BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

IN RE:

ATLANTA GAS LIGHT COMPANY'S	**)**	
2023 ANNUAL GEORGIA RATE	**)**	**DOCKET NO. 42315**
ADJUSTMENT MECHANISM FILING	**)**	

STIPULATION OF
NATURAL GAS STAFF OF THE GEORGIA PUBLIC SERVICE COMMISSION
AND ATLANTA GAS LIGHT COMPANY
2023 GEORGIA RATE ADJUSTMENT MECHANISM FILING

WHEREAS, Atlanta Gas Light Company ("AGL" and a "Party" to this Stipulation) filed its 2023 Annual GRAM Filing on July 1, 2022 (the "Initial 2023 Annual GRAM Filing"); and

WHEREAS, the Georgia Public Service Commission Staff of the Natural Gas Unit ("Staff" and a "Party" to this Stipulation) has reviewed AGL's 2023 Annual GRAM Filing, issued data requests, reviewed AGL's responses to Staff's data requests, and met with AGL's representatives numerous times to refine the 2023 Annual GRAM Filing and ensure compliance with the previous orders of this Commission; and

WHEREAS, AGL included a reduction on Schedule 11 of the Initial 2023 GRAM Filing made on July 1, 2022 (the "Initial 2023 GRAM Annual Filing") called "6% Customer Bill Commitment Revenue Adjustment," consistent with the discussions during the October 26, 2021 hearings in AGL's Integrated Capacity and Delivery Plan ("i-CDP") in Docket No. 43820 (Transcript Pages 115 – 121); and

WHEREAS, Staff and AGL have agreed on certain modifications to the initial 2023 Annual GRAM Filing, which are included within the Revised 2023 Annual GRAM Filing made

December 12, 2022 (the "Revised 2023 Annual GRAM Filing") attached hereto as Attachment A, as well as additional related modifications as set forth herein; and

WHEREAS, Staff and AGL have agreed on certain additional related items as set forth herein.

NOW THEREFORE, Staff and AGL agree as follows:

1. Related to the new Cherokee LNG Tank (the "Tank") portion of the Cherokee LNG Tank Expansion project, for FERC Account 375 Structures/Improvement, AGL projected in the Initial 2023 GRAM Filing an in-service amount of $88,886,561 in 2023. Parties acknowledge that because of current supply chain uncertainties, the Tank may not be completed as scheduled during 2023. Consequently, the Revised 2023 Annual GRAM Filing has been adjusted so that the revenue requirements associated with this portion of the Cherokee LNG Tank Expansion project will not be recovered in AGL's 2023 base rates, but rather will be included in the 2024 Annual GRAM Filing to begin recovery in base rates during the 2024 Rate Effective Period. Upon completion of the Tank, it will become used and useful and will be transferred from work in progress (WIP) to plant-in-service (PIS), at which time the currently authorized AFUDC will cease. If the Tank becomes used and useful during the 2023 Rate Effective Period, AGL shall establish a regulatory asset and shall be entitled to the recovery of the actual costs of the Tank. The Weighted Average Cost of Capital Grossed Up for Taxes will be taken from the Schedule-10, (which for the 2023 Annual GRAM Filing, is 9.35%). The depreciation rates used for the Tank will be the Commission approved rates shown in WP 2-2-1. The recovery of the regulatory asset shall not be disallowed in the absence of fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct on the part of AGL.

Related to the Tank regulatory asset, the Company shall be allowed to calculate the regulatory asset with the following formula:

> Weighted Average Cost of Capital Grossed Up for Taxes * [(Plant In Service) - (accumulated depreciation on the Plant In Service and accumulated deferred income taxes)] + Depreciation Expense = Regulatory Asset Amount for the Cherokee LNG Tank.

During the 2024 Annual GRAM Filing review process, AGL shall present the calculation of the Regulatory Asset for the Tank as a separate workpaper. The result shall be provided on Schedule-3 as a line item in Operating Expenses.

The above capital costs shall apply to only those costs properly capitalized in the plant accounts as determined by the Commission's Rule 515-3-1-.10 Accounting Requirements (i.e., FERC USOA 18 CFR 511 *et seq*.).

The cumulative unrecovered balance of each element of the LNG tank revenue requirement less cumulative collections shall accrue carrying costs at the above cost of capital.

2. On November 18, 2021, the Commission authorized the 2023 GRAM capital budget parameters in the amount of $372,051,103 as part of the 2022-2031 Integrated Capacity and Delivery Plan ("i-CDP) in Docket No. 43820. As part of the 2023 GRAM negotiations, the Staff and AGL agree to an increase to the 2023 i-CDP GRAM budget parameter in the amount of $3,359,035 for a total of $375,410,138. Capital budgets incorporated into the 2023 GRAM filing are shown in Attachment B. The capital budget for 2023 GRAM of $375,410,138 is comprised of expenditure categories GRAM Other and GRAM Safety and Compliance. The Capital

expenditures for ECON-1 projects are separately identified. The agreements reflected in this paragraph concerning the 2023 GRAM budget amounts are the result of a compromise and agreement between AGL and Staff to resolve this issue in the 2023 Annual GRAM Filing, and are not to be construed as having established a precedent for any other purpose.

3. On November 18, 2021, the Commission authorized the parameter for the 2024 GRAM capital budget in the amount of $440,116,490 as part of the i-CDP in Docket No. 43820. The Staff and AGL agree to a 2024 GRAM capital budget variance of up to 2%, or a potential variance of $8,802,330. Capital budgets for the 2024 GRAM filing will be shown in Attachment B. The capital budget for the 2024 GRAM will be comprised of expenditure categories GRAM Other and GRAM Safety and Compliance. The capital expenditures for ECON-1 projects will be separately identified. The agreements reflected in this paragraph concerning the 2024 GRAM budget amounts are the result of a compromise and agreement between AGL and Staff to resolve this docket, and are not to be construed as having established a precedent for any other purpose.

4. As reflected in the Revised 2023 Annual GRAM Filing, WP 3 AFUDC has been removed. AGL's CWIP and AFUDC to be included within the 2024 GRAM Filing will be in the format presented in the updated WP 2-3 format as contained in the Revised 2023 Annual GRAM Filing.

5. The format for WP 2-5, ("AGSC rate base attributed to AGL") has been revised to calculate AGSC's ADIT on a separate WP 2-5-1, as presented in Revised 2023 Annual GRAM Filing. The AGSC Allocation Factor used for AGL in WP 2-5 and WP 2-5-1 is calculated in WP 2-5-2, formerly called "Supplemental GRAM Attachment A."

6. WP 2-8 ("Customer Deposits") has been revised for the Revised 2023 GRAM Annual GRAM Filing with an updated interest rate with the most current Federal Funds Rate.

7. Headings for WP 4 have been revised as shown on the Revised 2023 Annual GRAM Filing.

8. Headings for Schedule 4 have been revised as shown on the Revised 2023 Annual GRAM Filing.

9. Historic Revenue data in Column-C of Schedule-4 come directly from the Historic Income worksheet as part of the Revised 2023 Annual GRAM Filing.

10. The Revised 2023 Annual GRAM Filing includes additional lines on Schedule-3 for "gas cost – purchase gas expense," and below that, a line for total margin; additionally, "Purchase Gas Expense" has been removed from Schedule-3 operations and maintenance expenses.

11. The Revised 2023 Annual GRAM Filing includes a new line has been added to WP 4 that shows the Total Base Rate Revenues.

12. During the first calendar quarter of 2023 Staff and AGL will discuss changes to be made to the 2024 Annual GRAM Filing because of AGL's upgrade of its enterprise software from PeopleSoft to Oracle that moves from general ledger accounts to FERC accounts. This will include discussions regarding changes to the GRAM model format.

13. In the Revised 2023 Annual GRAM Filing, the 6.25 % payroll tax factor that was linked and calculated within the GRAM model by taking total payroll taxes divided by total payroll as of the 12-months ended July 2022 was removed, inasmuch as an adjustment for payroll taxes was already included in the 40.97% benefits.

14. In the Revised 2023 Annual GRAM Filing, WP 5 D11 values come from the Historical Income Worksheet. Also, WP 5-4 D13 includes values that come directly from WP 5-

4-1 (formerly called the "Supplemental GRAM Attachment E" worksheet), instead of the "Inputs" worksheet.

15. In the Revised 2023 Annual GRAM Filing, the source for the forecasted test year "Franchise and Riders" expense in WP 5 O&M are linked to the Franchise Fees revenues in WP 4 Revenues.

16. In the Revised 2023 Annual GRAM Filing, the term "Other Interest Expense" on Schedule-3 has been changed to "Total Interest Expense."

17. In the Revised 2023 Annual GRAM Filing, the previous Schedule-11 has been renamed Schedule-11a, the previous workpaper WP 4-3 has been renamed Schedule-11b, and the previous workpaper WP 4-5 has been renamed to Schedule-11c.

18. In the Revised 2023 Annual GRAM Filing, Schedule-11b, no incremental revenue deficiency has been allocated to the peaking service rate.

19. During the first calendar quarter of 2023, Staff and AGL will engage in workshops and seek to reach agreements regarding: (a) potential revisions to the Peaking Service Tariff; (b) potential changes to the calculation and rate design of the Peaking Charges; (c) potential revisions to rate design language in the GRAM Tariff provision; and (d) potential reallocation of revenue requirements between DDDC and Customer Charges.

20. This 2023 GRAM Stipulation is contingent upon the Commission approving this Stipulation as filed, or with modifications that are expressly accepted by and agreed to by the Parties to this Stipulation.

21. The Revised 2023 Annual GRAM Filing should be approved as AGL's 2023 Annual GRAM Filing and the resulting rates shall become effective for bills rendered on and after January 1, 2023.

22. Staff and AGL will use their best efforts to obtain approval of, and to implement, this Stipulation. This Stipulation is conditioned upon the approval of all aspects of this Stipulation by the Georgia Public Service Commission, and the Staff and AGL hereby request that the Commission approve the Stipulation fully as set forth herein.

Agreed to this 12th day of December 2022.

On behalf of Staff of the Georgia Public Service Commission

Name: Nancy Tyer

Title: Director, Natural Gas Staff

On behalf of Atlanta Gas Light Company

Name: Pedro Cherry

Title: President