**Attachment-B & WP 2-3: AGSC Direct Assigned**
**STF-45-2 Please provide the following:**

a. **Please provide the requested data in Attachment-45-2 as an electronic Excel spreadsheet, with formulas live and intact.**

b. **Please provide the process used by AGSC to allocate capital spending, CWIP, Plant, Accumulated Depreciation, and rate base for the following.**
   **i. AGL**
   **ii. CNG**
   **iii. VNG**
   **iv. Nicor**

c. **Related to the allocation process or methodology discussed in (b) above, please discussed how this process may have changed from January 2021 – September 2023,and explain, in detail, why it has changed, and by what Commission Authority**

SUPPLEMENTAL RESPONSE:

Please see Trade Secret Attachment-45-2.

Please note that for purposes of the responses in this data request set as well as others in the future, when comparing ASC allocated/direct assigned assets between the i-CDP, GRAM filings and rate cases, or simply in general, the Company considers "allocated" and "direct assigned" synonymous with each other. As a general practice, these terms are used interchangeably when describing and explaining the nature of the assets and the process for which they were allocated/direct assigned.

AGL Service Company (ASC) constructs both enterprise-wide assets as well as assets that are for the benefit and use of the local distribution companies (LDCs). When assets are constructed for the LDCs, those assets are direct assigned to the utilities and included in the utilities' rate base for rate making purposes. Direct assigned assets are assigned ("pushed down") to all LDCs based on the number of end use customers. AGL has included direct assigned assets in all GRAM filings and the Company's 2019 rate case filing as discussed in the Company's response to STF-45-6.

Prior to the implementation of Enterprise Foundations (EF), project costs were direct assigned upon completion of the project. Budgets for direct assigned project spending were prepared and shown at ASC, and actual costs prior to completion of the project were included as CWIP at ASC. Once the direct assigned assets were complete, the project was then moved from ASC CWIP (FERC Account 107) to the LDCs plant (FERC Account 101). Correspondingly,

plant and associated impacts to depreciation expense, accumulated reserve and accumulated deferred income taxes were then incurred and appropriately reflected at the LDC. Enterprise-wide assets not direct assigned remained on the books and records of ASC and were allocated to the LDCs as a ratemaking adjustment to rate base through the ratemaking process, which, for AGL includes annual GRAM filings and rate cases. Additionally, prior to the implementation of EF, assets that would in time be direct assigned to the LDCs upon project completion were included on the books and records of ASC and, therefore, were included as a part of the ratemaking adjustment to allocate ASC assets to the LDCs as a ratemaking adjustment. Therefore, while the process has changed for direct assigned assets in CWIP and how they are included in the rate base of the LDCs, the basic ratemaking principle to include direct assigned assets in rate base, whether as an allocation of the CWIP through a ratemaking adjustment (pre-EF) or directly reflecting the CWIP on the books and records of the LDCs (post EF) has remained the same.

In summary, with the implementation of Enterprise Foundations (EF) in August 2022, direct assign projects are now assigned by ASC to the LDC as costs are incurred on a monthly basis. Capital budgets prepared since the implementation of EF now reflect projects that are direct assigned and budgeted by ASC in the LDC's budgets since cost are direct assigned as costs are incurred. The LDCs books reflect the project costs in CWIP on a monthly basis. Once the project is complete, the financial impact to the LDC is the same as noted above for both pre and post EF implementation. The Company's 2023 GRAM filing was based on the historical test year August 2021 through July 2022 therefore the accounting and process changes were not in place for the 2023 GRAM filing.

See the Company's response to STF 45-4.

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