



ATLANTA GAS LIGHT COMPANY TARIFF

Version ~~1/1/2024~~2/18/2024

26. Georgia Rate Adjustment Mechanism (GRAM)

26.1 Applicable

To all gas sold, distributed or transported under tariff services excluding SEED Contracts and special contracts.

26.2 Purpose

This Atlanta Gas Light Company Georgia Rate Adjustment Mechanism ("AGL GRAM") is designed to implement an annual earnings review and non-gas-cost revenue ("base rate revenue") adjustment (first authorized by the Georgia Public Service Commission in Docket 40828). If, through the implementation of the provisions of this mechanism, it is determined that rates should be decreased or increased, then rates will be adjusted accordingly in the manner set forth herein. The rate adjustments implemented under this mechanism will reflect changes in the Company's base rate revenues, cost of service, and rate base.

26.3 Definitions

A) **Annual Evaluation Date** shall be the date the Company will make its AGL GRAM Annual Rate Filing ("ARF"). The Annual Evaluation Date shall be no later than July 1 of each year, unless: (a) the Company files either a comprehensive rate case prior to May 1; or (b) the Company files a notice with the Commission of its intent to file a comprehensive rate case prior to the end of such calendar year. The annual filing under this mechanism shall be made in electronic form where practicable.

B) **Historic Test Year** is defined as the twelve-month period corresponding to the Forward Looking Test Year of the Company's most recent General Rate Case updated for actual results available at the time of filing and updated on a continuing basis through the Commission review process. The current Historic Test Year is the 12 months ending July of each year.

C) **Forward Looking Test Year** is defined as the twelve-month ~~period ending~~ period ending December 31 of each year in which an Annual Evaluation Date occurs during the preceding 12-month period.

D) **Rate Effective Period** is defined as the twelve-month period in which base rates determined under this mechanism ("**Effective Rates**") shall be in effect. The first Rate Effective Period shall apply to bills rendered from January 1, 2020 to December 31, 2020 unless the beginning of the Rate Effective Period is delayed as provided in Section 26.8 below.

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E) **Revenue True Up ("RTU") Date** shall be the date the Company will define an adjustment to effective rates to compensate for any over or under collection of base rate revenues during a Forward Looking Test Year. The RTU Date shall be no later than July 1 of each year. The True Up shall apply to bills rendered during the next Rate Effective Period pursuant to Section 26.6.

F) **Final Order** as referenced in this tariff shall initially be the final order issued in Docket Number 42315. In the event there is a subsequent comprehensive rate proceeding establishing new base rates for the Company in Georgia, then the final order of the Commission in such subsequent comprehensive rate proceeding shall be the **Final Order** for purposes of administering this mechanism.

G) **New Matters** as referenced in this tariff refers to new issues, adjustments or ratemaking topics that would affect the AGL GRAM ARF for which there is no prior determination regarding the Company by the Georgia Public Service Commission.

H) **Distribution Revenues** as referenced in this tariff refers to the following categories: R-1 Residential Delivery Service, G-10 Multi Family Housing Delivery Service, G-11 General Gas Delivery Service, G-12 General Gas Delivery Service, ~~High Demand~~, AG-1 Agricultural Process Service, S-51 Seasonal Gas Service, PS Peaking Service, TS-1 General Gas Transportation Service, TS-2 Special Gas Transportation Service, MARTA & V-52 Natural Gas Vehicle Delivery Service, and Synergy Savings.

I) **Miscellaneous Revenues** as referenced in this tariff refers to all other jurisdictional revenues not specified as distribution revenues. Revenue categories that generally comprise miscellaneous revenues include the following: Franchise Recovery Rider Fees, Meter Reading, Reconnection Charges, Seasonal Reconnection Charges, Service Establishment (Turn-on) Charges, Meter Set Charges, Damage Billing, Liquefied Natural Gas Delivery to Tanker Service (LDTs), Switching Fee Revenues and Other Miscellaneous (Right of Way Fees, SEED, SEM-G/S Rev, Late Payment Charges, Lost and Unaccounted for Gas and Odorant Costs).

J) **Base Rate Revenues** as referenced in this tariff refers to total jurisdictional revenues which includes all revenue categories defined above as Distribution Revenues and Miscellaneous Revenues.

~~K)~~

26.4 Quarterly Financial Filings

The Company shall file quarterly financial filings no later than fifty-two (52) days

Atlanta Gas Light

TERMS OF SERVICE

All Rate Schedules

Second ~~Revised Sheet~~ Revised Sheet
Sheet No. ~~26-109~~ 26.2 Effective:

after the end of each calendar quarter. The quarterly financial filings shall July 1, 2021

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include the same schedules and workpapers, if applicable, as the annual filing and will be based on the most recent 12-month historical information, or in such alternative manner as subsequently agreed to by Staff and AGL. As part of each quarterly report, the Company shall provide capital budget information (in the same form ~~illustrated by the capital budget information identified as provided in Attachment B to the Stipulation~~ Company's most recently approved by the Commission in Docket No. 40828 by Order dated February 21, 2017) ~~to compare the capital budget against actual activity~~ GRAM filing. Capital budget data for the Forward Looking Test Year shall be provided with a detailed description of capital expenditure items. Data for the Historic Test Year shall provide a variance analysis by providing a schedule with columns for the Historic Test Year to include capital budget categories, the amount budgeted, actual capital budget spending, and a variance between actual spending and the projected budget. In the future, Staff and the Company may mutually agree in writing to modifications to the form and/or content of the quarterly financial filings without a subsequent order from the Commission, and such agreed to modifications, if any, will govern future quarterly financial filings thereafter. If Staff and the Company cannot agree on proposed modifications, the matter may be brought before the Commission for a decision.

26.5 AGL GRAM Annual Rate Filing ("ARF")

On the Annual Evaluation Date each year the Company shall file with the Commission schedules that reflect the actual annual amounts as reflected on the books and records of the Company for the Historic Test Year as well as the projected amounts expected during the Forward Looking Test Year. The GRAM ARF filing shall consist of the following:

1. Attachment-A includes the GRAM Rate Model, which provides a revenue requirement and rate calculation for the recovery of non-Peaking rate base and O&M. The GRAM model shall provide rate adjustments for the R-1, G-10, G-11/12, TS-1, TS-2, S-51, and AG-1 Classes with estimated revenues. Attachment-A is supported by additional attachments.
2. Attachment-B provides the proposed capital budget for the Rate Effective Period.
3. Attachment-C provides the Atlanta Gas Light Services Company capital budget for the Rate Effective Period.
4. Attachment-D includes the Peaking Service Rate Model, which provides a revenue requirement and rate calculation on the Peaking assets and O&M recovery. The Peaking Rate Model shall provide rate adjustment for the Peaking Rate with estimated revenues.

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5. Other attachments as needed.

26.5.1 Contents of the ~~Annual Filing~~ GRAM Rate Model. The AGL GRAM ~~ARFs~~ ARF shall ~~be in the form and~~ contain actual and projected data ~~illustrated by the sample AGL GRAM ARF identified~~ and be provided in the same form of the GRAM Rate Model filed as Attachment A to the ~~Stipulation~~ Company's most recently approved ~~by the Commission in Docket No. 40828 by Order dated February 21, 2017~~ GRAM filing, and shall include:

Schedule-1: Calculation of Revenue Deficiency

Schedule-2: Average Rate Base: with supporting

workpapers Schedule-3: Income Statement

Schedule-4: Operating Revenues: with supporting workpapers

Schedule-5: Operating Expense Summary: with supporting

workpapers Schedule-6: Depreciation Expense: with supporting

workpapers Schedule-7: Taxes and Other Income: with supporting

workpapers Schedule-8: Calculation of Federal and State Income

Taxes

Schedule-9: Derivation of the Income Expansion Factor

Schedule-10: Capital Structure and Cost of Capital (Projected)

Schedule-11a: Calculation of Adjustment

Schedule-11b: Rate & Revenue Adjustment Calculation

Schedule-11c: Customer Charge & DDDC Rate Change

Percentage

Schedule-11d: Class Revenue Contribution

Schedule-11e: Rate Change Impact

Schedule-11f: Summary of Present and Proposed Rates

Schedule-12: ~~Regulatory Asset Calculation~~ Over/Under Recovery of

Rider Programs

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In the future, Staff and the Company may mutually agree in writing to modifications to the form and/or content of the AGL GRAM ARFs without a subsequent order from the Commission, and such agreed to modifications, if any, will govern future AGL GRAM ARFs thereafter. If Staff and the Company cannot agree on modifications, then the matter shall be decided by the Commission.

26.5.2 GRAM Rate Model Revenue Requirements. Regarding data that demonstrates the Forward Looking Test Year base rate revenue requirements:

- (a) Rate Base shall be calculated using actual net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components. Adjustments shall be reflected to incorporate forecasted capital expenditures, as well as other rate base adjustments to represent the balances during the Forward Looking Test Year. Adjustments shall also reflect the removal of all Plant and other ratemaking components related to ECON-1, Peaking Service Assets, and the System Reinforcement Rider ("SRR") assets. Cash Working Capital requirements will be reflected in a manner consistent with the Cash Working Capital requirements approved in the Final Order.
- (b) Depreciation expenses shall reflect the depreciation rates most recently approved by the Commission in the Final Order.
- (c) Actual Historic Test Year operating and maintenance costs (including but not limited to all payroll and compensation expense, all benefit expense, all pension expense, insurance costs, materials and supplies, bad debt costs, all medical expense, commitment and banking fees, transportation and building and lease costs) shall be adjusted to incorporate forecasted adjustments for each such operating and maintenance cost for the Forward Looking Test Year using adjustment factors that are calculated as approved by the Commission for: an Other Pension and Employee Benefits ("OPEB") and Pension Account Plan Adjustment Factor; a General Inflation Factor; a Medical Adjustment Factor; a Labor Adjustment

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Factor, and an outside services Safety and Compliance Adjustment Factor using the following methodologies.

- (i) The Medical ~~Adjustment in WP 5-2, and the~~ Pension, and OPEB ~~Adjustment~~ Adjustments are provided in WP 5-3 ~~methodologies, in of~~ Attachment A, and will be calculated with the average of one year of actual costs (based on the Historic Test Year) and one year of projected costs (based on the Forward Looking Test Year ending December 31).
- (ii) The Outside Services Safety and Compliance inflation factor will be calculated as shown in WP 5-4 of Attachment A, such that the adjustment factor will reflect the average of one year of actual costs (based on the historic test year) and one year of projected costs (based on the ~~forward looking test year~~ Forward Looking Test year ending December 31).
- (iii) The General Inflation factor will be calculated as shown on WP 5-5 of Attachment ~~A~~, such that it is based on the average of the most recent five (5) annual changes (July to July) in the CPI index (based on CPI Urban Consumer ~~—~~ All Items (index 1982-84=100, SA) South Urban or such other index as Staff and AGL may agree to hereafter).
- (iv) The Labor Adjustment Factor shall be calculated as shown in WP 5-5 of Attachment-A and will be based on the budgeted payroll amount for the Forward Looking Test Year ended December 31.
- (d) The Historic Test Year data shall include actual income taxes and taxes other than income taxes, and the Forward Looking Test Year data shall include adjustments to the Historic Test Year tax data to reflect the expected taxes for the Forward Looking Test Year.
- (e) The Historic Test Year data shall include actual base rate revenues by billing component, and the Forward Looking Test Year data shall reflect adjustments to forecast base rate revenue billing determinants based on the base rate revenue forecasting methodologies that were used in the most recent Capacity Supply Plan for projecting the number of billing units.
- (f) The Historic Test Year data shall include actual cost of debt and the capital structure approved in the Final Order. The schedules for the Forward Looking Test Year shall reflect and be based upon the capital

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structure approved in the Final Order and the actual cost of debt as of June 30.

- (g) All schedules filed pursuant to this mechanism shall reflect applicable accounting and pro forma adjustments as established in the Final Order as well as other adjustments required to account properly for atypical, unusual, or nonrecurring events.
- (h) Adjustment methodologies shall be consistent with those in the Final Order.
- (i) As reflected in WP ~~5-75-6~~, the AGL GRAM ARFs shall include a Cost Stabilization Mechanism to net the differences in the amounts forecasted

~~26.~~ ~~Georgia Rate Adjustment Mechanism (GRAM), (con't)~~ and amounts collected in Medical costs, Pension costs, OPEB costs, and Safety and Compliance costs. The difference between the sum of these categories that were included in the rate calculation and the sum of the actual costs incurred for these categories shall then be reflected (positive or negative) in the following year's cost of service for GRAM rates as shown on WP 5-1.

26.5.3 Calculation of Adjustments to Rates for the Forward Looking Test Year.

The AGL GRAM ARF shall include additional schedules indicating the following revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. These schedules shall identify the base rate adjustments, if any that are necessary for the Forward Looking Test Year. If adjustments are required as set forth below, the resulting Effective Rates shall also be included with the filed schedules.

- (a) An earnings band is established and is defined as the range between two tenths of one percent (0.2%) above and two-tenths of one percent (0.2%) below the ROE established in the Final Order. As an illustration, the ROE established in Docket 42315 was 10.25%; the earnings band range for the ROE established in Docket No. 42315 is thus 10.05% to 10.45%.
- (b) If the Company's earnings during the Forward Looking Test Year (excluding the RTU as provided for in Section 26.6, if any) are projected to exceed the upper end of the earnings band, the AGL GRAM ARF shall include an adjustment to base rates calculated to lower the base rate revenue to achieve the specified mid-point of the earnings band.
- (c) If the Company's earnings during the Forward Looking Test Year (excluding the RTU as provided for in Section 26.6, if any) are projected to be below the lower end of the earnings band, the AGL GRAM ARF

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shall include an adjustment to base rates calculated to increase the revenue in order to collect the additional base rate revenue required to achieve the specified mid-point of the earnings band.

- (d) If the ROE is calculated to fall within the earnings band, no adjustment to base rates will occur.

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26.5.4 Peaking Service Rate Model. Contents of the Peaking Service Rate Model is for the calculation of a Peaking Service revenue requirement and the Peaking Service rate for the recovery of Peaking Service Assets related to the Peaking Service tariff 3.1(a) for the Atlanta and Macon Pool Groups. The AGL Peaking Service Rate Model shall be in the form and contain actual data filed as Attachment D, and shall include:

1. Contents
2. ~~26-Georgia~~ Rate Adjustment ~~Mechanism~~ (Worksheet
3. Schedule-2: GRAM), (con't) Schedule-2
4. Schedule-9: GRAM Schedule-9
5. Schedule-10: GRAM Schedule-10
6. WP 2-1: WP 2-1 Plant Associated with Peaking Service Assets
7. WP 2-2: Accumulated Depreciation (Reserves) Associated with Peaking Service Assets
8. WP 4-2: Projected DDDC Associated with Peaking Service (Formerly WP 4-6), GRAM WP 4-2
9. WP 5 O&M Budget: O&M Associated with Peaking Service Assets
10. Schedule-6 Depreciation: Provides support for the Peaking Service Rate Calc Worksheet
11. WP 7 Other Taxes: GRAM WP 7
12. Peaking %: Peaking % Calculations for WP 2-1 and WP 2-2
13. Property Tax & ADIT Factor: Associated with Peaking Service Assets

26.5.5 ~~26.5.4~~ Proof of Revenues and Rate Design.

The AGL GRAM ARF shall include a schedule demonstrating the "proof of revenues" relied upon to calculate the proposed Effective Rates for the Forward Looking Test Year. The proof of revenues will be provided in GRAM schedules workpaper 4. The proposed base rate adjustment (if any) will be spread to each customer class's tariff customer charge and distribution charge (excluding SEED contracts and special contracts) in proportion to the relative base rate revenue share as approved in the Final Order. The proposed new Effective Rates shall be effective on bills rendered from January 1 to December 31 (the "Rate Effective Period") unless the beginning of the Rate Effective Period is

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delayed as provided in Section 26.8 below.

26.6 Calculation of the RTU

During the Rate Effective Period, generally January through December of the following year, the Company shall track actual base rate revenues (distribution revenues and miscellaneous revenues) ~~collected compared to the projected base rate revenues (distribution revenues and miscellaneous revenues).~~

Projected base revenues will be consistent with the categories and amounts as provided for in the GRAM ARG proof of revenues. By March 1st following each Rate Effective Period, the Company shall file with the Commission a RTU Filing consisting of schedules that compare:

(a) the preceding Forward Looking Test Year base rate revenue projections whose rates were in effect during the Rate Effective Period with (b) actual base rate revenues related to amounts billed during the Rate Effective Period for services that have been provided. These schedules shall exclude SEED Contract, special contracts, and revenues from authorized riders. If such actual base rate revenues (excluding the RTU as provided for in this Section 26.6, if any) during the preceding Rate Effective Period exceeded the base rate revenue projections for the Forward Looking Test Year, the RTU Filing shall include an adjustment calculated to lower base rates over a 12-month period by the amount that such actual base rate revenues exceeded projections. If the Company's actual base rate revenues (excluding the RTU as provided for in this Section 26.6, if any) during the preceding Rate Effective Period were below the base rate revenue projections for the Forward Looking Test Year, the RTU Filing shall include an adjustment calculated to increase base rates over a 12-month period by the amount that such projected base rate revenues exceeded actual base rate revenues. The approved RTU adjustment shall be included in the annual GRAM filing as a line item in Schedule 11 to arrive as the total Adjusted Revenue Adjustment.

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The RTU adjustment, which relates to amounts billed during the Rate Model Rate Effective Period for services that had been previously provided, will be spread to each customer class's tariff ~~customer charge~~ Customer Charge and DDDC Charge in proportion to the relative base rate revenue ~~share~~. The RTU adjustment also applies to the Peaking Service Rate Model Rate Effective Period for revenues collected under the Peaking Service Rate. The RTU adjustment is the combination of the GRAM Rate Model revenues and Peaking Service Rate Model revenues as approved in the Final Order on each bill rendered during the Rate Effective Period of the following year. The GRAM Model revenues and Peaking Service Rate Model revenues approved in a Rate Effective Periods, in total, are the tracking revenues. The Company's RTU Filing will include the following information to support Staff's filing of a Statement of Confirmation letter showing agreement with any final RTU adjustment. The statement of Confirmation shall be filed no later than June 1st, and it shall include the following:

~~(a)~~ Actual

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- a. The total of actual monthly GRAM Model base rate revenues and Peaking Service Rate Model revenues collected. ~~Monthly revenues shall be presented by category and account, including each subcategory comprising distribution revenues and miscellaneous revenues.~~
- b. ~~(b)Projected~~ The total of projected GRAM Model base rate revenues ~~with distribution and Peaking Service Rate Model~~ revenues; ~~and miscellaneous revenues identified separately including subcategories.~~
- c. ~~(c)Variance between the total actual and~~ GRAM Model revenues and Peaking Service Rate Model revenues and the total projected GRAM Model base rate revenues and Peaking Service Rate Model revenues.

~~If the Staff and AGL are in agreement with the final RTU adjustment, Staff will file an "RTU Statement of Confirmation" with the Commission confirming the adjustment, and the adjustment will be deemed effective June 15th for inclusion in the next GRAM filing. If the Staff and AGL are in disagreement with an RTU adjustment, it will be placed on the agenda for consideration by the Commission with a decision before or by June 15th. The final approved adjustment will be included in the next GRAM filing. By May 15th, if the Staff and AGL can't agree to a final RTU dollar amount, this item shall go before the Commission for consideration by the first Administrative Session in June.~~

26.7 Attestation

A sworn statement shall be filed by a Company officer responsible for Georgia Operations affirming that the filed schedules are in compliance with the provisions of this mechanism and are true and correct to the best of his/her knowledge, information and belief. No testimony in addition to such attestation in support of the proposed adjustments shall be necessary at the time of the initial filing.

26.8 Evaluation Procedures

Because the GRAM as approved by the Commission allows only 180 days for the Staff to review the AGL GRAM ARF, submit a recommendation to the Commission, and for the Commission to issue an order on Staff's recommendation, the Company will endeavor to include within each AGL GRAM ARF all of the information described in this tariff provision. Within 30 days

~~26. Georgia Rate Adjustment Mechanism (GRAM), (con't)~~ following the filing of an AGL GRAM ARF, if the Staff determines that the AGL GRAM ARF is not complete (as described in this Tariff), Staff may petition the Commission for the 180-day clock to stop until the Company provides any missing or deficient information. If no such petition is filed by Staff within the first 30 days following the AGL GRAM ARF, the AGL GRAM ARF will be deemed to be complete.

If the Commission agrees with Staff's position that an AGL GRAM ARF is deficient or incomplete, the 180-day clock will be deemed to have stopped on the date that the petition is filed by Staff. The 180-day clock will begin to run again as soon as the missing information is provided or the deficiency is otherwise corrected. If the Staff issues data requests, the Company will file responses within 15 days. If the responses to the data requests are considered non-responsive by Staff, the Staff may petition for the Commission to stop the

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180- day clock until responsive responses are received. If the Commission agrees with Staff's position that the data request responses are nonresponsive, the 180- day clock will be deemed to have stopped on the date that the petition is filed by Staff. The 180-day clock will begin to run again as soon as adequate responses are provided by the Company or the deficiency is otherwise corrected. In the event that the 180-day clock is stopped for any reason, and it shortened the Rate Effective Period, the start of the Rate Effective Period for the period in which the 180-day clock was stopped will be delayed and the Rate Effective Period will be shortened accordingly, if necessary. Unless the Company and Staff agree otherwise, the rates applied to a shortened Rate Effective Period will be adjusted so that the full year's revenue requirement will be recovered during the shortened Rate Effective Period. In any event, a shortened Rate Effective Period will end at the end of December, and the next AGL GRAM ARF shall be made on or before July 1st so that the regular schedule as set forth herein will resume.

If the operation of the GRAM annual filing results in an adjustment to the Company's base rates as provided herein, Staff shall present a recommendation on the resulting rate adjustment before the Commission by December 31st regarding any adjustment of base rates that will go into effect on January 1st.

In the event that the Staff or its representatives must incur travel expenses to the Company's offices in the course of auditing the Company's books and records to verify the quarterly financial reports, the AGL GRAM ARF, or any financial data provided in support of the requested adjustments, the Company shall reimburse such reasonable expenses and promptly recover the full amount of all such cost paid.

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Notwithstanding the operation of this tariff provision, the Company may file a new rate case, and Staff may institute a rule nisi at any time. The Company shall cover the costs of consulting fees reasonably incurred by Staff if the Company initiates a rate case, or if Staff initiates a rule nisi, or if Staff retains consultant(s) for the GRAM review process; O.C.G.A. § 46-2-33 (as such provision of law is currently codified or as such provision may be hereinafter modified, amended, restated or re-codified) shall apply to cost incurred by the Georgia Public Service Commission to obtain reasonably necessary specialized testimony and assistance and charged to the Company as necessary costs of providing service, and the Company may promptly recover the full amount of all such costs paid by the Company.

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Padding cell	

Statistics:	
	Count
Insertions	168
Deletions	54
Moved from	2
Moved to	2
Style changes	0
Format changes	0
Total changes	226

