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DOCKET NO. 42315: ATANTA GAS LIGHT COMPANY'S PETITION FOR APPROVAL FOR ADJUSTMENT OF ITS RATES AND REVISED TARIFF: APPLICATION FOR APPROVAL OF AN ALTERNATIVE FORM OF REGULATION:

A TLANTA GAS LIGHT COMPANY'S 2023 ANNUAL GEORGIA RATE ADJUSTMENT MECHANISM FILING.

FINAL ORDER APPROVING THE STIPULATION OF THE 2023 ANNUAL GEORGIA RATE ADJUSTMENT MECHANISM FILING BETWEEN THE NATURAL GAS STAFF OF THE GEORGIA PUBLIC SERVICE COMMISSION AND ATLANTA GAS LIGHT COMPANY.

I. Background

O.C.G.A. § 46-2-20(a) provides that the Georgia Public Service Commission ("Commission") has general supervisory authority over gas companies.

O.C.G.A. § 46-2-23 provides that the Commission has exclusive power to determine what are just and reasonable rates and charges to be made by any person, firm or corporation subject to its jurisdiction.

On February 21, 2017, the Commission approved a Stipulated Agreement between the Staff of the Georgia Public Service Commission ("Staff") and Atlanta Gas Light Company ("AGL") for an alternative form of ratemaking in accordance with O.C.G.A. §46-2-23.1. The

process was called the Georgia Rate Adjustment Mechanism ("GRAM"). In the February 14, 2020 Final Order in Docket No. 42315, AGL's 2019 rate case, the Commission approved that AGL could continue to use the GRAM with modifications from the originally approved GRAM ratemaking process.

In O.C.G.A. § 46-2-23.1(c)(d), provides the following:

(c) After notice and hearing the commission may approve the plan, or approve it with modifications, if the commission determines that the application is in the public interest and will produce just and reasonable rates, after taking into consideration the extent to which the application:

(1) Is designed to and is likely to produce lower prices for consumers of natural gas in Georgia;

(2) Will provide incentives for the gas company to lower its costs and rates;

(3) Will provide incentives to improve the efficiency and productivity of the gas company;

(4) Will foster the long-term provision of natural gas service in a manner that will improve the quality and choices of service;

(5) Is consistent with maintenance and enhancement of safe, adequate, and reliable service and will maintain or improve preexisting service quality and consumer protection safeguards;

(6) Will not result in cross-subsidization among or between groups of gas company customers;

(7) Will not result in cross-subsidization among or between the portion of the gas company's business or operations subject to the alternative form of regulation and any unregulated portion of the business or operations of the gas company or of any of its affiliates;

(8) Will reduce regulatory delay and cost; and

(9) Will tend to enhance economic activity in the affected service territory.

(d) Performance based regulation adopted by the commission as an alternative form of regulation shall provide for the following:

(1) Equal and symmetric opportunities to earn above and below the performance standard;

(2) Performance incentives based upon conditions within the control of the management of the gas company; and

(3) Adjustments from time to time for the net effect of changes in tax rates, other costs imposed by law, and the cost of capital.

II. 2023 Annual GRAM Filing

On July 1, 2022, AGL filed its 2023 Annual Georgia Rate Adjustment Mechanism ("GRAM") Filing ("2023 GRAM" or "Original Filing") with a Forward Looking Test Year ("FTY") of January 1, 2023 through December 31, 2023. The Rate Effective Period ("2023 REP") for new rates is the same as the FTY. The Historic Test Year ("HTY") was the 12 months ending July 31, 2022. AGL reported a rate base attributed to equity totaling **$2,321,636,512**, and an operating income after taxes of **$189,312,103**, for a ROE of **8.15%**. The operating income deficiency was **$48,655,640**. The Revenue Adjustment after income taxes was a **$65,130,809** increase. AGL applied an adjustment for the 2021 GRAM Carry Forward totaling **($693,022)**. There was an adjustment for the 2021 GRAM Revenue True Up ("RTU") credit in the amount of **($1,745,342)**. There was an adjustment for the 10% reduction to the incremental 2023 GRAM and SRR Revenue Requirement in the amount of **($6,754,212)**.

With these adjustments, the Revenue Adjustment decreased to **$55,938,233**. AGL then applied what it called Adjustment to 6% Customer Bill Commitment in the amount of **($4,635,140)**. This adjustment decreased the Revenue Adjustment to **$51,303,093**. AGL added the ECON-1 revenue requirements in the amount of **$1,403,767**. This increased the Revenue Adjustment to **$52,706,860**. The final Revenue Adjustment amount was then transferred to WP 11B to be allocated to the customer rates.

III. Staff Analysis

A. The Review

The Staff thoroughly reviewed the Original 2023 Annual GRAM Filing's 13 schedules, 53 workpapers, and 9 supporting spreadsheets documents. The governance document for the AGL GRAM is tariff Section 26. The Staff reviewed this section of the tariff to ensure the 2023 GRAM was compliant with the Commission-approved tariff. Additionally, Staff reviewed the 2019 rate case model, the 2021 GRAM model, and the 2022 GRAM model as part of our review to ensure the 2023 GRAM model was consistent with past filings. Schedule-2 of the GRAM calculated the ROE by calculating a rate base attributed to equity and an operating income. AGL applied ratemaking adjustments through the FTY under current rates.

First, the Staff reviewed the WP 2 group of workpapers that support the calculation of the rate base through the FTY. The Staff team drafted issues lists that were developed into Staff's 33rd Set of Data Requests. The WP 2 group of workpapers included the following.

WP 2-1 Plant in Service
WP 2-1-1 Plant Additions Plant in Service Support
WP 2-1-4 Plant Details Plant in Service Support
WP 2-1-5-6 CAPEX Plant in Service Support
WP 2-2 Accumulated Depreciation:
WP 2-2-1 Accumulated Reserves
WP 2-3/WP 2-4 CWIP
WP 2-5 Service Company Plant
WP 2-6 ADIT
WP 2-7 Working Capital
WP 2-8 Customer Deposits

Second, the Staff reviewed revenue portion of operating income by analyzing the WP 4 group of workpapers. This was a projection of revenues through the FTY. WP 4 was supported by four (4) additional worksheets. The Staff team drafted an issues list that became the 34th Set of Data Requests. The WP 4 group of workpapers included the following:

WP 4 Operating Revenue Under Current Rates - FTY
WP 4-1 Revenue Adjustments
WP 4-2 Current/Proposed Rates
WP 4-6 Billing Details (Customers & DDDC)
WP 4-7 Residential Impact (6% Billing Commitment)

Third, the Staff reviewed operations and maintenance costs ("O&M") portion of operating income by analyzing the WP 5 group of workpapers. WP 5 provided a projection of O&M through the FTY. WP 5 was supported by nine (9) additional worksheets. The Staff team developed issues lists that became the 35th Set of Data Requests. The WP 5 group of workpapers consisted of the following:

WP 5 O&M Expense – FTY
WP 5-1 Adjs O&M Adjustments by Category
WP 5-1-1 Adjs Mo O&M Adjustments by Month
WP 5-2 Benefits Escalator Calculation
WP 5-3 RetireBenefits Escalator Calculation
WP 5-4 Outside Services Average of 7 Accounts
WP 5-5 Inflation Factor Escalator Calculation
WP 5-5-1 CPI Data
WP 5-6 Labor Inflation Escalator Calculation
WP 5-7 Cost Stabilization Tracking of 4 Categories
WP 5-8 Account Index O&M Accounts

Fourth, the Staff reviewed supporting schedules that included Schedules 3 – 12 in additional to other supporting workpapers and supplemental attachments, which also included capital budgets. The Staff team crafted issue lists that were developed into Staff's 36th Set of Data Requests. On September 16, 2022, Staff filed the 36th Set, but met with AGL on September 22, 2022 to allow AGL ask questions or voice concerns. On October 3, 2022 AGL filed responses. The Staff had additional issues with a portion of the responses.

As part of the 2023 GRAM Filing in Schedule-11 Line-12, AGL included a new item called a "Adjustment to 6% Customer Bill Commitment". This effectively reduced AGL's calculated revenue adjustment. This adjustment was a change from prior GRAM model filings, and it wasn't part of AGL's GRAM tariff in Section 26. Through discussions with AGL, the Company believed it committed to keeping Residential rates at no more than a 6% increase (not including Econ-1) for the years 2022 – 2024 as part of the Integrated Capacity and Delivery Plan ("i-CDP") in Docket No. 43820.

This adjustment can be found on Schedule-11a Line-12. This commitment appears to be derived from the October 26, 2021 i-CDP hearing found on pages 115 – 121 of the transcript. The Staff had no objection to this adjustment.

B. Data Requests and Meetings

With the review of the WP 2 group of workpapers and before the 33rd Set of Data Requests were filed, Staff called a meeting with AGL on August 16, 2022 to discuss the draft data request items. This allowed AGL to ask questions and voice any concerns. After the meeting on August 17, 2022, the 33rd Set was filed. On September 2, 2022, AGL filed responses. Staff reviewed the responses and found additional concerns.

With the review of the WP 4 group of workpapers and before the 34th Set of Data Requests were filed, the Staff called a meeting with AGL on August 23, 2022 to allow AGL to ask questions and voice concerns. On August 23, 2022, the Staff filed the 34th Set, and on September 9, 2022, AGL filed responses. The Staff reviewed the responses and found additional concerns.

With the review of the WP 5 group of workpapers and before the 35th Set of Data Requests were filed, the Staff called a meeting with AGL on August 30, 2022 to allow AGL to ask questions and voice concerns. On August 31, 2022, Staff filed the 34th Set, and on September 15, 2022, AGL filed responses. The Staff reviewed the responses and found additional concerns.

With the review the additional schedules and workpapers, on September 16, 2022, the Staff filed the 36th Set of Data Requests. On September 22, 2022, the Staff called a meeting with AGL to allow the Company to ask questions and voice concerns. On October 3, 2022, AGL filed responses. The Staff reviewed the responses and found additional concerns.

C. Staff's Issues:

To address the concerns found during the Staff's review of the 2023 GRAM filing, Staff and AGL had a series of meetings to reach resolutions. On the following dates, the Staff and AGL met in good faith to resolve all issues.

September 8, 2022
October 18, 2022
November 1, 2022
November 10, 2022
November 16, 2022
November 28, 2022

Additionally, the Staff and AGL engaged in numerous phone calls in an attempt to reach a settlement resolution for mutual concerns. As a result of these meetings, the Staff and AGL drafted a 2023 GRAM Stipulation.

IV. The Staff and AGL 2023 GRAM Stipulation

To address the issues related to the 2023 GRAM filing, the Staff and AGL ("Parties") negotiated a 2023 GRAM Stipulation, or "Stipulation". On December 11, 2022, the Parties reached an agreement on remaining issues. On December 12, 2022, AGL filed the signed Stipulation and the Revised 2023 GRAM Filing. As part of the Stipulation between the Parties, the numerous items discussed have either been agreed to, or the Parties have agreed to meet during the 1st quarter 2023 to reach an agreement. The Stipulation is provided as **Attachment-I** to this Order.

V. Revenue Adjustment and Rate Impacts

On December 12, 2022, AGL filed the Revised 2023 GRAM Filing. As seen in **Table-1** Line-1 below, The revised 2023 GRAM calculated a ROE of 8.21% that resulted in a revenue adjustment increase of **$62,890,137** as provided on Line-7 below. With the RTU, 2021 GRAM Carry Forward, and 2022-2024 i-CDP 10% adjustments, this decreased the initial revenue increase to **$53,766,785** as seen on Line-11. On Line-12, The Adjustment to 6% Customer Bill Commitment is provided in the amount of **($2,463,692)**. On Line-13, AGL applied the 6% Customer Bill Commitment Revenue Adjustment that reduced the revenue adjustment to **$51,303,093**. On Line-14, AGL added back the ECON-1 revenue adjustment of **$1,403,767** for a final revenue adjustment increase of **$52,706,860** found on Line-15. This dollar amount was transferred to Schedule-11b for allocation to the rate classes except for the Peaking Charge which will remain at the same rate as approved in 2022.

Table-1: Schedule-11a Revenue Adjustment Increase

Line No.	Description	Amount
	(a)	(b)
1	Calculated Return (Schedule 2)	8.21%
2	Adjustment ROE (band from 10.05% - 10.45%)	10.25%
3	Difference (Line 2 - Line 1)	2.04%
4	Equity portion of rate base (Schedule 2)	$2,299,098,383
5	Operating Income Deficiency or (Sufficiency) (line 3 * line 4)	$46,981,757
6	Income Expansion Factor (Schedule 10)	133.86%
7	Proposed Revenue Adjustment (line 5 * line 6)	$62,890,137
8	Refund of 2021 RTU	($1,745,342)
9	2021 GRAM Carry Forward	($693,022)
10	10% Revenue Adjustment	($6,684,988)
11	**Adjusted Revenue Adjustment**	**$53,766,785**
12	Adjustment to 6% Customer Bill Commitment	**($2,463,692)**
13	**6% Customer Bill Commitment Revenue Adjustment**	**$51,303,093**
14	ECON-1 Revenue Requirement (Calc on WP 13, 7/1 GRAM Filing)	$1,403,767
15	**Total Proposed Revenue Adjustment**	**$52,706,860**

When reviewing **Table-2** below, AGL provided rate impacts in Schedule-11c. These proposed and approved rates can be found in Column-II, and this is compared to the current rates in Column-I. The rate difference can be found in Column-V. The proposed and approved rates will be effective for the Rate Effective Period of January 1st – December 31st, 2023.

Table-2: Schedule-11c 2023 GRAM Revised Impact

		Column-I	Column-II	Column-V	Column-VI	Column-VII
Line	**Atlanta Gas Light Company Tariff**	**Current Rates**	**Proposed Rates**	**Rate Difference II - I**	**Monthly Increase or (Decrease) in Avg Customer Bill**	**Annual Increase or (Decrease) in Avg Customer Bill**
1	**R-1 Residential**					
2	Customer Charge	$22.23	$23.74	$1.51	$1.51	$18.12
3	DDDC Charge	$8.03	$8.57	$0.54	$0.71	$8.56
4	**Total**				**$2.22**	**$26.68**
5						
6	**G-10 Multi-Family**					
7	Customer Charge	$20.00	$21.36	$1.36	$1.36	$16.32
8	DDDC Charge	$5.99	$6.40	$0.41	$0.11	$1.37
9	**Total**				**$1.47**	**$17.69**
10						
11	**G-11,12, and 13 Commercial & Industrial**					
12	Customer Charge < 2.5	$37.81	$40.37	$2.56	$2.56	$30.72
13	Customer Charge 2.5 to 7.0	$61.15	$65.30	$4.15	$4.15	$49.80
14	Customer Charge 7.0 to 20	$66.71	$71.24	$4.53	$4.53	$54.36
15	Customer Charge 20 to 200	$111.15	$118.70	$7.55	$7.55	$90.60
16	Customer Charge 200 to 500	$333.38	$356.02	$22.64	$22.64	$271.68
17	Customer Charge 500 to 3000	$555.61	$593.34	$37.73	$37.73	$452.76
18	Customer Charge 3000 and above	$1,111.19	$1,186.64	$75.45	$75.45	$905.40
19	DDDC Charge	$9.93	$10.61	$0.68	$4.84	$58.07
20	**Total**				**$8.45**	**$101.39**
21						
22	**AG-1 Agricultural**					
23	Customer Charge	$50.01	$53.41	$3.40	$3.40	$40.80
24	Summer Commodity Charge	$1.08	$1.16	$0.08	$3.61	$43.32
25	Winter Commodity Charge	$2.43	$2.59	$0.16	$15.95	$191.37
26	**Total**				**$22.96**	**$275.49**

27						
28	**S-51 Seasonal**					
29	Customer Charge	$44.30	$47.31	$3.01	$3.01	$36.12
30	Volumetric Charge	$1.61	$1.72	$0.11	$31.40	$376.84
31	**Total**				**$34.41**	**$412.96**
32						
33	**Peaking**					
34	DDDC Charge	$1.07	$1.07	$0.00	$0.00	$0.00
35						
36	**TS-1 General Transportation Service**					
37	TS-1 General Transportation Service					
38	Customer Charge					
39	Maximum Daily Use under 1,000 Dths	$579.00	$618.32	$39.32	$39.32	$471.84
40	Maximum Daily Use 1,000 to ,5000 Dths	$1,158.01	$1,236.65	$78.64	$78.64	$943.68
41	Maximum Daily Use 5,000 to 10,000 Dths	$1,743.90	$1,863.09	$119.19	$119.19	$1,430.28
42	Maximum Daily Use above 10,000 Dths	$2,906.52	$3,105.17	$198.65	$198.65	$2,383.80
43	Commodity Charge					
44	Intrastate Volume	$0.13	$0.14	$0.01	$132.17	$1,586.03
45	Interstate Volume	$0.28	$0.30	$0.02	$0.00	$0.00
46						
47	**(LDTS) Liquified Natural Gas Delivery to Tanker Service**					
48	Customer Charge	$55.56	$59.34	$3.78	$3.78	$45.36
49	Commodity Charge	$1.66	$1.78	$0.12	$97.68	$1,172.16
50	**Total**				**$101.46**	**$1,217.52**
51						
52	**Miscellaneous Charges**					
53	Meter Reading	$0.71	$0.71	$0.00		
54	Reconnect Charges	$25.00	$25.00	$0.00		
55	Seasonal Reconnect Charges					
56	October - April	$45.00	$45.00	$0.00		
57	May - September	$25.00	$25.00	$0.00		
58	Turn On Charges	$25.00	$25.00	$0.00		
59	Meter Set Charges					
	New Meter	$50.00	$50.00	$0.00		
	Meter Reset	$25.00	$25.00	$0.00		
60	Switching	$7.50	$7.50	$0.00		

VI.2023 RTU Tracking Revenues

In the Revised 2023 GRAM filed on December 12, 2022. The 2023 GRAM RTU tracking revenues are for the Rate Effective Period of January 1, 2023 to December 31, 2023. The 2023 RTU tracking revenues can be found in Schedule-11b Column-AQ, which is the total base rate revenues of **$912,870,084** minus Franchise Fees of **$25,779,714**, or **$887,090,370**.

VII. Commission Decision

During the December 20, 2022 Administrative Session, the Commission approved the Staff and AGL 2023 GRAM Stipulation concerning the revised 2023 GRAM Filing with a base rate increase of $52,706,860. This includes revenue requirements in Schedule-11a and Schedule-11b and the new rates in Schedule11c. The new rates shall be effective January 1, 2023. The approved 2023 RTU tracking revenues are **$887,090,370**, as found in Schedule-11b. The O&M budget is approved with an estimated **$345,409,014**, as found in WP 5.

VIII. Findings of Fact and Conclusions of Law

The Commission finds and concludes that Staff and AGL 2023 GRAM Stipulation is approved. The revised 2023 GRAM Filing is approved with a revenue requirement rate adjustment increase of **$52,706,860** to be allocated to all rate Classes with the exception of the Peaking Charge, which shall remain at **$1.07**. The RTU tracking revenues for the 2023 Rate Effective Period are **$887,090,370**. The new rates shall be effective January 1, 2023.

* * * * *

IX. Ordering Paragraphs

WHEREFORE, IT IS ORDERED, that the Commission approves the Staff and AGL 2023 GRAM Stipulation.

ORDERED FURTHER, the Commission approves AGL's Revised 2023 GRAM Filing with a base rate increase of **$52,706,860** with new rate effective January 1, 2023.

ORDERED FURTHER, that the Commission approves the 2023 RTU tracking revenues in the amount of **$887,090,370**.

ORDERED FURTHER, that the Commission approves that the Peaking Charge will remain **$1.07** during the 2023 GRAM Rate Effective Period.

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

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

The above by action of the Commission in Administrative Session on the 20th day of December 2022.

Sallie Tanner
Executive Secretary

12-30-22
Date

Tricia Pridemore
Chairman

12-30-22
Date