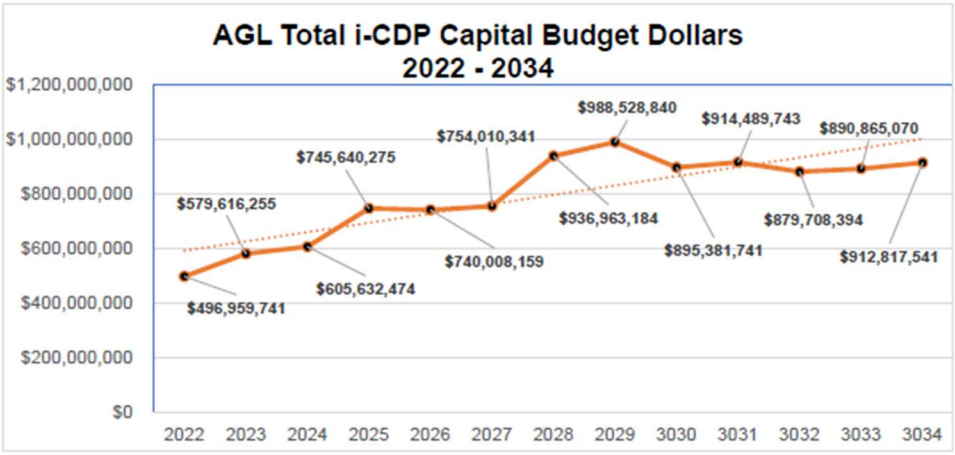
PIA Staff Exhibit__(WC-3)

Atlanta Gas Light Company
2025 - 2034 Integrated Capacity and Delivery Plan
Docket 43820
Responses to Staff's 11th Set of Data Requests

STF-11-6 AGL filed an Excel spreadsheet called "TRADE SECRET – GRAM MFR 1&2_AGL 2025-3034 i-CDP". Though this spreadsheet had capital budget numbers within it, there was no way for the Staff to isolate GRAM, SRR, and LNG separately. The Staff was able to craft pivot tables to review the spending by large categories. As seen in **Staff-Chart-11-6** and **Staff-Table-11-6** the trends demonstrated a few large jumps in capital spending in some years with several years of lower increases with some decreases followed by another year with a large jump in capital spending.

Starting with the 2024 approved capital budget, to stick with the principle of gradualism, has the company considered increasing the budget categories by 2% for 2025, and then for 2026, and then for 2027? This would allow for a gradual rise in base rates and make the spending targets more manageable for the 3-year period. It would make managing real world events that could impact the budgets more manageable, such as inflation, commodity prices for steel, and other events. AGL would still have the ability to move dollars between budget categories and request amendments if needed.

Staff-Chart-STF-11-6



Staff-Table-STF-11-6

	Approved						
Year	2022	2023	2024	2025	2026	2027	
AGL Total Capital Budget	$496,959,741	$579,616,255	$605,632,474	$745,640,275	$740,008,159	$754,010,341	
Dollar Change Year-Over-Year		$82,656,514	$26,016,219	$140,007,801	($5,632,116)	$14,002,182	
Percentage Change Year-Over-Year		14.26%	4.30%	18.78%	-0.76%	1.86%	
Year			2024	2025	2026	2027	
2% Increase from Prior Year				$12,112,649.48	$12,354,902.47	$12,602,000.52	
Captial Budget with 2% Increase (Begins in 2025)			$605,632,474	$617,745,123.48	$630,100,025.95	$642,702,026.47	
Year	2028	2029	3030	3031	3032	3033	3034
AGL Total Capital Budget	$936,963,184	$988,528,840	$895,381,741	$914,489,743	$879,708,394	$890,865,070	$912,817,541
Dollar Change Year-Over-Year	$182,952,843	$51,565,655	($93,147,099)	$19,108,002	($34,781,349)	$11,156,676	$21,952,471
Percentage Change Year-Over-Year	19.53%	5.22%	-10.40%	2.09%	-3.95%	1.25%	2.40%
Year	2028	2029	3030	3031	3032	3033	3034
2% Increase from Prior Year	$12,854,040.53	$13,111,121.34	$13,373,343.77	$13,640,810.64	$13,913,626.85	$14,191,899.39	$14,475,737.38
Captial Budget with 2% Increase (Begins	$655,556,067.00	$668,667,188.34	$682,040,532.10	$695,681,342.75	$709,594,969.60	$723,786,868.99	$738,262,606.37

RESPONSE

While AGL appreciates and understands the principle of gradualism, the unprecedented increases in labor, materials, and other areas within construction that have far outpaced inflation for multiple years, as outlined in detail within Chapter 5.2 of the i-CDP, have significantly stressed the Company's ability to limit increases to 2% year-over-year.

Considering just CPI inflation (page 40 of the i-CDP), AGL has had to absorb inflation as high as nearly 9% over the past two years. To stay within approved i-CDP budgets for 2022-2024, AGL has had to temporarily delay significant numbers of projects which still must be completed. For this reason alone, gradual 2% increases year-over-year will not provide the necessary funding to meet this pent-up demand. Coupling that with continued high costs and increased required investments associated with new regulations like PHMSA's RIN-2 and RMV rules, AGL must request a significant increase for 2025-2027 to maintain safety, compliance, and system integrity well above a gradual 2% level.

Concerning 2028-2034, it should be noted that there are multiple drivers for the significant increases above 2025-2027 proposed investment levels including catching up on some large System Reinforcement projects delayed from previous years, additional mandated TIMP investments associated with the PHMSA RIN-2 and MAOP Validation rules, a proposed increase in DIMP driven pipeline replacements, required large scale ERT replacements due to end of battery life, etc.

Respondent: Steven Murphy
VP, Engineering & Construction
Southern Company Gas