STF-15-1 In AGL's February 1, 2024 Integrated Capacity and Delivery Plan filing's trade secret version of files, it has an Excel file called, "TRADE SECRET – GRAM MFR 1&2_AGL 2025-2034 i-CDP" ("TS Capital Budgets"). Does this also include SRR and LNG Peaking proposed capital spending?

RESPONSE

Yes.

Respondent: Rob Hembree
Director, Engineering
Southern Company Gas

STF-15-2 In the TS Capital Budgets spreadsheet, AGL has a row for ECON-1 with large dollar amounts listed for 2025 – 2027. Please answer the following.

a. Does AGL agree that ECON-1 has its own surcharge recovery, and all capital spending for ECON-1 **should not** be part of the i-CDP capital budgets.

b. Does AGL agree to remove ECON-1 from the i-CDP capital budgets?

RESPONSE

a. Atlanta Gas Light ("AGL") does not agree that ECON-1 budgets should be excluded from capital proposed in the i-CDP. The i-CDP is a comprehensive plan that includes all aspects of AGL operations, including capital expenditures for projects during the first three years of the 2025-2034 i-CDP related to economic development activity. AGL agrees that capital expenditures for these projects will not be recovered through the Georgia Rate Adjustment Mechanism ("GRAM") but through the ECON-1 Rider updated annually in October.

b. See response to STF-15-2a.

Respondent: William Horne
Director, Resource Planning & Economic Development
Atlanta Gas Light Company

STF-15-3 Regarding the capital budget items below, please answer the following.

Table-STF-15-3

IT Allocations - DTS
IT Allocations - EAM/Matrix
IT Allocations - Root
IT-Base

i. Please list the items that are related to Atlanta Gas Light Services Company ("AGSC").

ii. Please provide the FERC account for each item.

iii. Please provide a description of each item.

iv. Please list the items and dollar amounts that are attributed to AGSC Direct Assigned rate base components.

RESPONSE

i. See Figure 5.52: Detailed Proposed Technology Budget Parameters in the i-CDP filing. These costs pass through the Atlanta Gas Light Services Company ("ASC") for both direct AGL assets, as well as shared investments with the other Southern Company Gas Local Distribution Companies ("LDCs").

ii. FERC Account 391 Series.

iii. Please see Section 5.25 of the i-CDP filing.

iv. The items in Figure 5.52: Detailed Proposed Technology Budget Parameters and Figure 5.53: IT Projects Budget Parameters show the total cost to AGL. Directly incurred costs to AGL are any investment solely for the benefit of AGL, including personal computers, toughbooks, and customer technology. Please refer to STF-12-3c for the dollar amounts that are direct assigned to rate base components.

Respondent: Daniel Mikkelsen
Vice President, Technology
Southern Company Gas

STF-15-4 For 2025, 2026, and 2027 GRAM, SRR, and LNG Peaking capital budgets in **Table-STF-15-4** below, please list the dollar amounts of the AGSC Direct Assigned capital dollar amounts incorporated into those budgets.

Table-STF-15-4: AGSC Direct Assigned Capital Dollars

Budgets	FERC Accounts	Dollar Amounts
GRAM		
SRR		
LNG		
Total		

RESPONSE

Please refer to the Company's response to STF-12-3c. All ASC direct assigned capital dollars are IT related and part of the GRAM budgets. The FERC Accounts are in the 391 Series.

Respondent: Daniel Mikkelsen
Vice President, Technology
Southern Company Gas

STF-15-5 During 2022, Southern Company Gas moved away from its enterprise software system PeopleSoft and switched to Oracle. Please answer the following.

a. Please list the FERC accounts associated with the full costs of Southern Company Gas moving to Oracle.

b. In **Table-STF-15-5b** below, please list the allocated costs for the move to Oracle.

Table-STF-15-5b

Organization	Allocated Costs Oracle Transformation
AGL	
CNG	
VNG	
Nicor	
Non-Reg	
Total	

RESPONSE

a. Please see attachment STF-15-5 for total Oracle implementation costs including both capital and O&M costs. The capital costs are on the books and records of ASC and therefore not direct assigned or pushed down to affiliates. The O&M costs are included by FERC account and affiliate.

b. Please see the Company's response to part a above.

Respondent: Daniel Mikkelsen
Vice President, Technology
Southern Company Gas

STF-15-6 In the TS Capital Budgets, there is a line called Overheads, please explain how these dollar amounts in 2025 -2026 were calculated and why the dollar amounts were higher than in the 2022 – 2024 capital budgets.

RESPONSE

AGL will provide this response in a supplemental filing on or before March 20, 2024.

Respondent: Steven Murphy
Vice President, Engineering & Construction
Southern Company Gas

STF-15-7 In the TS Capital Budgets, there is a line called "SYS RE-Cherokee LNG Expansion Pipelines", please answer the following.

a. Please explain what this is related to and why it didn't appear in prior capital budgets.

b. Please explain how each of the dollar amounts were developed.

c. Please explain the projects involved and the type of pipe and length of pipe.

d. What is the "required" or "mandated" timeline to complete this work?

RESPONSE

a. The creation of a separate line under the System Reinforcement-SRR Projects line specifically for the System Reinforcement project directly related to the Cherokee LNG plant expansion project was first broached in the 2022 i-CDP filing. A line was added to the "GRAM MFR 1&2 Updated Filing-July 2021" document as shown below, but all proposed dollars were retained within the System Reinforcement line at that time due to the applicable project (Cumming to McGinnis Ferry) being both needed for System Reinforcement as well as pipeline capacity to accept the full expanded send-out from the Cherokee LNG plant by approximately 2028.

Capital Financial Summary Report (In $MM)										
AGLC - 2022 Budget and 2023-2031 Plan	2022 Budget	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
System Reinforcement - SRR Projects										
SYS RE-Major Pipelines	39.3	69.0	70.1	78.0	73.9	69.4	71.4	67.4	71.8	75.4
SYS RE-Cherokee LNG Expansion Pipelines	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The 2022-2031 i-CDP also spoke to this in Chapter 5.7 as shown below:

Table 12: System Reinforcement – Cherokee LNG Expansion Pipelines

System Reinforcement - Cherokee LNG Expansion Pipelines ($ millions)	2018	2019	2020	2021 (GRAM)	2021 (Bud)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	2.0	10.7	25.0	25.0	5.0	0.0	0.0

The funding for the LNG facility expansion is included within the Gas Ops section of the budget. The funding for the associated Cumming to McGinnis Ferry pipeline project is included within the System Reinforcement section of the budget, inasmuch as that system reinforcement is separately needed to support existing and future customers' needs.

In the current i-CDP filing, the Cumming to McGinnis project is now shown separately in this "SYS RE-Cherokee LNG Expansion Pipelines" line. This represents the shifting of the budget from a combined line to show it separately and does not represent the addition of a new project (see AGL's Minimum Filing Requirements for additional details on this and all other System Reinforcement projects).

b. This is an early pre-engineering estimate that was developed from a bottom-up approach. Various individual cost items like engineering, land acquisition, construction, inspection, etc. were developed using historical costs for similar projects with adjustments for current labor, materials, land appreciation, and other costs. Please see AGL's Minimum Filing Requirements for additional project details.

c. As mentioned in response to part a above, the SYS RE-Cherokee LNG Expansion Pipelines line refers specifically to one System Reinforcement project (Cumming to McGinnis Ferry). The original project consisted of 12.8 miles of 24" steel. The current project is split into two phases consisting of 11.2 miles and 4.2 miles of 24" steel.

d. As outlined in detail within Section 7 of the Minimum Filing Requirements, this project must be completed by approximately 2030 to allow for the necessary full expanded flow from the Cherokee LNG project for system supply, as well as to limit the risk of system pressures falling below minimums for nearly 52,000 AGL customers in this area by the winter of 2033/2034. This timeline is based on current system models and projected growth and could easily move forward a year or more with the addition of some large industrial customers or other large developments in the area. This is why the current Plan has this project as being mostly completed in 2029.

Respondent: Steven Murphy
Vice President, Engineering & Construction
Southern Company Gas

STF-15-8 In the TS Capital Budget spreadsheet is an item called "Peaking (LNG, Propane, Compression)", please answer the following.

a. There is extensive proposed capital spending for 2025 – 2027. Please provide a detailed description of this proposed spending.

b. There is no mention or description of Cherokee LNG Expansion Pipelines in the File-4 Document. What wasn't included?

c. Is this spending related to Peaking Service?

RESPONSE

a. Please see Trade Secret Attachment STF-15-8 for a detailed list of all projects that comprise the proposed peaking capital spending for 2025 – 2027. This proposed spending is for upgrades at the Cherokee, Macon, and Riverdale LNG plants. Please see the "Project Name/Description" and "General Project Justification" columns for individual project details. The three largest projects in this category are a liquefaction system upgrade at Riverdale, an LNG pump system upgrade at Riverdale, and a power generation system upgrade at Macon.

b. The Cherokee LNG Expansion Pipelines project was included within Section 5.11 System Reinforcement on page 95 of the 2025-2034 i-CDP, as shown below (see highlighted text and the second line in Figure 5.26). For additional clarity, the "Cumming to Commerce" project is the first phase of the Cumming to McGinnis project as outlined beginning on page 15 of the document titled "Minimum Filing Requirements – TRADE SECRET":

days of the year to avoid significant customer losses in the Dahlonega and Woodstock areas. The accelerated funding requests for these projects in the 2025 i-CDP filing are needed to complete the Cumming to Hall and Cumming to Commerce projects required to take the additional gas supplied by the Cherokee LNG Expansion into the system as well as to catch up some of these delayed projects and reduce the need for higher risk and costly emergency pressure support measures such as mobile LNG vaporization. The System Reinforcement Budget Parameters is detailed in the table in Figure 5.26.

Figure 5.26: System Reinforcement Budget Parameters

Item	2022 i-CDP Filing				Current Actuals/Plan				2022-2024 Act/Plan vs. Filing	2025-2034 i-CDP Proposals ($ millions)									
	2022 (bud)	2023	2024	Filing Sub-Total	2022 (act)	2023 (act)	2024 (bud)	Current Sub-Total		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
SYS RE-Major Pipelines	39.3	69.0	70.1	**178.4**	34.8	70.2	63.1	**168.1**	**(10.3)**	101.1	48.8	41.9	78.5	125.1	71.4	80.0	74.9	73.0	75.0
SYS RE-Cherokee LNG Expansion Pipelines	0.0	0.0	0.0	**0.0**	0.0	0.8	5.6	**6.4**	**6.4**	17.0	51.9	75.0	56.0	66.9	0.5	0.0	0.0	0.0	0.0

c. The primary need for the Cumming to Commerce projects is to address the risk of the system in this area serving approximately 52,000 customers falling below minimums on a Design Day by 2033/2034 (see maps on page 18 of the document titled "Minimum Filing Requirements – TRADE SECRET"). The project also provides the necessary pipeline capacity to accept the final portion of the fully expanded Cherokee LNG send-out capacity, but that is not its primary purpose. The project would have been completed to serve AGL customers every day of the year regardless of the Cherokee LNG expansion, so it is not considered a Peaking Service Project.

Respondent: Steven Murphy
Vice President, Engineering & Construction
Southern Company Gas

STF-15-9 Regarding Section 5.7 page 110 in File-4 document called "AGL's 2025 – 2034 Integrated Capacity and Delivery Plan" ("File-4 Document"), AGL discussions on regulator stations. AGL stated the following.

> In the Fall of 2018, 50 miles of pipeline were over-pressurized in Merrimack Valley, Massachusetts when a regulator station was improperly retired. This resulted in one fatality, 28 injuries, multiple house fires, and the loss of service for more than 8,600 customers for three months. More than 100 buildings were destroyed, and many more structures were damaged. The local utility paid $80 million in a settlement with the three communities, $143 million in a court-approved class action settlement in which more than 175,000 people were eligible to receive compensation, and a $56 million-dollar criminal fine. Numerous individual personal injury claims and individual property damage claims were resolved for amounts estimated to be greater than an additional $1 billion. This incident prompted the review of regulator station configurations for utilities across the entire United States, including at AGL.
>
> AGL convened a team to review all this guidance and evaluate its risks in this area. The review indicated that AGL is not likely to have a catastrophic, over-pressurization event identical to the one in Merrimack Valley. The reason for this is because of the Commission's foresight in allowing AGL to replace its low-pressure bare steel and cast-iron pipelines with the last ones being retired in 2014. Nonetheless, over-pressurization is possible at some individual regulator stations and many of the recommendations from the various agencies and industry groups also apply to elevated pressure stations and related facilities.

AGL dispensed information to discuss an extreme danger of its regulator stations while pointing out the catastrophe at Merrimack Valley six (6) years ago, but then in another section stated it is unlikely to happen. This same information was included in the 2019 rate case in DN 42315 and in the April 2021 i-CDP filing for 2022 – 2031. Please answer the following.

a. Is the AGL system the same type of low-pressure system that Columbia Gas was operating in 2018, and prior years?

b. Is AGL replacing regulator stations because they pose the same danger as the Columbia Gas regulator stations that cause the 2018 explosions?

c. If AGL's current regulator stations do not pose a level of danger of catastrophe explosion, why is AGL restating the Merrimack Valley tragedy in the 2025 – 2034 i-CDP filing?

d. In the File-4 Document, AGL provided Figure 5.38 on page 112 that listed Station Types by Age. In **Table-STF-15-9e-**1 below, the Staff has listed the yearly budgets for regulator stations work for 2018 – 2034.

Figure 5.38: Station Types by Age

Approximate Station Quantities by Station Age in Years					
Station Type	**< 30**	**30-40**	**40-50**	**50+ or Unknown**	**Totals**
Distribution Stations	2082	1009	368	1055	4514
Tap/Large Stations	86	13	4	44	147
Total Stations	**2168**	**1022**	**372**	**1099**	**4661**

Table-STF-15-9e-1

Budget Year	Budget Dollars Approved/Proposed
2018	$13,100,000
2019	$19,100,000
2021	$27,700,000
2022	$30,408,287
2023	$34,015,368
2024	$36,843,594
2025	$33,365,027
2026	$33,999,983
2027	$33,999,983
2028	$43,088,724
2029	$43,417,699
2030	$44,253,252
2031	$44,095,517
2032	$33,029,628
2033	$33,085,720
2034	$33,085,720
Total	**$536,588,502**

Please answer the following.

i. If the current AGL regulator stations don't pose a level of danger as the Columbia Gas situation that occurred in 2018, why is AGL proposingto evaluate/replace 4,661 stations?

ii. Do the numbers in Figure 5.38 show the remaining number of regulator stations AGL intends to evaluate and/or provide work?

iii. AGL budgeted to spend **$124.3 million** on the replacement of regulator stations from 2018 to 2023. In **Table-STF-15-9e-2** below, please provide the actual dollars spent on the evaluating of and/or work performed on the regulator stations and the actual number of regulator stations compared to actual dollars expended.

Table-STF-15-9e-2

Budget Year	Budget Dollars Approved	Actual Capital Dollars Expended for Each Listed Budget Year	Variance: Actual minus Budgeted		Actual Number of Regulator Stations Replaced by Budget Year
2018	$13,100,000				
2019	$19,100,000				
2021	$27,700,000				
2022	$30,408,287				
2023	$34,015,368				
Totals	**$124,323,655**				

iv. In **Table-STF-15-9e-3** below, please provide the estimated of regulator stations AGL intends to evaluate/replace related to the budget years.

Table-STF-15-9e-3

Budget Year	Budget Dollars Approved	Estimated Number of Regulator Stations Evaluated/ Replaced by Budget Year
2024	$36,843,594	
2025	$33,365,027	
2026	$33,999,983	
2027	$33,999,983	
2028	$43,088,724	
2029	$43,417,699	
2030	$44,253,252	
2031	$44,095,517	

2032	$33,029,628	
2033	$33,085,720	
2034	$33,085,720	
Total	**$412,264,847**	

RESPONSE

a. No. As included in the narrative section provided above, AGL has replaced its low-pressure systems so an exactly identical failure to the one in Merrimack Valley could not happen on AGL's system.

b. While a low pressure system failure like Merrimack Valley will not happen at AGL as stated in response (a), the AGL narrative included within the question by Staff above goes on to say that "[n]onetheless, over-pressurization is possible at some individual regulator stations and many of the recommendations from the various agencies and industry groups also apply to elevated pressure stations and related facilities."

Additionally, AGL is remediating and or replacing regulator stations based on multiple risk factors including age, condition, equipment safety or obsolescence issues, potential for overpressure, etc. as outlined in section 5.17 of AGL's 2025-2034 Integrated Capacity and Delivery Plan.

Finally, AGL does not agree with the statement within the question that AGL "dispensed information to discuss and extreme danger of its regulator stations." While certain AGL stations have elevated risk factors, which AGL is identifying and using to prioritize station work, if AGL were to classify a station as an "extreme danger," the Company would address the station immediately rather than through the Company's current long-term risk-based approach.

c. The need to focus on reducing risks at all regulator stations was heightened dramatically by the unfortunate events that happened in Massachusetts and continues to be a specifically called out key driver in current and even newly proposed rules from PHMSA like the Safety of Gas Distribution Pipelines NOPR released for comment in 2023 (see AGL's 2025-2034 Integrated Capacity and Delivery Plan at pages 44-46 for additional information on the PIPES Act, as well as the proposed distribution safety rule).

For clarity, the failure of both the primary and secondary controls of any pressure regulating station will generally lead to elevated pressures on the downstream system that the system may not be designed to handle. Whether on a low-pressure system with no additional protection at each premise like Merrimack Valley or on a higher-pressure application at AGL where the station failure could introduce hundreds of pounds of

pressure into a system designed for 60 psig, both situations can have serious consequences resulting from the system over-pressurization.

This understanding in the wake of the incident in Massachusetts is what led to an industry level review of the potential risks associated with all regulator stations, not just stations feeding low pressure systems. The fact that the best practices developed from these reviews, all stemming from the Massachusetts incident, are the basis for many of AGL's current regulator station initiatives as well as the current and newly proposed PHMSA rules is the reason that AGL has again referenced Merrimack Valley. In other words, while the comparison with Merrimack Valley may not be identical, it is still relevant; six years later the tragedy that occurred there still drives both industry and regulators to safeguard regulator stations on the system.

d.

i. AGL does not agree with Staff's assertion that the level of danger may not be equivalent; moreover, AGL is required to further investigate and remediate as needed. In addition to the information provided in responses to items "a" through "c" above, AGL is in the process of evaluating all regulator stations for safety, compliance, and other potential issues through its Regulator Station Review Program and to address some key risks such as failures around specific Kerotest valves as provided in the narratives from the 2019 Rate Case, as well as the 2022 and 2025 i-CDP filings. Although all AGL pressure regulating stations will eventually reach the end of their design life and need to be replaced, AGL is not proposing to replace all 4,661 stations within the current i-CDP.
It should also be understood that the Regulator Station budget line includes more than just replacing stations. Key Regulator Station budget lines include:
    - Replacement/remediation of highest risk large Tap Stations
    - Replacement/remediation of highest risk district stations
    - Pipeline Heater Replacements due to age, condition, or obsolescence
    - Odorization and remote odorization monitoring
    - Remediation of key known safety issues including:
        - Installation of supplementary overpressure protection at certain tap stations
        - Adding strainers to older 2" and larger stations
        - Remediating certain older Kerotest valves with known lead and failure risks
        - Ensuring that each station has an accessible fire valve at a safe distance on both the inlet and outlet side of the station where necessary

ii. While AGL is in the process of evaluating every station via the Regulator Station Review Program, this table does not represent the number of stations AGL intends to replace during the current i-CDP. The intent of the table was to clearly show that

with approximately 1,100 stations already over 50 years old or with an unknown installation date, significant investments in addressing aging station issues are needed just to address station obsolescence.

iii. Please note that "Table-STF-15-9e-2" provided within the question did not include a row for the year 2020. AGL has included an additional row for 2020 quantities to provide a complete data set. Additionally, the "Actual Number of Regulator Stations Replaced by Budget Year" column was completed as requested, but it should be noted that the quantities provided represent not only stations replaced under the Regulator Stations budget line but also stations replaced during DOT, Pressure Improvements, and other work as well. AGL does not track station replacements driven solely by Regulator Station budgets. Instead, AGL has a process that helps ensure that all work involving regulator stations is compared against risk assessment data so that opportunities are not missed to combine work where possible and prudent. Finally, the narrative in question "iii" mentions "dollars spent on evaluating" but the table provided by Staff only includes "Actual Number of Regulator Stations Replaced by Budget Year," unlike the table provided for "Table-STF-15-9e-3," which asks for both stations "Evaluated/Replaced." For completeness and clarity, AGL has amended "Table-STF-15-9e2" to also include station evaluation percentages associated with the RSRP program in alignment with the narrative in question "iii" and the table provided for question "iv."

Table-STF-15-9e-2

Budget Year	Budget Dollars Approved	Actual Capital Dollars Expended for Each Listed Budget Year	Variance: Actual minus Budgeted	Actual Number of Regulator Stations Replaced by Budget Year	Percentage of Total Stations Evaluated by Budget Year
2018	$13,100,000	$13,572,041	$472,041	70	0%
2019	$19,100,000	$13,179,313	($5,920,687)	52	0%
2020	$20,812,141	$15,230,070	($5,582,071)	79	19%
2021	$27,700,000	$20,607,013	($7,092,987)	53	15%
2022	$30,408,287	$17,028,849	($13,379,438)	71	7%
2023	$34,015,368	$18,557,115	($15,458,253)	60	8%
Totals	**$145,135,796**	**$98,174,402**	**($46,961,394)**	**385**	**49%**

iv. "Table-STF-15-9e-3" below asks for "stations AGL intends to evaluate/replace…" The table was amended to clearly reflect both station evaluations and station replacements as outlined below:

- Station replacements are based on estimated number of stations to be replaced based on proposed budgets with the understanding that not all of the Regulator Station budget is focused on station replacements.
- The RSRP initiative outlined in Section 5.17 of AGL's 2025-2034 Integrated Capacity and Delivery Plan, intends to ensure we have complete and accurate records for all regulator stations and aide in the prioritization and planning of regulator station replacement/modification. The program does not intend to replace all stations, only to provide an evaluation. The progress to date and estimated future progress has been quantified as percentage in Table STF-15-9e-3 below.

Table-STF-15-9e-3

Budget Year	Budget Dollars Approved	Estimated Number of Regulator Stations Evaluated/Replaced by Budget Year	
		Replaced by Budget Year	Percentage Evaluated by Budget Year
2024	$36,843,594	70	17%
2025	$33,365,027	89	11%
2026	$33,999,983	89	11%
2027	$33,999,983	90	11%
2028	$43,088,724	143	0%
2029	$43,417,699	143	0%
2030	$44,253,252	144	0%
2031	$44,095,517	144	0%
2032	$33,029,628	61	0%
2033	$33,085,720	61	0%
2034	$33,085,720	61	0%
Total	**$412,264,847**	**1,095**	**51%**

Respondent: Steven Murphy
Vice President, Engineering & Construction
Southern Company Gas

STF-15-10 When reviewing Peaking (LNG, Propane, Compression), there is an expansion in proposed capital spending for 2025 – 2027 compared to prior years. There is no detailed discussion of the item in the File-4 document. Please discuss what this item is related to and why the dollar amounts are increasing for the 2025 – 2027 period.

RESPONSE

Justification for the need to increase the rate of overall investment in the Cherokee, Macon, and Riverdale LNG facilities, including detailed information on the necessity for the proposed larger projects by facility is discussed in Section 5.7 Peaking Projects – Existing LNG Facilities of the 2025-2034 i-CDP. This narrative includes details about the age of the facilities, the importance of the facilities to maintaining system stability on the coldest days of the year, etc., as well as the following statement supporting the need for accelerating replacement/remediation work at these facilities:

> "*With the severe limitations on additional peaking supply from interstate pipelines and the increased reliance on LNG through the ongoing Cherokee LNG expansion, AGL has proposed a significant increase in investment in these facilities to help ensure that they continue to provide the necessary peaking supplies safely, economically, and reliably into the system on the coldest days of the year.*"

Additional details about the individual projects can be found in AGL's response to question STF-15-8a and Trade Secret Attachment STF-15-8.

Respondent: Steven Murphy
Vice President, Engineering & Construction
Southern Company Gas