STF-30-3 Regarding AGSC and SCS, please answer the following.

a. Related to the 2019 rate case in Docket No. 42315, Attachment B capital budget, as an electronic Excel spreadsheet, please highlight in yellow all capital spending areas that are related to AGSC and SCS Plant in Service.

b. Related to the 2019 rate case model Attachment A, as an electronic Excel spreadsheet, please provide Schedules and Workpapers that have AGSC and SCS related dollar amounts to include Plant, CWIP, depreciation, and O&M, and highlight the AGSC numbers in yellow and the SCS numbers in green.

c. Please provide any 2019 rate case filed written documents that discusses rate treatment regarding AGSC and SCS Plant and/or Plant Additions, deprecation, ADIT, and CWIP.

d. In the 2019 rate case final order, please provide the page number in the final order that discusses the approval and treatment of AGSC and SCS Plant on AGL's books for ratemaking purposes.

RESPONSE

a. Please see Attachment STF-30-3b for a copy of the AGSC budget for the twelve months ended July, 31 2020 which ties to amounts filed in AGL's 2019 rate case compliance filing, in the attachment directly assigned assets and projects are highlighted in yellow. See the Company's response to STF-30-1 for a discussion on the AGSC and SCS capital costs.

b. AGSC and SCS expenses are presented in WP 5 O&M. Additionally, total AGSC and SCS allocated costs are reflected in AGL's income statement on tab Historical (Income) by allocation methodology and then by service provider for allocated and direct charge costs. Allocated expenses are not separately identified as O&M or depreciation expense within the GRAM Schedules.

For AGSC CWIP and Plant, please see WP 2-5 AGSC for those assets remaining in AGSC's Property Plant and Equipment balances. AGSC assets that are directly assigned to AGL and AGL direct additions are included in WP 2-1-4 Plant Additions. Also, the removal/breakout of AGSC directly assigned assets included in total plant additions is presented in WP 2-3 CWIP.

c. Please see Attachment STF-30-3a for a copy of data request STF 6-1 Revised that submitted in the Company's 2019 rate case filing. In the response the Company states the following (highlight added):

Please see Attachment STF 6-1t (Allocated AGSC Rate Base) for the workpapers supporting the corrected AGL Services Company (AGSC) allocated plant in service, accumulated depreciation, construction work in progress (CWIP) and accumulated deferred income taxes. At the time of the original filing of this response the Company estimated a decrease in the allocated amount based on a preliminary review of the workpapers. However, in preparation of this response the Company determined that there were additional corrections required that resulted in an increase in the amount of allocated plant from $42.4 million to $45.7 million.

The changes from the original filing are related to an update to the amounts allocable or directly assignable to AGLC from CWIP as of December 2018 and capital budgets for 2019 and 2020.

"Assets are directly assigned and recorded on the books of a specific AGSC affiliate or multiple affiliates when the asset benefits specific affiliates. When an asset benefits all AGSC affiliates the asset is retained on the books of AGSC and allocated as a part of AGSC rate base. In this update some of the changes resulted in an increase to the direct assigned assets. Rather than incorporate the change in assigned plant in the AGL direct plant calculation of rate base, the adjustment has been included as a component of AGSC allocated rate base to minimize the impact of the revision throughout the other components of the case."

Please see Attachment STF-30-3b for a copy of Attachment STF 6-1t (Allocated AGSC Rate Base).

d. AGSC assets or plant are not on both AGSC's and AGL's books for rate making purposes. There is no duplication or double counting of AGSC capital. Completed AGSC projects are either directly assigned to affiliates or remain in AGSC's Property Plant and Equipment balances.

Please see page 6 of 33 for a discussion of AGSC and AGL utility plant which the Commission finds AGL's rate base is reasonable. Specifically, on page 31 of 33 the order states *"ORDERED FURTHER**, that the updated utility plant in AGL's rate base is reasonable and appropriate.** Further the Company shall allocate of AGSC's reserves for injuries and damages and the pension and OPEB liabilities in its cash working capital and a separate allocation of such items is not warranted in this proceeding."* emphasis added. Further on page

of 32 of 33, the order states *"ORDERED FURTHER, that combining all of the proposed adjustments to the Company's rate base, the Commission finds that AGL's projected rate base on July 31, 2020, shall be $3,194,072,320."* The rate base amount in the order ties to the GRAM Schedules – Compliance Filing 12.30.2019 filing which, as noted above in parts b. and c., includes directly assigned AGSC assets.

Respondent: Gary Tucker
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Southern Company Gas