	\$8.51	\$102.16
Total				\$11.48	\$137.73
830 Large Volume Service Commercial					
Fixed Charge	\$83.89	\$75.00	\$8.89	\$8.89	\$106.73
Volumetric Charge	\$0.2483	\$0.2220	\$0.0263	\$445.17	\$5,342.09
Total				\$454.07	\$5,448.83
830 Large Volume Service Industrial					
Fixed Charge	\$83.89	\$75.00	\$8.89	\$8.89	\$106.73
Volumetric Charge	\$0.2483	\$0.2220	\$0.0263	\$465.34	\$5,584.07
Total				\$474.23	\$5,690.80

830 Large Volume Service Transportation					
Fixed Charge	\$553.70	\$495.00	\$58.70	\$58.70	\$704.43
Volumetric Charge	\$0.1991	\$0.1780	\$0.0211	\$309.36	\$3,712.28
Total				\$368.06	\$4,416.71
850 Optional Gas Service					
Fixed Charge	\$553.70	\$495.00	\$58.70	\$58.70	\$704.43
1 - 20,000 Ccf	\$0.1991	\$0.1780	\$0.0211	\$421.82	\$5,061.79
20,000 - 100,000 Ccf	\$0.1678	\$0.1500	\$0.0178	\$561.99	\$6,743.92
Over 100,000 Ccf	\$0.1398	\$0.1250	\$0.0148	\$3.92	\$47.01
Demand Volumes	\$0.7936	\$0.7095	\$0.0841		
Total				\$1,046.43	\$12,557.16
860 Transportation					
Fixed Charge	\$553.70	\$495.00	\$58.70	\$58.70	\$704.43
1 - 20,000 Ccf	\$0.1991	\$0.1780	\$0.0211	\$392.58	\$4,710.92
20,000 - 100,000 Ccf	\$0.1678	\$0.1500	\$0.0178	\$790.86	\$9,490.28
Over 100,000 Ccf	\$0.1398	\$0.1250	\$0.0148	\$149.50	\$1,793.99
Total				\$1,391.64	\$16,699.63
892 Cogeneration					
Fixed Charge	\$553.70	\$495.00	\$58.70	\$58.70	\$704.43
Volumetric Charge	\$0.3300	\$0.2950	\$0.0350	\$23.77	\$285.23
Total				\$82.47	\$989.66
893 Large Tonnage A/C Gas					
Fixed Charge	\$553.70	\$495.00	\$58.70	\$58.70	\$704.43
Volumetric Charge	\$0.2601	\$0.2325	\$0.0276	\$773.58	\$9,282.92
Total				\$832.28	\$9,987.35

VII. Findings of Facts and Conclusions of Law

On January 26, 2022, the Staff and PSNG entered into a stipulated agreement to resolve all matters related to the 2022 GRAM. After a thorough review, the Commission finds that the terms of the 2022 GRAM Stipulation attached hereto as Exhibit 1 which includes an Attachment A and an Attachment B, are reasonable and that the resolution of this matter as provided in the Stipulation is appropriate and in the public interest.

VIII. Ordering Paragraphs


WHEREFORE IT IS ORDERED, that the Commission hereby accepts and adopts the 2022 GRAM Stipulation as shown in Exhibit I to this Order and that the terms and conditions of the Stipulation (including the Attachment A and Attachment B to the 2022 GRAM Stipulation) are incorporated herein; and

ORDERED FURTHER, that PSNG shall abide by the terms and conditions as set forth in the Stipulation; and

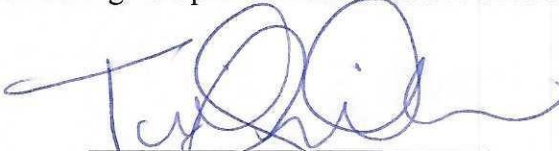
ORDERED FURTHER, that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission; and

ORDERED FURTHER, that jurisdiction over this matter is expressly retained for the purpose of entering such further Order or Orders as to this Commission may seem just and proper.

The above by action of the Commission during its Special Administrative Session on the 27th day of January 2022.


Sallie Tanner
Executive Secretary

1-27-22
Date


Tricia Pridemore
Chairman

1-27-22
Date