Atlanta Gas Light Company
2025 - 2034 Integrated Capacity and Delivery Plan
Docket 43820
Supplemental Responses to Staff's 15th Set of Data Requests

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:

The estimated overheads for 2025 – 2027 were calculated as follows:

1) A&G Overheads **-** A&G overheads are costs incurred by the Company's support organizations which charge their time and expense to A&G salaries. This rate is based on three prior years and current year budget average and is also applied to benefits, incentives, and payroll taxes. This is used for both AGL direct and allocated ASC. The ASC allocations are spread to the regulated business units based on historical trends of actual overheads allocated to the regulated businesses. For AGL, this amount is currently 38%, which is the estimated percentage of AGL capital spend to total GAS utilities spend.

2) Engineering and Fleet Overheads **-** These are overheads based on specific project organizations and specific allocation factors. The project organizations have time studies prepared as needed. These factors generally do not vary unless there are organizational or fundamental changes, at which time a new study would be conducted. Based on those studies, the costs for these organizations are charged as overheads to capital projects. Similar to A&G allocations, the ASC project organizations are spread to the regulated business units based on historical trends of actual overheads allocated to the regulated businesses. For AGL, this amount is currently 38%, which is the estimated percentage of AGL capital spend to total GAS utilities spend. These specific project organizations do not get A&G allocations.

Overhead costs will differ from year to year due to a number of factors including normal cost increases and level of capital spend. The cost increases are primarily driven by merit increases, increase in benefits costs, and inflationary increases. Additionally, overheads can increase based on the increased level in capital spend, which results in an increased need for additional employees to perform the work and overall increase in resources required to execute the capital plan.

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