FILED
AUG 28 2023
EXECUTIVE SECRETARY
G.P.S.C.

DOCKET# 41559
42315
DOCUMENT# 205559

COMMISSIONERS:

JASON SHAW, Chairman
TIM G. ECHOLS, Vice-Chairman
FITZ JOHNSON
LAUREN "BUBBA" McDONALD
TRICIA PRIDEMORE

REECE McALISTER
EXECUTIVE DIRECTOR

SALLIE TANNER
EXECUTIVE SECRETARY

Georgia Public Service Commission

(404) 656-4501
(800) 282-5813

244 WASHINGTON STREET, SW
ATLANTA, GEORGIA 30334-5701

FAX: (404) 656-2341
psc.ga.gov

DOCKET NO. 41559: **ATLANTA GAS LIGHT COMPANY'S ECON-1 TARIFF**

DOCKET NO. 42315 **ATLANTA GAS LIGHT COMPANY'S PETITION FOR APPROVAL OF ADJUSTMENTS TO ITS RATES AND REVISED TARIFF**

I. Docket No. 42315: Atlanta Gas Light Company's Petition to Modify its Economic Development (ECON-1) Tariff

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. § 46-2-25 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. The rates for firm distribution service and ancillary services rendered by an electing distribution company must be established in accordance with Article 5 of Title 46, O.C.G.A. §§ 46-4-151 *et seq.* On June 1, 2019, Atlanta Gas Light Company ("AGL") filed its 2019 rate case for the review of its rate base, revenue requirements, and adjustment to rates. On December 31, 2019, the Commission issued a short Order and on March 14, 2020 a long Order was issued. As part of the 2019 rate case, the Commission approved AGL's Tariff, which included ECON-1.

II. Background and History of the Econ-1 Tariff

On October 10, 2017, the Commission approved an ECON-1 Tariff in Docket No. 40828. This was a result of an efficiency review ordered by the Commission for the Commission Staff ("Staff") and AGL, as part of the approval of AGL's Georgia Rate Adjustment Mechanism ("GRAM") in 2017. The Commission ordered a review of Customer Growth Initiatives. The Staff and AGL agreed on changes to Tariff Rule 7 and 8, and the development of an ECON-1 Tariff.

1. Tariff Rule 7 and 8 – Exhibit A & B
2. Tariff Rule 2 Definitions – Exhibit C

3. Econ-1 Tariff – Exhibit D

The two primary changes to the Tariff Rule 7 and 8 to enhance customer growth were the following:

1. Up to the first 125 feet of main and/or service line no cost will be assessed to the Applicant seeking service. Any additional main would be subject to the Allowable Investment calculation. The cost of any main or service line up to 125 feet would be added to rate base for ratemaking purposes.

2. The revenue calculation was changed from a 15-year life of the appliance to a 60-year life of the service line. This change provided a more realistic revenue calculation over the life of the service line asset, which has a much longer life than a gas appliance.

3. Metering and regulating equipment would be provided at no cost to the customer, and would be added to rate base for ratemaking purposes.

The second focus was to create a separate Economic Development Tariff, or ECON-1 Tariff, for the large Strategic Development Corridor projects. This allowed for clear qualifying economic development parameters for a project to qualify under the Tariff. The economic development parameters are based on customer class, capital investment, the number of new jobs created, and new gas load. The current ECON-1 Tariff allows up to $15 million a year to be committed for the ECON-1 projects. The Company would need to file proposed projects with the Commission for approval. The Commission reserves the right to bring projects forward that are outside the parameters of the Tariff and that are beyond the $15 million per year commitment limit.

III. ECON-1 Tariff and the First i-CDP filing

On November 18, 2021, the Commission approved AGL's 2022 – 2024 Integrated Capacity and Delivery Plan ("i-CDP"). As part of the i-CDP, the Commission approved AGL's capital budgets for 2022 – 2024, and this included the annual GRAM capital budgets. However, ECON-1 projects were not part of AGL's capital budgets for i-CDP purposes, and this included the GRAM capital budget. AGL did not budget for the possibility of ECON-1 projects, and only budgeted for approved projects.

After the approval of the i-CDP, AGL included the ECON-1 recovery activity in the GRAM with a different recovery presentation. During the 2023 GRAM review, the Staff had concerns about the presentation of ECON-1 revenue requirements as part of the calculation of new rates. The Staff discussed the possibility of moving the ECON-1 rate base and recovery to a surcharge to keep the calculation of GRAM rates free of non-i-CDP activities. Since there was not enough time to resolve the surcharge issue, it was agreed that the Staff and AGL would meet in 2023 to discuss the matter.

IV. Proposed ECON-1 Tariff Changes

On July 5, 2023, AGL filed a petition for changes to its ECON-1 Tariff. This petition was the result of a six month culmination of discussions and meetings between the Staff and AGL. From January 2023 – June 2023, the Staff and AGL collaborated on developing a surcharge recovery mechanism similar to the i-CDP's System Reinforcement Rider ("SRR").

Additionally, the Staff and AGL agreed on numerous changes to the ECON-1 Tariff to make review of its recovery and the operation of the mechanism more efficient. There were several areas where the language was updated, but there were four (4) critical proposed changes.

First, a critical change to the ECON-1 Tariff is that there is no connection between AGL's GRAM capital budget and any ECON-1 projects. ECON-1 is not associated with the i-CDP or any of the approved capital budgets.

Second, ECON-1 projects are proposed to be recovered through a surcharge mechanism similar to the i-CDP's SRR rider. This uses a known and approved recovery mechanism to recover the ECON-1 rate base. By October 1st of each year, AGL will file a petition with the Commission requesting a proposed update to the surcharge dollar amount. There will be supporting information included in the filing. In keeping with base rates and past surcharge programs, including the SRR, the ECON-1 Rider rate recovery for each rate class shall be as follows.

a. R-1, G-10, AG-1 and S-51 Customers shall be charged an amount equal to the approved ECON-1 rate.

b. G-11 Customers shall be charged an amount equal to three times the approved ECON-1 rate.

c. G12 Customers shall be charged an amount equal to 25 times the approved ECON-1 rate.

The Staff will make a recommendation on the requested surcharge amount and the approved new rate will begin January 1st of each year. Therefore, by October 1, 2023, AGL will file a petition with the Commission with a proposed ECON-1 rate that will be considered for approval by the Commission to become effective January 1, 2024.

Third, the proposed changes to the ECON-1 Tariff provides quarterly reporting to be filed with the Commission similar to the SRR reporting requirements. This will allow the Commission Staff the opportunity to review the status of approved projects and the tracking of the recovery of the surcharge for any imbalances to cost and recovery.

Fourth, another proposed change to the ECON-1 Tariff is to increase the maximum annual funding from $15 million per year to $25 million per year. This will allow greater flexibility in pursuing important ECON-1 projects in Georgia.

V. Marketer System Changes

The Staff and AGL had numerous discussions with marketers related to any billing system changes that may be needed to incorporate the adoption of a new surcharge rate. It appeared that some marketers needed little time to incorporate the new rate and other marketers needed more time. This is due to different billing systems and IT requirements for each marketer. For 2024, the new ECON-1 surcharge rate will not be effective until January 1, 2024, which allows the marketers ample time to make any billing system changes.

VI. Finding of Fact and Conclusions of Law

THE COMMISSION FURTHER FINDS that it is appropriate and in the public interest to modify the ECON-1 Tariff pursuant to terms provided herein. The approval disconnects the ECON-1 projects from AGL's GRAM capital budget and shifts the ECON-1 project recovery from the GRAM to a new ECON-1 surcharge model similar to the SRR program.

THE COMMISSION FURTHER FINDS that on October 1st of each year, AGL shall file a petition to reset the ECON-1 surcharge such that will be reviewed by the Staff requiring Commission approval for the new rate to begin on January 1st of the following year.

THE COMMISSION FURTHER FINDS the surcharge for the R-1, G-10, AG-1 and S-51 customers shall be charged an amount equal to the approved ECON-1 rate, and the G-11 customers shall be charged an amount equal to three times the approved ECON-1 rate, and the G12 customers shall be charged an amount equal to 25 times the approved ECON-1 rate.

THE COMMISSION FURTHER FINDS that AGL shall file a quarterly report for ECON-1 project similar to the SRR program.

THE COMMISSION FURTHER FINDS that the annual ECON-1 project funding limit shall be increased to $25 million until such time that it is adjusted by the Commission.

VII. Commission Decision

During the August 15, 2023, Administrative Session, the Commission approved AGL's July 5, 2023 petition for modifications to its ECON-1 Tariff.

VIII. Ordering Paragraphs

WHEREFORE IT IS ORDERED that the findings of fact, conclusions of law, statements and directives contained within the preceding sections of this Order are hereby adopted as the findings and conclusions of this Commission.

ORDERED FURTHER, that the Commission hereby approves AGL's Petition to Modify its ECON-1 Tariff filed on July 5, 2023.

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.

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

The above by action of the Commission in Administrative Session on the 15th day of August 2023.

Sallie Tanner
Executive Secretary

8-28-23
Date

Jason Shaw
Chairman

8-28-23
Date