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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: **IN RE: ATLANTA GAS LIGHT COMPANY'S ECON-1 TARIFF**

DOCKET NO. 43510 **ATLANTA GAS LIGHT COMPANY'S UNIVERSAL SERVICE FUND ANNUAL FACILITIES EXPANSION PLAN FILING**

FINAL ORDER APPROVING ATLANTA GAS LIGHT COMPANY'S 2024 UNIVERSAL SERVICE FUND FACILITIES EXPANSION PLAN

I. Background

Commission Rule 515-7-5-.02 states that, consistent with O.C.G.A. §46-4-161, the Commission is authorized to create and establish regulations to administer a universal service fund for each gas company that elects to become subject to the provisions of Article 5 of Chapter 4 of Title 46 of the Official Code of Georgia Annotated, and which satisfies the requirements of O.C.G.A. §46-4-154. With respect to each such gas company, which is also termed an "electing distribution company" under the Natural Gas Competition and Deregulation Act, the Commission is charged with making a determination prior to the commencement of the electing distribution company's fiscal year as to the amount of funding that is appropriate for that year. Commission Rule 515-7-5-.03 states that, a universal service fund shall be created for each electing distribution company for the purposes set forth in O.C.G.A. §46-4-161(a). These purposes include assuring that gas is available for sale by marketers to firm retail customers within a territory certificated to each such marketer; enabling the electing distribution company to extend and expand its facilities and service in the public interest; assisting low-income residential consumers in times of emergency as determined by the Commission; and consumers of the regulated provider of natural gas in accordance with Code Section 46-4-166. Commission Rule 515-7-5-.07 outlines procedures related to applications for disbursement from the Universal Service Fund for an electing distribution company.

II. Chatham County Project – Igneo

At the conclusion of the USF 2023 Plan, the Commission issued an Order on December 13, 2022 approving the Chatham County Project for Igneo ("Igneo Project") and the Alamo Segment 3 Project of the 2023 Plan. Under the Commission's Order, the recovery of the estimated $28,126,896 for the Igneo Project was to be recovered as provided in **Table-1** below.

Table-1: Chatham County Project (Igneo) Funding Analysis

Engineering Estimate	**$26,832,573**
USF Funded Engineering Estimate - 30%	$8,049,772
Income Tax Ratio - 0.15495	$1,247,312
Finance Cost Ratio - 0.00584	$47,011
Total USF Portion with Taxes & Finance	**$9,344,095**
ECON-1 Funded Engineering Estimate 70%	$18,782,801
2022 ECON-1 Remaining Funding Available	$6,533,000
2023 ECON-1 Funding Amount	$12,249,801
Total ECON-1 Portion	**$18,782,801**
Chatham County Project Total Funding	**$28,126,896**

On May 16, 2023, AGL filed a petition, that in part, requested a withdrawal of the Igneo Project. The petition stated that on April 26, 2023, Igneo informed AGL that it would be suspending the project indefinitely. On September 19, 2023, AGL filed an amendment to its USF 2023 Plan. As part of that amendment, AGL had the following footnote.

> [3]On May 16, 2023, AGL filed a petition to withdraw Igneo (Georgia) LLC as the customer for the Chatham County Project and replace it with PHA and Seoyon E-Hwa as new customers and reaffirm that the Chatham County Project may continue as otherwise approved. This petition is still pending per AGL's request. AGL will file an update on or before October 1, 2023.

On September 1, 2023, AGL didn't file it's USF 2024 Plan, but it filed a "Notice of Filing" to inform the Commission it would file its full USF 2024 Plan on October 1st. In that notice, AGL didn't provide an update related to the Igneo Project. In the October 1st USF 2024 Plan filing, there was no mention of the Igeno Project.

Though the Commission Staff has unencumbered the USF and ECON-1 funding related to Igneo, the Staff requests that the Commission formally approve AGL's May 16th request to withdraw the Igneo Project in Docket No. 43510 and Docket No. 41559.

III. Atlanta Gas Light Company Petition to Amend 2023 Universal Service Fund

Facilities Expansion Plan A Project In Jackson County

On September 19, 2023, AGL filed the Atlanta Gas Light Company Petition to Amend the 2023 Universal Service Fund Facilities Expansion Plan A Project In Jackson County ("Amended 2023 Plan"). As part of MFR-1, it stated the following:

> **Jackson County Project**
> This project proposes to serve a new elementary school in Jackson County. Jackson County BOE plans to open Heroes Elementary School in August 2024 at the beginning of the 2024-2025 school year.
>
> AGL proposes to tie-into existing 4" plastic main on Skelton Road (MAOP 60 psi) and install approximately 2,050 feet of 4" plastic main (MAOP 60 psi) along New Skelton Road and an approximate 250 foot of 2" plastic service to serve the facility.
>
> Per the typical Rule 8 process, AGL created a BCA for this project that generated a Total Allowable Investment to the customer of $52,522.00. This resulting contribution in aid of construction based on the estimated cost to serve (see *MFR-6: Cost to Serve*) is $77,478.00

As seen in **Table-2** below, the Jackson County has a Cost to Serve totaling **$150,663.50** with income tax and finance cost gross ups.

Table-2: Jackson County Project Cost to Serv

Footage Size/Type	Estimated Engineering Costs	Income Tax Gross-Up	Financing Cost Gross-Up	Cost to Serve
2,050' x 4" plastic	$130,000.00	$19,917.30	$746.20	$150,663.50
Total:	**$130,000.00**	**$19,917.30**	**$746.20**	**$150,663.50**

On October 19, 2023, the Staff issued its 14th Set of Data Requests, and as part of this data request, the Staff asked for additional information related to this project. On November 3, 2023, AGL filed responses. The Staff had no additional concerns and found the filing to be whole and complete. The Staff will consider this project as part of the USF 2024 Plan filing.

IV. Atlanta Gas Light Company's Year 2024 Universal Service Fund Facilities Expansion Plan

On September 1, 2023, Atlanta Gas Light Company ("AGL") filed a Notice of Filing 2024 Universal Service Fund ("USF") Facilities Expansion Plan ("USF 2024 Plan"). AGL stated it would file Minimum Filing Requirements on or before October 1, 2023. Through discussions with AGL, the primary reason for the delay was completing engineering estimates for the proposed projects. The Company considered moving the stakeholder process to earlier in the year to allow it enough time to process the engineering estimates in order to comply with a September 1st filing date. The Staff suggested that AGL file a waiver to Commission Rules to allow the company time to ensure that the new time period requested will be sufficient.

On October 2, 2023 AGL filed its Year 2024 Universal Service Fund Facilities Expansion Plan ("USF 2024 Plan"). AGL filed the Seven (7) required minimum filing requirements ("MFR"). The MFR's included the following:

MFR-1: Written description of each project.
MFR-2: AGL capital budget.
MFR-3: Stakeholder process.
MFR-4: Maps of each project.
MFR-5: Basic economic development data.
MFR-6: Project Financial Analysis
MFR-7: Project Technical Analysis

A. AGL Petition Language

On October 2, 2023, when AGL filed its original USF 2024 Plan, the petition contained the following language.

> Beginning with the 2024 USF plan year, AGL will formalize its customary practice of a contingency within the project estimates. The Commission would use these estimates, which will include a 20% contingency, when determining and encumbering available USF dollars for that upcoming fiscal year. Notwithstanding the project estimates and consistent with the USF statute, AGL would recover from the USF all actual project costs expended in the aggregate at the end of the fiscal year, provided there are unencumbered funds available in the USF and such costs are not deemed imprudent. If the actual costs in the aggregate for all the completed projects for a given fiscal year exceed the available funds, the Company would utilize its capital budget, provided doing so would not be subject to any rate cap agreed to in the Georgia Rate Adjustment Mechanism ("GRAM") process. Any revenue requirements that cannot be recovered in the year in which the costs were incurred because such costs exceed both that year's available USF funds and available capital budget will be recovered in the subsequent USF or capital budget fiscal year, and may be treated as a regulatory asset account by AGL.

On October 6th, AGL filed a First Amended 2024 Plan filing to include revised petition language. On November 16th, AGL filed a Second Amended 2024 Plan filing to update project estimates. On November 21st, AGL filed a Third Amended 2024 Plan to update additional project estimates.

B. MFR-1 Proposed Projects

As part of the USF 2024 Plan, AGL provided five potential projects for consideration. In MFR-1, the project details were discussed. Below is a synopsis of each project. It should be noted that the three residential projects were included in the 2023 GRAM, but weren't approved to move forward.

Glynn County Project #1 - Residential

This project proposes to serve residential homes in Glynn County. There are 280 new homes that request natural gas service or conversion to natural gas in this residential neighborhood. AGL proposes to upsize 4,100 feet of existing 4" steel with 6" steel (MAOP 300 psi, operating pressure 60 psi) along Frederica Road, upsize 350 feet of 2" plastic with 4" plastic (MAOP 60 psi) at the intersection of Frederica Road and N Harrington Road, and install 6,000 feet of 4" plastic (MAOP 60 psi) along West Point Parkway to serve these homes. AGL is currently certificated to serve this area. The project was part of the USF 2023 Plan filing, but it wasn't considered.

Glynn County Project #2 - Residential

This project proposes to serve residential homes in Glynn County. There are 80 homes requesting conversion to natural gas in this residential neighborhood. This corridor has commercial growth potential. AGL proposes to tie-into existing 4" plastic on Hampton Point Drive and install approximately 8,400 feet of 4" plastic (MAOP 60 psi) along Hampton Point Drive and Butler Lake Drive to reach these homes. AGL is currently certificated to serve this area. This project was part of the USF 2023 Plan, but it wasn't considered.

Cherokee County Project - Residential

This project proposes to serve residential homes in Cherokee County. There are 12 new homes that request natural gas service in this residential neighborhood.

AGL proposes to tie-into existing 4" plastic on Holly Street and install approximately 1,600 feet of 4" plastic (MAOP 60 psi) and approximately 1,000 feet of 2" plastic (MAOP 60 psi) along Holly Street and Oak Hill Circle to serve these homes.

McIntosh County Project - Commercial

This project proposes to serve the Tidewaters Industrial Park and two additional commercial businesses in McIntosh County. The McIntosh/Darien Industrial Development Authority has received commitments from two companies a logistics company, and a seafood distribution company, to locate within the Tidewaters Industrial Park. In addition, McIntosh/Darien has received additional commitments from a food manufacturer and a large travel center to locate in Darien. The entities can be served via a single pipeline project. These companies plan to invest in excess of $245 million in facilities and create in excess of 600 jobs in the local area. To serve these entities, AGL proposes to tie-into existing 4" steel located at the intersection of US 17 and Fort King George Drive in Darien and install approximately 37,000 feet of 6" steel pipe (MAOP 300 psi) along US 17, SR 251, and Briar Dam Road to reach the travel center, food manufacturer, and Tidewaters park.

Athens-Clarke County Project - Commercial

This project proposes to serve Meissner Corporation, a leading manufacturer of advanced microfiltration and single-use systems for the production of pharmaceutical drugs, biologics, and cell and gene therapies. The company plans to invest nearly $250 million in the new facility, which will create at least 1,700 jobs for the area.

AGL proposes to tie-into existing 4" plastic at the intersection of Moore's Grove Road and Old Elberton Road and install approximately 5,685 feet of 4" plastic along Moore's Grove Road and Old Elberton Road to serve the facility. There is a short section of 4" steel proposed at the end of the project that is contained within the railroad right-of-way.

C. MFR-2 Capital Budgets

As provided in **Table-3** below, AGL listed its three major capital budgets for 2024 that totaled **$605.6 million**. With the budget cap of 5%, the USF dollars are limited to **$30.2 million** for AGL's FY 2024. The budget details were filed under trade secret protection.

Table-3

2024 Capital Budgets	**$**
GRAM	$433,097,433
SRR	$107,332,320
Cherokee LNG	$65,202,721
Total	**$605,632,474**
USF Capital Budget Cap	5.00%
USF Limit for 2024	**$30,281,624**

D. MFR-3 Stakeholder Process

As provided in MFR-3, AGL filed the responses to its stakeholder process related to the USF 2024 Plan. There were thirty (30) respondents. This was filed under trade secret protection.

E. MFR-4 Maps

AGL filed detailed maps related to the five (5) proposed projects.

F. MFR-5 Basic Economic Development Data

Related to the five (5) proposed projects, AGL provided basic economic development data available at the time of the filing. This included the company name, investment, jobs created, annual payroll, known growth, and any other information. The details are provided in **Tables 4 – 8** below.

Table-4: Glynn County Project #1 – Plantation at West Point

Name of Company(s)	**David Harvey - AGL**
Capital investment by Company(s)	Avg. cost per home $300k totaling approximately $84 million.
Jobs created	N/A
Annual payroll	N/A
Known residential or commercial growth	280 residential homes planned for this development.
Other information	See MFR-1.

Table-5: Glynn County Project #2 – Hampton Point, Butler Lake Drive

Name of Company(s)	**David Harvey – AGL**

Capital investment by Company(s)	N/A
Jobs created	N/A
Annual payroll	N/A
Known residential or commercial growth	80 existing homes at this location desiring conversion to natural gas. Potential for commercial development in proximity.
Other information	See MFR-1.

Table-6: McIntosh County Project

Name of Company(s)	**McIntosh/Darien Development Authority: Jones Petroleum, Ye's Food Processing, Condyne Capital/Boca, JB Harris Transport, Conor Commercial, Jones Petroleum**
Capital investment by Company(s)	$245 million*
Jobs created	Approximately 600*
Annual payroll	Unknown
Known residential or commercial growth	This project proposes to serve four customers: two inside the Tidewaters Industrial Park and two outside of the park. See MFR-1.
Other information	See MFR-1.

Table-7: Cherokee County Project

Name of Company(s)	**Holly Street Extension/Holly Ridge S/D**
Capital investment by Company(s)	N/A
Jobs created	N/A
Annual payroll	N/A
Known residential or commercial growth	12 existing homes at this location desiring conversion to natural gas.
Other information	See MFR-1.

Table-8: Athens-Clarke County Project

Name of Company(s)	**Athens-Clarke – Meissner Corporation**
Capital investment by Company(s)	Approximately $250 million
Jobs created	1,700+
Annual payroll	Unknown
Known residential or commercial growth	Large microfiltration and therapeutic manufacturer likely to bring residential and commercial growth due to the number of employment opportunities.
Other information	See MFR-1.

G. MFR-6 Financial Technical Analysis

In MFR-6, AGL provided the Cost to Serve, as provided in **Table-9** below. The table provides the engineering estimates for each proposed project with the income tax and finance additions. The Cost to Service is the total of the engineering estimates, income tax gross up and the finance gross up.

Table-9: Cost to Serve

Line	Type	Project	Footage Size/Type	Estimated Engineering Costs	Income Tax Gross-Up	Financing Cost Gross-Up	Cost to Serve
1	Residential	Glynn #1	6,350' x 4" plastic 4,100' x 6" steel	$2,524,983	$386,853	$14,493	$2,926,329
2	Residential	Glynn #2	8,400' x 4" plastic	$1,305,761	$200,056	$7,495	$1,513,311
3	Residential	Cherokee	1,600' x 4" plastic 1,000' x 2" plastic	$453,074	$69,415	$2,601	$525,090
4	Commercial	Athens/Clarke	2,050' x 4" plastic	$1,140,000	$174,659	$6,544	$1,321,203
5	Commercial	McIntosh	37,000' x 6" steel	$16,961,886	$2,598,730	$97,361	$19,657,977
			Total:	**$22,385,702**	**$3,429,713**	**$128,494**	**$25,943,910**

H. MFR-7 Project Technical Analysis

In MFR-7, AGL provided technical details about each project that include gas load, PSI, pipe length details, wall thickness, and other details.

V. Staff Analysis

The Staff reviewed the filing to ensure that all MFR details were provided, and that they were whole and complete. On October 19th, the Staff issued its 14th Set of Data Requests to obtain additional information on each project. This included tariff Rule 7 assessments on the residential projects, tariff Rule 8 assessments on commercial projects, and tariff ECON-1 assessments on all the projects. The purpose of the assessments was to obtain a better understanding the other possible sources of funding for the projects. The Staff analysis included the following items:

A. Petition Language

When a USF project cost cannot be fully recovered by the USF because the EDC's 5% budget cap has been exceeded, the USF unencumbered funds have been exceeded, or the $25 million cap has been exceeded, this creates an unrecovered balance that automatically will go to AGL's GRAM rate base for recovery, per Commission Rule 515-7-5-.07(1). As part of the original October 2, 2023 filing, AGL included language that would have several impacts regarding USF project costs that exceeded its 5% capital budget cap or exceeded unencumber USF funds.

On October 2, 2023, AGL filed its 2024 USF Plan filing. AGL requested to have a Shortfall added as additional budget dollars to the GRAM capital budget and treated as a regulatory asset. The Staff opposed this language because a Shortfall can't be determined until a USF project is completed and considered Plant in Service. The Plant is then part of rate base recovery in a GRAM filing. On October 4th, the Staff and AGL had a meeting on this issue, and on the same day, the Staff offered language based on Commission Rule 515-7-5-.07(1) to address the recovery of USF project costs that have a Shortfall. In the past, there has never been an issue with AGL receiving recovery in the GRAM rate base related to a Shortfall. On October 6th, AGL had an Amended 2024 GRAM petition that removed the regulatory asset language, but had language that stated if AGL used its capital budget to fund actual costs, the Company proposed that such capital investments be treated as incremental to any capital budget. This unrecovered balance would be added to any associated revenue requirement and be recovered through the GRAM processes. Further, AGL proposed that it wouldn't need an amendment to the Company's Integrated Capacity and Delivery Plan to add these dollar amounts to its capital budget. AGL rejected the Staff's language and included its own insertion related to an unrecovered balance, but it did include Staff's language about including an additional workpaper as part of WP 2-1 group of workpapers in the annual GRAM filing that will breakout any unrecovered USF costs as Plant Additions.

During the December 19, 2023 Administrative Session, the Staff recommended the Commission deny AGL's language in its October 2nd petition third paragraph sentences 4 and 5 and the October 6th petition third paragraph and third sentence and approve Staff's language from the Commission Rule 515-7-5-.07(1).

B. Residential Projects Cost & Recovery

The three proposed residential projects, as detailed in MFR-1, were filed as part of the USF 2023 Plan filing. The projects didn't move forward because they were highly uneconomical compared to other proposed projects. AGL filed the same three projects as part of the USF 2024 Plan filing. As part of Staff's 14th Set of Data Requests, the Staff asked for a tariff Rule-7 assessment as well as an ECON-1 assessment. In STF-14-1, the response for the Glynn County Project #1 was provided. In STF-14-2, the Glynn County Project #2 was provided. In STF-14-3, the Cherokee County Project assessment was provided. The proposed projects didn't qualify under ECON-1. The Staff and AGL had numerous discussions related to the Rule-7 assessments.

For the calculation of estimated revenues, it is (Customer Charge x Number of Meters) + (DDDC Charge x DDDC Factor). For the estimated costs, this is based on Filed Costs, or Unit Costs, multiplied by the length of pipe. Filed Costs are System Wide Averages that AGL files with the Commission. The Allowable Investment was calculated using the Investment Factor 9.52338994 multiplied by the estimated revenues, and this included an allowance for the first 125 feet on main. The estimated cost was subtracted by the allowable investment. For each residential project, there was a Contribution In Aid of Construction ("CIAC"), or the dollar amount the customer would have to pay for the project to move forward. The CIAC was grossed up for income taxes using a ratio of 0.15321, and it was grossed up for finance costs using a ratio of 0.00574. The CIAC was added to the income tax and finance cost gross up dollar amounts. The USF could pay the CIAC if approved by the Commission. The Rule-7 Assessment is in **Table-10** below.

Table-10: Residential Projects Rule-7

Residential Projects	Glynn County Project #1	Glynn County Project #2	Cherokee County Project
Estimated Revenues	$11,642.02	$14,553.52	$3,671.52
Estimated Cost	$644,379.50	$400,452.00	$108,796.50
Allowable Investment	$239,629.50	$247,361.56	$69,158.98
Contribution from Customer	$0.00	$0.00	$1,504.96
Excel Allowable or (Shortfall)	($404,750.00)	($153,090.44)	($38,132.56)
Income Tax Gross Up	$62,011.75	$23,454.99	$5,842.29
Finance Cost Gross Up	$2,323.27	$878.74	$218.88
USF Requested Amount After Gross Up	**$469,085.01**	**$177,423.73**	**$44,193.73**

When comparing USF recovery in MFR-6, using engineering estimates, to the Rule-7 assessment, using System Wide Averages, the comparison can be seen in **Table-11** below. The total for the engineering estimates was **$4.9 million,** and for the System Wide Averages, it was $690,702.

Table-11: Residential Recovery Comparison –

Residential Projects	Engineering Estimates MFR-6	Tariff Rule-7 Filed Costs Staff's 14th Set	Variance
Glynn County Project #1	$2,926,329	$469,085	$2,457,244
Glynn County Project #2	$1,513,311	$177,424	$1,335,887
Cherokee County Project	$525,090	$44,194	$480,896
Totals	**$4,964,730**	**$690,702**	**$4,274,028**

The Commission has the option of either approving the use of MFR-6 engineering estimates with gross ups, or the Rule-7 USF System Wide Average estimated costs with gross ups.

C. Commercial Projects Cost & Recovery

Similar to the residential projects, the Staff reviewed the two commercial projects in the same method, but there were a few additional steps.

As provided in **Table-12** below, the Staff reviewed the McIntosh County Project. AGL has provided a Rule-8 assessment in response to STF-14-4 using its engineering estimate for this project as found in MFR-6, **$16.9 million**. The allowable investment couldn't cover the estimated costs causing a shortfall totaling **$16.6 million**. When grossed up for income taxes and finance costs, this increased to **$19.2 million**. The Staff took the extra step at reviewing this project using System Wide Averages, and the estimated cost was **$2.1 million** with a shortfall of **$1.7 million**. When this was grossed up for income taxes and finance costs, the USF Requested Amount would be **$2 million**.

Table-12: McIntosh County Project Rule 8 Assessments

Residential Projects	McIntosh County Project MFR-6 Engineering Estimates	McIntosh County Project Rule-7 System Wide Averages
Estimated Revenues	$32,920.20	$32,920.20
Estimated Cost	$16,961,885.55	$2,117,140.00
Allowable Investment	$320,664.40	$320,664.40
Contribution from Customer	$0.00	$0.00
Excel Allowable or (Shortfall)	$16,641,221.15	$1,796,475.60
Income Tax Gross Up	$2,549,601.49	$275,238.03
Finance Cost Gross Up	$95,520.61	$10,311.77
USF Requested Amount After Gross Up	**$19,286,343.25**	**$2,082,025.40**

As part of the STF-14-4 ECON-1 assessment, the McIntosh County Project fully qualified as an ECON-1 project, as seen in **Table-13** below. It meets all of the ECON-1 MFR's. The minimum capital investment required by the potential customer is **$1 million**, and the ECON-1 MFR's show that there is **$211 million** in planned investments. The minimum number of new jobs to be created is 10, and the MFR shows 600 jobs will be created. The minimum tax base dollar amount is **$20,000** per year, and the MFR's indicated that the annual estimated tax base will be **$188 million**. The minimum amount of 10 dekatherms is required, and the MFR's showed that there will be an estimated annual 220,000 dekatherms per year.

The Commission has the option of using the ECON-1 surcharge as the recovery mechanism for the McIntosh County Project. The maximum amount approved for recovery through the ECON-1 tariff is **$25 million** a year that resets on January 1st of each year. There is **$25 million** available for 2024.

Table-13: McIntosh County Project ECON-1 Assessment

ECON-1 Project Minimum Economic Development Benefit Requirements ("MBR")	Customer or Project ID	Tidewaters Industrial Park
	Location	McIntosh County
	AGL Certificated to Serve Location?	Yes
	Availability	New Business
	Anticipated Rate Schedule	G-11
	Organization Requesting Service	McIntosh County Industrial Development Authority
	Customer Name	Jones Petroleum, Ye's Food Processing Condyne Capital/Boca, JB Harris Transport, Conor Commercial
Tariff Sheet 27(3)(c)(i): MBR-1	Capital investment, other than by the Company, in excess of $1 million in new facilities or expansion of existing facilities with a purchase of new equipment; and	$211,000,000.00
	Estimated Meters Addition	5

	Estimated Billing Units Addition	5
Tariff Sheet 27(3)(c)(ii): MBR-2	Add a net of at least 10 new jobs within six months of taking gas service; and	600
Tariff Sheet 27(3)(c)(iii): MBR-3	Subject to the circumstances at the time of the application, reasonably anticipates an increased tax base by at least $20,000 per year; and	$188,000,000
Tariff Sheet 27(3)(c)(iv): MBR-4	Add connected load on a Firm basis of 10 dekatherms a year.	220,000

On October 1, 2023, AGL filed its 2024 USF Plan. In the Staff's review of the filing, inconsistencies were found regarding the Athens/Clarke project. MFR 1, 6, and 7 stated the following pipe installations for the project, as seen in **Table-14** below.

Table-14: 10-1-2023 Petition

MFR 1	5,685' x 4" plastic
MFR 6	2,050' x 4" plastic
MFR 7	5,635' x 4" plastic
	525' x 4" steel
	25' x 1.25" steel
	360' x 1.25" plastic

On October 6, 2023, AGL made an amended filing to the plan. Within this filing, MFR 1, 6, and 7 remained the same. Following the 14th set of DRs being issued to the company, AGL filed responses on November 3, 2023. In their responses, the company amended MFR 1 and 7. The MFRs contained the following pipe installations for Athens/Clarke as provided in **Table-15** below:

Table-15: 11-3-2023 Responses

MFR 1	5,635' x 4" plastic
	525' x 4" steel
MFR 7	5,635' x 4" plastic
	525' x 4" steel

On November 13, 2023, AGL filed supplemental responses to the Staff's 14th set of DRs. In their responses, specifically STF 14-5, AGL provided the Rule 8 and ECON-1 assessment. The company's Rule 8 assessment included the following pipe installation, as provided in **Table-16** below:

Table-16: 11-13-2023 Responses

5,685' x 4" plastic
525' x 4" steel

On November 21, 2023, AGL filed its second amendment to its 2024 USF Plan. The company amended MFRs 1 and 7, which contained the following pipe installations for Athens/Clarke, as provided in **Table-17** below:

Table-17: 11-21-2023 Amended Filing

MFR 1	5,635' x 4" plastic
	525' x 4" steel
MFR 7	5,635' x 4" plastic
	525' x 4" steel

On that same day, November 21, AGL also filed supplemental responses to the Staff's 14th set of DRs. The responses, specifically the company's responses to STF 14 – 5 contained Rule 8 and ECON-1 assessments and the following pipe installations, as provided in **Table-18** below:

Table-18: 11-21-2023 14th Set Supplemental

5,685' x 4" plastic
525' x 4" steel

Because AGL's filings failed to contain all of the corresponding information, Staff remained unclear on the footage of the pipe being installed for the Athens/Clarke project. Therefore, Staff contacted AGL for clarification. The company responded by stating that the correct pipe installations are as provided in **Table-19** below:

Table-19: Staff & AGL Discussions

5,685' x 4" plastic
525' x 4" steel

In **Table-20** below, the Staff reviewed the Athens-Clark County Project. In STF-14-5, the Staff requested a Rule-8 assessment and an ECON-1 assessment. AGL has provided a Rule-8 assessment in response to STF-14-5 using its engineering estimate for this project as found in MFR-6, **$1.1 million**. The allowable investment of **$819,040** couldn't cover the estimated costs resulting in a shortfall totaling **$320,929**. When grossed up for income taxes and finance costs, this increased to **$371,975**. The Staff took the extra step at reviewing this project using System Wide Averages, and the estimated cost was **$274,978** was easily absorbed by the allowable investment. This created an excess to the allowable in the amount of **($544,062)**. This means the project would be deemed economical and no USF funding would be required.

Table-20: Athens-Clark County Project Rule 8 Assessments

Residential Projects	Athens-Clark County Project Engineering Estimates	Athens-Clark County Project System Wide Averages
Estimated Revenues	$85,421.88	$85,421.88
Estimated Cost	$1,140,000.00	$274,978.80
Allowable Investment	$819,040.87	$819,040.87

Contribution from Customer	$0.00	$0.00
Excel Allowable or (Shortfall)	$320,959.13	($544,062.07)
Income Tax Gross Up	$49,174.15	$0.00
Finance Cost Gross Up	$1,842.31	$0.00
USF Requested Amount After Gross Up	**$371,975.58**	**($544,062.07)**

As part of the STF-14-5 ECON-1 assessment, the Athens-Clark County Project fully qualified as an ECON-1 project, as seen in **Table-21** below. It meets all of the ECON-1 MFR's. The minimum capital investment required by the potential customer is **$1 million**, and the ECON-1 MFR's show that there is **$245.4 million** in planned investments. The minimum number of new jobs to be created is 10, and the MFR shows 1,700 jobs will be created. The minimum tax base dollar amount is **$20,000** per year, and the MFR's indicated that the annual estimated tax base will be at least that amount. The minimum amount of 10 dekatherms is required, and the MFR's showed that there will be an estimated annual 260,000 dekatherms per year.

The Commission has the option of using the ECON-1 surcharge as the recovery mechanism for the Athens-Clark County Project. The maximum amount approved for recovery through the ECON-1 tariff is $25 million a year that resets on January 1st of each year. There is $25 million available for 2024.

Table-21: Athens-Clark County Project ECON-1 Assessment

ECON-1 Project Minimum Economic Development Benefit Requirements ("MBR")	**Customer or Project ID**	**Meissner(Project Trinity)**
	Location	**Athens Clarke County**
	AGL Certificated to Serve Location?	**Yes**
	Availability	New Business
	Anticipated Rate Schedule	G-11

	Organization Requesting Service	Athens Econ Development Authority
	Customer Name	Meissner(Project Trinity)
Tariff Sheet 27(3)(c)(i): MBR-1	Capital investment, other than by the Company, in excess of $1 million in new facilities or expansion of existing facilities with a purchase of new equipment; and	$245.4
	Customer Capital Investment Purposes	
	Land	$7.44 million
	Plant	$138 million
	Equipment	$99.96 million
	Vehicles	$ -
	Other (Explain)	$ -
	Estimated Meters Addition	1
	Estimated Billing Units Addition	1
Tariff Sheet 27(3)(c)(ii): MBR-2	Add a net of at least 10 new jobs within six months of taking gas service; and	1,700
Tariff Sheet 27(3(c)(iii): MBR-3	Subject to the circumstances at the time of the application, reasonably anticipates an increased tax base by at least $20,000 per year; and	Yes
Tariff Sheet 27(3)(c)(iv): MBR-4	Add connected load on a Firm basis of 10 dekatherms a year.	260,000

As provided in **Table-22** below, for USF recovery, the Commission has the option of either approving the use of the ECON-1 surcharge, the MFR-6 engineering estimates with gross ups, or the Rule-7 USF Requested Amount.

Table-22: Commercial Recovery Comparison

Commercial Projects USF Funding & ECON-1	ECON-1 Surcharge	Engineering Estimates MFR-6	Tariff Rule-7 Filed Costs Staff's 14th Set	Variance
McIntosh County Project	$19,657,977	$19,657,977	$2,082,025	$17,575,952
Athens-Clark County Project	$1,321,203	$1,321,203	$0	$1,321,203
Totals	**$20,979,180**	**$20,979,180**	**$2,082,025**	**$18,897,155**

D. Rankings

The Staff ranked the basic projects as filed. The rankings include the basic rankings from the original and supplemental filings. The rankings are based on additional gas load, additional revenues, additional customers, and job creation.

Table-23: Additional Gas Load Rankings

Line #	Project	Additional Gas Load-CFH	Rank
1	Athens-Clark County Project	40,000	1
2	McIntosh County Project	25,000	2
3	Glynn County Project #1	613	3
4	Glynn County Project #2	613	3
5	Cherokee County Project	613	3

Table-24: Additional Revenues

Line #	Project	Additional Revenues	Rank
1	Athens-Clark County Project	$85,421.88	1
2	McIntosh County Project	$32,920.20	2
3	Glynn County Project #2	$14,552.52	3
4	Glynn County Project #1	$11,642.02	4
5	Cherokee County Project	$3,671.52	5

Table-25: Additional Customers

Line #	Project	Additional Customers	Rank
1	Glynn County Project #2	50	1
2	Glynn County Project #1	40	2
3	Cherokee County Project	10	3
4	Athens-Clark County Project	1	4
5	McIntosh County Project	1	4

Table-26: Job Creation

Line #	Project	Job Creation	Rank
1	Athens-Clark County Project	1,700	1
2	McIntosh County Project	600	2
3	Glynn County Project #2	0	3

4	Glynn County Project #1	0	3
5	Cherokee County Project	0	3

The rankings indicate that the Athens-Clark County Project and the McIntosh County Project have greatest economic potential to the State of Georgia because of the new gas load and job creation. Likewise, both of the projects have the greatest revenue generation potential, which is a benefit for all ratepayers on AGL's system and AGL. The three Residential projects add additional customers and some additional gas load with a potential of adding additional customers in the future.

VI. USF Available Funds & AGL 5% Capital Budget Cap Analyses

In **Table-27** below, the USF had an ending November 30th balance of **$64.8 million**. The encumbrances were **$29.7 million**. For the period ending November 30, 2023, the unencumbered balance for the USF was **$35 million**.

Table-27: USF Encumbrance Analysis Ending November 2023

USF Escrow Account Balance End of Month	**$64,813,057.21**
DN 43510 USF 2021 Plan: Wheeler County Project Alamo Segment-2	$10,935,849.00
DN 43510 USF 2023 Plan: Alamo Segment-3 Project	$16,904,062.00
USF Encumbrance: AGL Gas Facilities Projects	**$27,839,911.00**
Regulated Provider	**$627,489.25**
USF Low-Income Assistance Obligation: HopeWorks	$0.00
USF Low-Income Assistance Obligation: Salvation Army	$1,320,000.00
USF Low-Income Assistance Obligation: H.E.A.T.	$0.00
USF Encumbrance: Low-Income Assistance	**$1,320,000.00**
Total Encumbrances:	**$29,787,400.25**
Total Unencumbered Available Balance - End of Month	**$35,025,656.96**

As discussed in II(C) AGL's 2024 capital budget cap is **$30.2 million**. When reviewing O.C.G.A. 46-4-161(g)(2), it provides for the following.

> In no event shall the distribution to an electing distribution company from the fund for facilities and service expansion during any fiscal year exceed 5 percent of the capital budget of such company for such fiscal year.

In the USF statute, O.C.G.A. 46-4-166(b)(1)(2), it states the following:

(b) The fund shall be administered by the commission under rules to be promulgated by the commission in accordance with the provisions of this Code section. Prior to the beginning of each fiscal year of the electing distribution company, the commission shall determine the amount of the fund appropriate for such fiscal year, which amount shall not exceed $25 million for that fiscal year. In making such determination, the commission shall consider the following:

(1) The amount required to provide sufficient contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the commission deems to be in the public interest; and

(2) The amount required to assist low-income residential consumers in times of emergency as determined by the commission and consumers of the regulated provider of natural gas in accordance with Code Section 46-4-166.

As seen in **Table-28** below, regarding (b)(2), the Commission has approved **$660,000** for the Salvation Army. For the Regulated Provider, the Staff has used the last historic 12 months, December 2022 – November 2023, to develop an annual average for 2024. This calculation provided was **$627,489.25** as the dollar amount needed for year 2024. The total low-income assistance the Regulated Provider needed for 2024 is **$1,287.489.25**. This would leave a total of **$23,712,510.72** available for AGL line-extensions for 2024.

Table-28: USF 2024 Planned Activity

2024: O.C.G.A. 46-4-166(b)(2)		$25,000,000.00
Regulated Provider	$627,489.25	$24,372,510.75
Low-Income Assistance: Salvation Army	$660,000.00	$23,712,510.75
AGL USF Line-Extension	$23,712,510.75	$0.00
Total Encumbrances:	$25,000,000.00	

VII. Project Funding Analysis

As provided in **Table-29** below, the Staff has an analysis of the USF project planning as provided in O.C.G.A. 46-4-161(b)(1)(2). The Staff included the 2024 projected expenditures for the Regulated Provider and Low-Income Assistance consistent with O.C.G.A. 46-4-161(b)(1). Then the Staff included proposed AGL line-extensions as provided in O.C.G.A. 46-4-161(b)(2). The Residential projects use Rule-7 System Wide Averages for USF recovery and the Commercial projects use engineering estimates, grossed up for income taxes and finance costs. The total USF

planned expenditures amount is estimated at **$21.7 million** leaving **$3.2 million** remaining of the 2024 **$25 million** cap.

When comparing the **Table-29a** activity with the **Table-27** USF unencumbered funds, the USF begins with $35 million in unencumbered funds. The ending estimated USF 2024 Plan encumbered dollars would be **$21.7 million**. This would **leave $13.2 million** unencumbered for future projects. This dollar amount would increase each month as deposits are received. In **Table-29b** below, this is the total of the USF 2024 planned estimates if the line-extension projects were approved. In Table-29c below, the Athens-Clark County Project can be funded by the ECON-1 tariff in the amount of **$1,321,203**. The ECON-1 tariff has an annual limit of **$25 million**. If the Athens-Clark County Project were approved, the remaining balance would be **$23.6 million** for the year 2024.

Table-29a: USF Project Funding Analysis

2024: O.C.G.A. 46-4-166(b)(2)	Annual Approval Cap		$25,000,000.00	USF Encumbered Funds
				$35,025,656.96
Regulated Provider		$627,489.25	$24,372,510.75	$34,398,167.71
Low-Income Assistance: Salvation Army		$660,000.00	$23,712,510.75	$33,738,167.71
Jackson County Project	Engineering Estimates w/Gross Ups	$150,663.00	$23,561,847.75	$33,587,504.71
Glynn County Project #1	Rule-7 Shortfall w/Gross Ups	$469,085.00	$23,092,762.75	$33,118,419.71
Glynn County Project #2	Rule-7 Shortfall w/Gross Ups	$177,424.00	$22,915,338.75	$32,940,995.71
Cherokee County Project	Rule-7 Shortfall w/Gross Ups	$44,194.00	$22,871,144.75	$32,896,801.71
McIntosh County Project	Engineering Estimates w/Gross Ups	$19,657,977.00	$3,213,167.75	$13,238,824.71
Total 2024 USF Funding		**$21,786,832.25**	**$3,213,167.75**	**$13,238,824.71**

Table-29b: USF 2024 Planned Estimates

Regulated Provider	**$627,489**
Low-Income Assistance: Salvation Army	**$660,000**
AGL Line-Extension Projects	**$20,499,343**
Total USF 2024 Planned Estimates	**$21,786,832**

Table-29c. ECON-1 Project

2024: ECON-1 Tariff	Annual Approval Cap	$25,000,000.00
Athens-Clark County Project	$1,321,203.00	**$23,678,797.00**

VIII. Commission Decision

During the December 19, 2023 Administrative Session, the Chairman Shaw provided a motion regarding the Staff's recommendation. The Commission approved the motion and approved the Staff recommendation as amended. See below:

a. The Commission denies the three Residential projects, Glynn County Project #1, Glynn County Project #2, and the Cherokee County Project because of low economic value.

b. Of the **$18,782,801** approves for the Chatham County Project for Igneo approved on December 13, 2022 in Docket No. 43510 and Docket no. 41559 as part of the 2022-2023 ECON-1, **$13,954,253** will be approved for Project Forage (Wal-Mart) in Lowndes County that was filed with the Commission on December 13, 2023.

c. Of the **$19,657,977** requested for the McIntosh County Project, the Commission approves that the remaining 2022-2023 ECON-1funding of **$4,828,548** allotted for the Igneo project be used for the McIntosh County Project, and the remaining **$14,829,429** needed will be funded by USF.

d. The Commission approves the withdrawal of the Igneo Project to allow its funds to be used for Project Forage and the McIntosh County Project.

e. The Commission approves the Jackson County Project in the amount of **$150,663**.

f. The Commission approves the Athens-Clark County as an ECON-1 project in Docket No. 41559 using the 2024 ECON-1 funding in the amount of **$1,321,203**.

g. Commission denies AGL's language in its October 2nd petition third paragraph sentences 4 and 5 and the October 6th petition third paragraph and third sentence and approved Staff's language from the Commission Rule 515-7-5-.07(1), which states:

> The disbursements to the EDC for completed projects will be for actual costs that are below the EDC's 5% budget cap for that Annual Plan year. The disbursements for completed projects will be limited to unencumbered funds in the USF. For any amounts that exceed the 5% budget cap or the unencumbered USF funds, those amounts will go into the EDC's rate base for ratemaking purposes.

* * * * *

IX. Ordering Paragraphs

WHEREFORE IT IS ORDERED, that the Commission approves Chairman Shaw's motion and approved the Staff recommendation as amended.

ORDERED FURTHER, that the Commission denies the three Residential projects, Glynn County Project #1, Glynn County Project #2, and the Cherokee County Project because of low economic value.

ORDERED FURTHER, that the Commission approves that of the **$18,782,801** approved for the Chatham County Project for Igneo approved on December 13, 2022 in Docket No. 43510 and Docket no. 41559 as part of the 2022-2023 ECON-1, **$13,954,253** will be approved for Project Forage (Wal-Mart) in Lowndes County that was filed with the Commission on December 13, 2023.

ORDERED FURTHER, that the Commission approves that of the **$19,657,977** requested for the McIntosh County Project, the Commission approved that the remaining 2022-2023 ECON-1funding of **$4,828,548** allotted for the Igneo project be used for the McIntosh County Project, and the remaining **$14,829,429** needed will be funded by USF.

ORDERED FURTHER, that the Commission approves the withdrawal of the Igneo Project to allow its funds to be used for Project Forage and the McIntosh County Project.

ORDERED FURTHER, that the Commission approves the Jackson County Project in the amount of **$150,663**.

ORDERED FURTHER, that the Commission approves the Athens-Clark County as an ECON-1 project in Docket No. 41559 using the 2024 ECON-1 funding in the amount of **$1,321,203**.

ORDERED FURTHER, that the Commission denies AGL's language in its October 2nd petition third paragraph sentences 4 and 5 and the October 6th petition third paragraph and third sentence and approved Staff's language from the Commission Rule 515-7-5-.07(1), which states:

> "The disbursements to the EDC for completed projects will be for actual costs that are below the EDC's 5% budget cap for that Annual Plan year. The disbursements for completed projects will be limited to unencumbered funds in the USF. For any amounts that exceed the 5% budget cap or the unencumbered USF funds, those amounts will go into the EDC's rate base for ratemaking purposes."

ORDERED FURTHER, that all findings, conclusions, statements, and directives made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, statements of regulatory policy, and orders of this Commission.

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 this matter 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 19th day of December 2023.

Sallie Tanner
Executive Secretary

12-27-23
Date

Jason Shaw
Chairman

12-27-23
Date