

**BEFORE THE  
GEORGIA PUBLIC SERVICE COMMISSION**

**IN RE: ATLANTA GAS LIGHT COMPANY'S )  
PETITION FOR APPROVAL OF THE )  
2025-2034 INTEGRATED CAPACITY )  
AND DELIVERY PLAN )**

**DOCKET No. 43820**

**DIRECT TESTIMONY  
AND EXHIBITS  
OF  
TONY WACKERLY  
AND  
JANEY CHAUVET**

**May 14, 2024**

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**DIRECT TESTIMONY OF TONY WACKERLY AND JANEY CHAUVET**

**I. Qualifications**

**A. Qualifications**

**1. Tony Wackerly**

**Q. Mr. Wackerly, please state your name, title, and business address.**

A. My name is George Anthony (“Tony”) Wackerly. I am a Sr. Financial Analyst with the Georgia Public Service Commission (“Commission”) in the Natural Gas Unit. My business address is Georgia Public Service Commission, 244 Washington Street, SW, Atlanta, Georgia 30334.

**Q. Please describe your education and professional experience.**

A. I have a Bachelor of Science in Business Administration from Limestone College, a Master of Business Administration from Kennesaw State University, and a Master’s in Accountancy from the University of Phoenix. I started working at the Commission

1 on June 1, 2002, and I have been here for over twenty-two (22) years. During that time,  
2 I have led teams related to Universal Service Fund (“USF”) project filings, ECON-1  
3 project filings, rate case filings, Georgia Rate Adjustment Mechanism (“GRAM”)  
4 filings, new marketer application filings, Integrated Capacity and Delivery Program  
5 filings (“i-CDP”), USF low-income assistance filings, and numerous surcharge  
6 program audits.

7  
8 **Q. Have you previously testified before this Commission?**

9 A. Yes. I have testified in numerous proceedings before the Commission in which I  
10 addressed ratemaking and other issues. My experience can be found in **PIA Staff**  
11 **Exhibit \_\_ (WC-1).**

12  
13 **2. Janey Chauvet**  
14

15 **Q. Ms. Chauvet, please state your name and business address.**

16 A. My name is Janey Chauvet. My business address is 244 Washington Street SW,  
17 Atlanta, Georgia 30334.

18  
19 **Q. What is your occupation and by whom are you employed?**

20 A. I am employed as a Senior Utilities Engineer in the Natural Gas Unit with the  
21 Commission.

22  
23 **Q. Please describe your education and professional experience.**

24 A. I hold a Bachelor’s degree in Industrial Engineering from the Georgia Institute of  
25 Technology. I started working at the Commission in November 1996. I worked in the

1 Utilities Finance Unit and the Electric Unit, prior to working in the Natural Gas Unit.  
2 During my time in the Natural Gas Unit, I have led audit teams related to the  
3 Manufactured Gas Plant (“MGP”), Certificates of Public Convenience and Necessity,  
4 the County-Wide Safety Plans, the Southeastern Pricing Analysis, the Dedicated  
5 Design Day Capacity (“DDDC”) and the Sequent Audit. I serve as the Assistant Project  
6 Leader of Atlanta Gas Light’s Capacity Supply Plans. I have worked on numerous  
7 surcharge program audits, USF project filings, ECON-1 project filings, rate case filings,  
8 GRAM filings, new marketer application filings, and i-CDP filings. I have also  
9 represented the Commission at numerous Georgia Underground Facility Protection Act  
10 (“GUFPA”) proceedings, providing cross-examination of the witnesses and drafting the  
11 orders.

12  
13 **Q. Ms. Chauvet, have you previously filed testimony at the Commission?**

14 **A.** Yes. This is my third time testifying before the Commission. I testified in Docket 34118  
15 in the 2011-2012 Atmos Gas Supply Plan and Docket 35876 in the 2012-2013 Atmos  
16 Gas Supply Plan.

17  
18 **B. Purpose**

19 **Q. Mr. Wackerly and Ms. Chauvet, on whose behalf are you testifying?**

20 **A.** We are providing testimony on behalf of the Commission’s Public Interest Advocacy  
21 Staff (“PIA Staff”).  
22  
23  
24

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of our testimony is to provide an independent assessment of Atlanta Gas  
3 Light Company’s (“AGL”) 2025 – 2034 i-CDP filing and to offer recommendations.

4

5

6

**II. Summary**

7 **Q. Please summarize your testimony and recommendations related to the proposed**  
8 **capital budgets and other financial information.**

9 A. On February 1, 2024, AGL filed its 2025 – 2034 i-CDP filing. Within this filing, AGL  
10 discussed the following:

- 11 2022-2024 i-CDP Amendments
- 12 Company and Natural Gas System Overview
- 13 Natural Gas Demand and Forecast
- 14 Capacity Supply Plan
- 15 Infrastructure Delivery Plan
- 16 Best Practices Programs
- 17 Customer Retention and Growth Programs
- 18 Environmentally Focused Initiatives
- 19 Conclusion and Action Plan

20 The PIA Staff meticulously reviewed AGL’s filing and was very thorough in  
21 performing its due diligence. The PIA Staff has reviewed the request to allow AGL to  
22 shift capital budget dollars between GRAM Safety and Compliance and GRAM Other.  
23 AGL originally proposed this separation within the GRAM budget, nevertheless, the  
24 PIA Staff is not opposed to this change. The PIA Staff recommends approval of AGL

1 having the ability to shift capital budget dollars between GRAM Safety and  
2 Compliance and GRAM Other.

3  
4 AGL requested an amendment to isolate the Department of Transportation (“DOT”)  
5 capital budget category from any rate increase restriction percentage. The Staff  
6 opposes this request. The PIA Staff recommends denial of AGL’s request to separate  
7 the DOT capital budget category from the overall budget that will be approved for the  
8 GRAM.

9  
10 Although AGL has discussed the granular details about its proposed capital and  
11 Operations and Maintenance (“O&M”) spending, the PIA Staff will focus on the  
12 capital budgets for 2025 – 2027 requested by AGL that will have an impact on the  
13 Company’s 2025 – 2027 GRAM filings for those same years. The Staff will not  
14 address every spending item that AGL discussed in its petition, but we do address the  
15 overall capital budget dollar amounts requested by AGL. With the capital budgets  
16 approved by the Commission, AGL must adhere to those capital budget dollar amounts  
17 and prioritize its spending.

18  
19 It was not clear in AGL’s petition if the Valdosta LNG Satellite Project (“VSL  
20 Project”) was requested to go immediately into GRAM recovery or use the LNG  
21 Tracker until completed. The PIA Staff recommends that the VSL Project receive  
22 recovery through the GRAM with no LNG tracker.

1 Concerning the size and annual fluctuations of AGL’s proposed capital budgets for  
2 2025 – 2027, Staff’s position is that AGL’s proposal runs counter to the concept of  
3 gradualism and preventing rate shock. PIA Staff recommends that the capital budgets  
4 for the years 2025 through 2027 be limited to 3% increases each year starting with the  
5 approved 2024 capital budget. The 2025 capital budget amount would be based on an  
6 increase of 3% over the 2024 approved budget. Likewise, the 2026 capital budget  
7 would be based on an increase of 3% over the 2025 capital budget amount and the  
8 2027 capital budget amount would be based on an increase of 3% over the 2026 capital  
9 budget.

10  
11 In Footnote 1 of the i-CDP Stipulation in Docket No. 42315 (“Stipulation of Staff and  
12 Atlanta Gas Light Company Establishing a Long-Range Comprehensive Planning  
13 Process”) (filed January 28, 2021) (hereinafter referred to as “Governance  
14 Document”)<sup>1</sup>, it affirms that the Commission will “examine, evaluate, and approve  
15 comprehensive plans to meet the needs of customers served by AGL, thus establishing  
16 the scope and size of capital budgets and related O&M budgets for the benefit of  
17 Georgians.” Thus, the Commission is approving both the scope and the size of capital  
18 budgets. Likewise, AGL has the ability to file for an amendment to the capital budgets  
19 if the conditions warrant, as provided on page 12 of the Governance Document. AGL  
20 argues that the Commission does not approve capital budgets alluding that it can  
21 change the capital budget totals at will and without filing for an amendment. The PIA  
22 Staff recommends that the Commission affirm its prior determination that the i-CDP  
23 establishes the scope and size of capital budgets, thus approving a capital budget that

---

1 On page 2 of the Order Adopting Stipulation, filed February 23, 2021, the Stipulation is defined as a “governance document.”

1 must be adhered to. As provided in page 1 of the Governance Document, it stated that  
2 the Commission directed AGL to propose a long-rang planning tool where the  
3 Commission will examine and approve parameters of capital budgets and related  
4 O&M spending associated with multi-year forecasts. On page 1 Footnote 1 of the  
5 Governance document, it defines parameters as the following:

6  
7 Both the Motion approved in the Commission’s Administrative Session  
8 in which AGL’s 2019 rate case was considered as well as the  
9 Commission’s Order based on that Motion used the term “parameters”  
10 to describe what was to be examined and approved as part of the long-  
11 range planning tool. Staff and AGL believe that the process and  
12 requirements established by this Stipulation will enable the  
13 Commission to examine, evaluate and approve comprehensive plans to  
14 meet the needs of customers served by AGL, thus establishing the  
15 scope and size of capital and related O&M budgets for the benefit of  
16 Georgians.  
17

18 The PIA Staff recommends that the Commission affirm that the Commission does  
19 approve the i-CDP capital budget dollar amounts that cannot be exceeded by AGL  
20 unless it files and receives approval for an amendment prior to exceeding its budget.  
21

22 As part of the Governance Document approved in Docket No. 42315, the PIA Staff  
23 suggested, and the Company agreed to the System Reinforcement Rider (“SRR”)  
24 having a recovery mechanism in the form of a rider. After having over two years to  
25 review the recovery mechanism and quarterly filings of the rider separate and apart  
26 from the GRAM annual and quarterly filings, the Staff has determined that there is no  
27 additional economic value in having a rider, because it reduces the efficiency in the  
28 review and reporting process. The PIA Staff recommends that beginning January 1,  
29 2025, the SRR projects and the associated rate base components be shifted to the  
30 GRAM for total recovery, and the SRR surcharge be eliminated. The GRAM is the

1 primary revenue requirement recovery mechanism for AGL, and rolling the SRR into  
2 the GRAM will not cause harm to AGL or the ratepayers.

3  
4 On page 11, the Governance Document permits AGL to shift resources, or capital  
5 dollars, between projects, and it must report to the Commission why such shifts were  
6 necessary and appropriate. Though AGL shifted capital dollars between projects  
7 during 2022 and 2023, AGL did not report to the Commission where the shifts  
8 occurred or why these shifts in resources were necessary and appropriate, which is not  
9 in compliance with the Governance Document. The PIA Staff recommends as part of  
10 the current i-CDP quarterly reporting that AGL comply with the Governance  
11 Document and include a Resource Reprioritization Report (“RRR”) that discusses any  
12 shift between capital dollars that occurred, with dollar amounts, and why it was  
13 necessary and appropriate. Likewise, if AGL adds any new capital budget accounts or  
14 categories, this should also be explained in the RRR.

15  
16 Regarding the Governance Document, there is no requirement for AGL to file any  
17 reporting on the status of capital and O&M related projects. AGL is only required to  
18 file capital budget tracking for the GRAM and the SRR. The Cherokee LNG expansion  
19 reporting requirement provides more detail. The PIA Staff recommends that by day 45  
20 following the end of each quarter, AGL will file quarterly Integrated Capacity and  
21 Delivery Plan Status Report (“ISR”) as part of the GRAM quarterly reporting in  
22 Docket No. 42315. AGL should include a detailed explanation of the capital budget  
23 categories and the activity and issues that occurred during each quarter. AGL should  
24 also discuss the O&M spending categories listed in File-4.

1 Since a primary purpose of the i-CDP is for the Commission to approve capital budgets  
2 and related O&M spending, PIA Staff supports a greater focus on the O&M related  
3 budgets. A full O&M budget for consideration as part of the i-CDP is not currently a  
4 requirement, and the annual GRAM filing is the primary recovery mechanism for  
5 AGL's O&M costs. Since AGL has the opportunity to receive a dollar-for-dollar  
6 recovery of its O&M, the PIA Staff believes AGL should provide additional reporting  
7 on the efficiency initiatives it has in place to keep O&M costs as low as possible. The  
8 PIA Staff recommends the approval of annual CER reporting to be filed in Docket No.  
9 42315 by March 15<sup>th</sup> of each year for the prior year that will include AGL's cost  
10 efficiency initiatives and achieved cost savings.

### 11 12 **III. PIA Staff's Due Diligence**

#### 13 14 **Q. What did AGL file as part of the 2025 – 2034 i-CDP filing?**

15 A. In the public disclosure filing, AGL filed ten (10) documents and one (1) Excel  
16 attachment. In the trade secret filing, the Company included one (1) additional Excel  
17 attachment. This consisted of the cover letter, petition, trade secret affidavit, the  
18 i-CDP details, MFRs, and five (5) pre-filed direct testimonies. The Excel attachment  
19 AGL Exhibit No. \_\_ (MJM) – SRR-MFR-4 was part of the Mike Morely direct  
20 testimony, and this was the System Reinforcement Rider (“SRR”) model for 2025 -  
21 2027. The GRAM MFR 1 & 2\_AGL 2025-2034 i-CDP was a trade secret attachment  
22 with detailed capital budget data for 2025 – 2034. On May 8, 2024, AGL filed a revised  
23 i-CDP filing. AGL revised page numbers in the table of contents, pages i – iii. AGL  
24 revised the page numbers for its Figures, pages i – iii. On pages 81 and 82, AGL  
25 updated Figure 5.10, which included Figure 5.10.1 and Figure 5.10.2. AGL increased

1 the estimated rate impacts provided in Figure 5.10.3.

2  
3 **Q. How did PIA Staff perform its due diligence on AGL’s 2025 – 2034 i-CDP**  
4 **filing?**

5 A. Based on the filing made by AGL, the PIA Staff crafted a timeline for the internal  
6 review and deadlines that worked in concert with the dates approved in the Procedural  
7 and Scheduling Order that was approved at a Special Administrative Session on  
8 February 1, 2024. The PIA Staff reviewed the filing and issued eleven (11) sets of data  
9 requests to obtain additional information. Data Request Sets 11 – 16 and Set 20 were  
10 directly related to the PIA Staff review of the i-CDP filing. Data Request Sets 10 and  
11 17 – 19 were directly related to the affiliate transaction audit performed by J. Kennedy  
12 and Associates, Inc. In part, Data Request Set 12 was used to gather information on  
13 the progress AGL made during the years 2022 – 2023 related to the capital, O&M, and  
14 Peaking spending programs approved in the 2022 – 2031 i-CDP. Additionally, PIA  
15 Staff requested estimates on future spending and progress for the years 2024 – 2027.  
16 Currently, there is not a reporting standard that requires AGL to report on the progress,  
17 issues, or changes in the budgets for the capital and O&M spending programs.  
18 However, based on the data in the filing and the data request responses, the PIA Staff  
19 was able to craft a capital budget analysis for 2025 – 2027.

1                   **IV. AGL’s Proposed Amendment – 2024 Capital Budget Categories**

2   **Q.    What did AGL request regarding the amendments in the February 1<sup>st</sup> filing?**

3    A.    Beginning on pages 6 and 7 of AGL’s petition, File-2, AGL requested the ability to  
4           shift capital budget dollar amounts between GRAM Safety and Compliance and  
5           GRAM Other as an amendment to the 2024 capital budget. As provided in the  
6           Governance Document on page 11, the Company can only shift GRAM capital budget  
7           dollars within the same general project category. The two major capital budget  
8           categories in the GRAM budget are GRAM Safety and Compliance and GRAM Other.  
9           AGL had requested language in the Governance Document that restricted the shifting  
10          of budgeted dollars between GRAM Safety and Compliance and GRAM Other, and  
11          this was approved. As part of the February 1, 2024 i-CDP filing, AGL has requested  
12          this restriction to be removed for 2024.

13  
14   **Q.    What is the PIA Staff’s recommendation regarding AGL’s proposed amendment**  
15          **to lift the restriction of shifting capital budget dollars between GRAM Safety and**  
16          **Compliance and GRAM Other?**

17    A.    The PIA Staff recommends approval for AGL to have the ability to shift capital budget  
18          dollars between the GRAM Safety and Compliance and GRAM other budget  
19          categories for the 2024 capital budgets and all future i-CDP filings. By removing this  
20          restriction, it allows AGL greater flexibility in managing its capital budgets for 2024  
21          through 2034.

1           **V. AGL’s Proposed Amendment 6% Billing Commitment and DOT**

2   **Q. Did AGL have an additional amendment as part of its filed petition?**

3   A. Yes. Beginning on page 7 of its filed petition, AGL requested that the 6% billing  
4       commitment for 2024 not apply to Department of Transportation (“DOT”) projects.  
5

6   **Q. What is the 6% billing commitment?**

7   A. On pages 5 and 6 in File-4 of the i-CDP filing, AGL stated that it honored  
8       commitments to the Commission and its customers to cap rate increases at 6% through  
9       the first three years of the initial i-CDP. On page 8, AGL restated the language on page  
10      5, and referred to this as a “self-imposed 6% cap”. The 6% Billing Commitment is a  
11     product of AGL that originated in the 2022 – 2034 i-CDP hearings. In Schedule-11a  
12     of the GRAM model, AGL has a line item called a 6% Billing Commitment. The dollar  
13     amount is a reduction to the revenue requirement increase. AGL has stated that the  
14     purpose of this item is to ensure that Residential rates do not exceed 6%. AGL  
15     reduced its revenue requirement in Schedule-11a of the GRAM model to achieve the  
16     6% billing commitment.  
17

18   **Q. What is the impact of how AGL implements the 6% Billing Commitment in the**  
19     **GRAM filings?**

20   A. When AGL determines that the revenue requirement increase would be more than a  
21     6% increase to Residential rates, AGL reduces the revenue requirement to ensure that  
22     the Residential rate increase does not exceed a 6% increase. However, AGL does not  
23     necessarily reduce its capital budget in order to achieve the 6% Billing Commitment  
24     in rates. A failure to reduce the capital dollars has caused AGL to under-earn through

1 the forward-looking test year.

2  
3 **Q. What is the PIA Staff recommendation regarding AGL’s proposed amendment**  
4 **to separate DOT from the 6% Billing Commitment for 2024?**

5 A. The PIA Staff recommends denial of AGL’s request.

6  
7 **VI. Capital Budgets and Gradualism**

8 **Q. What approach did AGL follow concerning its capital budgets for 2025 -2027?**

9 A. In File-4 of its 2025 – 2034 i-CDP filing, AGL discussed capital budget categories  
10 including GRAM Safety/Compliance, GRAM Other, ECON-1, SRR, and the  
11 Cherokee LNG expansion. The details of many of these discussions follow primarily  
12 the same items in the 2019 rate case and the April 2021 filing of the 2022 – 2031  
13 i-CDP.

14  
15 **Q. Did AGL provide detailed capital budgets?**

16 A. Yes. As a trade secret filing, AGL provided detailed capital budgets for 2025 -2034.  
17 As a public disclosure filing in File-4, AGL included budget summaries for 2025 –  
18 2027. AGL provided capital budget overviews as part of the File-4 document.

19  
20 **Q. What were the dollar amounts AGL requested regarding its 2025 – 2027 capital**  
21 **budgets?**

22 A. In Figure 5.11 for 2025, AGL requested **\$745.6 million**. For 2026, AGL requested  
23 **\$740 million**. For 2027, AGL requested **\$754 million**. In total, the three (3) year  
24 capital budget is **\$2.239 billion**. This includes all proposed capital spending related to

1 GRAM, SRR, Cherokee LNG, and ECON-1.

2  
3 **Q. Did the PIA Staff construct and analyze AGL’s overall capital budgets,**  
4 **Allowance for Funds Used During Construction (“AFUDC”), and overheads?**

5 A. Yes. The PIA Staff reviewed AGL’s File-4 Figure 5.11 to obtain the proposed GRAM,  
6 VSL Project, SRR, Cherokee LNG Expansion, and ECON-1 capital budget data. In  
7 Figure 5.11, it includes the base capital budgets, AFUDC, and Overheads.

8  
9 **Q. What is the GRAM?**

10 A. On February 21, 2017, the Commission approved a Stipulated Agreement between the  
11 Staff and AGL for an alternative form of ratemaking in accordance with O.C.G.A.  
12 §46-2-23.1. The process was called the GRAM. In the February 14, 2020, Final Order  
13 in Docket No. 42315, AGL’s 2019 rate case, the Commission approved that AGL  
14 could continue to use the GRAM with modifications from the originally approved  
15 GRAM ratemaking process. The GRAM uses the same basic principles of ratemaking  
16 as a traditional rate case with modifications.

17  
18 **Q. What were the overall proposed capital budgets presented in the i-CDP filing for**  
19 **2025 - 2027?**

20 A. In **Table-A** below, the GRAM capital budget amounts are provided for 2025 – 2027.  
21 The information was gathered from AGL’s Figure 5.11, page 77, in File-4 in their public  
22 disclosure i-CDP filing. The GRAM total capital budget includes GRAM Safety and  
23 Compliance, GRAM Other, and the VSL Project for 2025 -2027 is **\$1.633 billion** including  
24 AFUDC and Overheads.

1 **Table-A:**

<b>GRAM Capital Budget (in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>3-Year Total</b>
GRAM S&C Base Budget	\$184.3	\$210.7	\$216.6	<b>\$611.6</b>
GRAM S&C AFUDC	\$6.0	\$3.4	\$3.4	<b>\$12.8</b>
GRAM S&C Overheads	\$12.4	\$14.4	\$14.9	<b>\$41.7</b>
<b>Total GRAM S&amp;C</b>	<b>\$202.7</b>	<b>\$228.5</b>	<b>\$234.9</b>	<b>\$666.1</b>
GRAM Other Base Budget	\$264.2	\$280.5	\$284.6	<b>\$829.3</b>
GRAM Other AFUDC	\$3.5	\$3.4	\$3.3	<b>\$10.2</b>
GRAM Other Overheads	\$20.2	\$23.4	\$24.3	<b>\$67.9</b>
<b>Total GRAM Other</b>	<b>\$287.9</b>	<b>\$307.3</b>	<b>\$312.2</b>	<b>\$907.4</b>
<b>Total GRAM S&amp;C/Other</b>	<b>\$490.6</b>	<b>\$535.8</b>	<b>\$547.1</b>	<b>\$1,573.5</b>
<b>Valdosta Satellite LNG Project ("VSL Project") (in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>3-Year Total</b>
VSL Project Base Budget	\$20.3	\$15.3	\$15.3	<b>\$50.9</b>
VSL Project AFUDC	\$0.8	\$0.7	\$0.7	<b>\$2.2</b>
VSL Project Overheads	\$0.8	\$2.3	\$3.5	<b>\$6.6</b>
<b>Total VSL Project</b>	<b>\$21.9</b>	<b>\$18.3</b>	<b>\$19.5</b>	<b>\$59.7</b>
<b>Total GRAM S&amp;C/Other/VSL Project</b>	<b>\$512.5</b>	<b>\$554.1</b>	<b>\$566.6</b>	<b>\$1,633.2</b>

2  
3  
4

5 **Q. Did AGL’s i-CDP filing have the VSL Project construction capital dollar listed**  
6 **in the GRAM capital budget?**

7 A. No. the VSL Project appeared as a separate line item. When reading the filing, AGL  
8 appeared to be silent on the recovery mechanism. AGL may have considered placing  
9 this project under the LNG tracker, as discussed in the Governance Document. The  
10 Cherokee LNG Expansion project was placed in the LNG tracker, and the LNG tracker  
11 was specifically designed for the Cherokee LNG expansion because of its large,  
12 estimated cost of over \$200 million. With estimated AFUDC and Overheads, the total  
13 capital budget estimate for 2025 - 2027 for the project is \$39.5 million including  
14 AFUDC and Overheads. The PIA Staff believes this project should be recovered in  
15 the GRAM similar to any capital spending in the GRAM Other category.

16

1 **Q. What is the PIA Staff’s recommendation regarding the VSL Project recovery?**

2 A. The PIA Staff recommends that the VSL Project receive recovery through the GRAM  
3 with no LNG tracker.  
4

5 **Q. What is the System Reinforcement Rider, or SRR?**

6 A. As part of the PIA Staff and AGL discussions in 2020-2021 regarding a long-range  
7 planning tool, the PIA Staff proposed a surcharge recovery mechanism for large  
8 system reinforcement projects. The PIA Staff wanted a similar process as the former  
9 Integrated System Reinforcement Plan (“i-SRP). Through negotiations, the SRR  
10 surcharge was agreed to by AGL and Staff. The SRR surcharge was documented as  
11 part of the Governance Document.  
12

13 **Q. What were the total 2025 – 2027 SRR proposed capital budgets?**

14 A. In **Table-B** below, the SRR capital budget amounts are provided for 2025–2027. The  
15 information was gathered from AGL’s Figure 5.11, page 77, in File-4 in their public  
16 disclosure i-CDP filing. The SRR total capital budget for 2025-2027 is **\$525.4 million**  
17 including AFUDC and Overheads.  
18

19 **Table-B**

<b>SRR Capital Budget (in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>3-Year Total</b>
SRR Base Budget	\$161.7	\$154.4	\$151.9	<b>\$468.0</b>
AFUDC	\$11.1	\$10.7	\$14.2	<b>\$36.0</b>
Overheads	\$6.3	\$7.4	\$7.7	<b>\$21.4</b>
<b>SRR Total</b>	<b>\$179.1</b>	<b>\$172.5</b>	<b>\$173.8</b>	<b>\$525.4</b>

1 **Q. What is the Cherokee LNG Expansion Project?**

2 A. The Cherokee LNG Expansion Project (“Cherokee Expansion”) was approved as part  
3 of the 2022-3021 i-CDP filing. The current plant has a single tank capable of storing  
4 two billion cubic feet (2 Bcf) of natural gas with a send out capacity of 400,000  
5 dekatherms per day. The expansion would add a second 2 Bcf tank and the necessary  
6 facilities to add an additional 400,000 Dth per day of send out capacity. The expansion  
7 included a new 2 Bcf tank, a new liquefaction train with pretreatment system,  
8 additional send-out vaporization equipment, and the expansion of the power  
9 generation system to support additional equipment loads. The Cherokee Expansion  
10 utilized the LNG Tracker as approved in the Governance Document page 20.

11  
12 **Q. What were the total proposed capital budgets for the Cherokee Expansion for  
13 2025 -2027?**

14 A. In **Table-C** below, the dollar amounts are provided for 2025–2027. The information  
15 was gathered from AGL’s Figure 5.11, page 77, in File-4 in their public disclosure i-  
16 CDP filing. The Cherokee Expansion total capital budget for 2025-2027 is **\$39.50**  
17 **million** including AFUDC and Overheads.

18  
19 **Table-C: Cherokee LNG**

<b>Cherokee LNG Expansion (in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>3-Year Total</b>
Cherokee Base Budget	\$33.4	\$0.0	\$0.0	<b>\$33.4</b>
AFUDC	\$1.6	\$0.0	\$0.0	<b>\$1.6</b>
Overheads	\$4.5	\$0.0	\$0.0	<b>\$4.5</b>
<b>Cherokee Expansion Project Total</b>	<b>\$39.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$39.5</b>

1 **Q. What is ECON-1?**

2 A. On August 28, 2023, the Commission approved a change to the ECON-1 tariff that  
3 would allow ECON-1 projects to be recovered through an ECON-1 surcharge, thus,  
4 removing recovery from the GRAM. With the approval of AGL's GRAM in March  
5 2017, the Commission directed the Staff and AGL to find a replacement to its former  
6 Customer Growth Program that was eliminated as part of the GRAM approval. From  
7 April through September 2017, the Staff and AGL had eight formal meetings to  
8 discuss efficiencies for AGL to achieve net customer growth and economic  
9 development initiatives. AGL has used several Commission approved Customer  
10 Growth Initiatives ("CGI") that have helped the Company achieve net customer  
11 growth over the years. The three main CGI's approved by the Commissioner were the  
12 following.

13

- 14 1. Tariff Rules 7 and 8
- 15 2. Universal Service Fund Applications and Annual Facilities Expansion Plans
- 16 3. Customer Growth Program in Docket No. 29950 and 37371

17

18 The Staff and AGL developed enhancements to Tariff Rules 7 and 8 to encourage  
19 additional customer growth. In addition to these enhancements, the Staff and AGL  
20 developed the ECON-1 tariff that would allow for rate base funding of economic  
21 development projects that met certain requirements. Since the approval of ECON-1, it  
22 has become a major economic development tool for the Commission and AGL.

23

24

1 **Q. What were the total capital budgets for ECON-1 related to 2025 – 2027?**

2 A. In **Table-D** below, the ECON-1 total dollar amounts are provided for 2025–2027. The  
3 information was gathered from AGL’s Figure 5.11, page 77, and Figure 5.54, page  
4 140, in File-4 in their public disclosure i-CDP filing. The ECON-1 total capital budget  
5 for 2025-2027 is **\$41.6 million** including AFUDC and Overheads.

6  
7 **Table-D**

<b>ECON-1 Capital Budget (in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>3-Year Total</b>
ECON-1 Base Budget	\$14.2	\$13.0	\$13.0	<b>\$40.2</b>
AFUDC	\$0.2	\$0.2	\$0.2	<b>\$0.6</b>
Overheads	\$0.2	\$0.3	\$0.3	<b>\$0.8</b>
<b>ECON-1 Total</b>	<b>\$14.6</b>	<b>\$13.5</b>	<b>\$13.5</b>	<b>\$41.6</b>

8  
9

10 **Q. What was the total proposed capital budget spending requested by AGL for 2025**  
11 **– 2027?**

12 A. In **Table-E** below, the total capital budget dollars are provided for 2025–2027  
13 requested by AGL. The information was gathered from AGL’s Figure 5.11, page 77,  
14 and Figure 5.54, page 140, in File-4 in their public disclosure i-CDP filing. The total  
15 capital budget for 2025-2027 is **\$2.239 billion** including AFUDC and Overheads.

16  
17 **Table-E**

<b>Total All Budgets (in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>3-Year Total</b>
AGL Capital Budget - Base Budget	\$678.1	\$673.9	\$681.4	<b>\$2,033.4</b>
AFUDC	\$23.2	\$18.4	\$21.8	<b>\$63.4</b>
Overheads	\$44.4	\$47.8	\$50.7	<b>\$142.9</b>
<b>Capital Budget Total 2025 - 2027</b>	<b>\$745.7</b>	<b>\$740.1</b>	<b>\$753.9</b>	<b>\$2,239.7</b>

18  
19  
20  
21  
22  
23

1 **Q. What is the comparison between the requested 2025 – 2027 capital budgets to**  
2 **that of the approved 2022 – 2024 capital budgets?**

3 A. As Provided in **Table-F** below, the total proposed capital budget for 2025 – 2027 is  
4 \$2.239 billion, and those approved for 2022 – 2024 were \$1.655 billion, or an increase  
5 of \$584.6 million.

6 **Table-F**

<b>Total Budgets (in millions)</b>	<b>Dollar Amounts</b>
Years 2025 - 2027	\$2,239.7
Years 2022 - 2024	\$1,655.1
<b>Variance</b>	<b>\$584.6</b>

7  
8  
9

10 **Q. Did AGL provide estimated budgeted dollar amounts and provide discussions**  
11 **concerning 2028 – 2034?**

12 A. Yes. AGL provided estimated budgeted dollar amounts and discussions on items  
13 beyond 2027, but these items have no rate impact related to 2025 - 2027. Also, those  
14 discussions and estimated budgeted dollar amounts will likely change when AGL files  
15 its 2028 – 2037 i-CDP in three (3) years.

16

17 **Q. How do the proposed capital budgets in the 2025 – 2034 i-CDP compare to the**  
18 **last i-CDP filing, 2022 – 2031?**

19 A. In **PIA Staff Exhibit\_\_ (WC-2 A & B)**, there are two graphs. Graph “A” shows  
20 AGL’s total capital budget for 2022 - 2024. The 2022 – 2024 capital budget dollar  
21 amounts were approved, and the 2025 – 2034 were provided in the 2025 – 2034 i-CDP  
22 filing. Graph “B” shows the percentage change of the capital budget dollar amounts in  
23 graph “A”. The graphs depict that in the year-over-year budgeted numbers, AGL’s  
24 overall capital budget is trending upward, but it is doing so with large increases for

1 one year, with decreases in the following year. If one reviews AGL's Figure 5.11, this  
2 trend continues on from 2028 – 3034. For example, the 2022 capital budget increased  
3 **15.85%** from 2021. The 2023 capital budget increased **16.64%** from 2022. The 2024  
4 capital budget increased **4.49%** from 2023. The proposed 2025 capital budget is a  
5 **23.13%** increase from 2024. The proposed 2026 capital budget is a **-0.75%** decrease  
6 from 2025, and the 2027 capital budget is a **1.86%** increase from 2026. **Q. What is**  
7 **gradualism?**

8 A. Gradualism is a ratemaking concept where utility rates should not rise so rapidly to  
9 avoid rate shock for the utility customers.

10  
11 **Q. Do AGL's proposed capital budgets align with the concept of gradualism?**

12 A. Staff's opinion is that they do not.

13  
14 **Q. Did AGL provide a breakout for estimated rates for 2025 – 2027?**

15 A. Yes. AGL provided basic rate information related to the GRAM and the SRR.

16  
17 **Q. What did AGL provide for the GRAM?**

18 A. Related to the GRAM in Figure 5.10.1 of File-4, AGL provided a traditional estimated  
19 revenue requirement presentation along with the resulting annual and monthly rate  
20 impacts. In Figure 5.10.2, AGL provided a levelized review of the same revenue  
21 requirements and rates.

1 **Q. How did the traditional revenue requirement presentation compare to the**  
2 **levelized presentation?**

3 A. **Table-G** below provides a comparison between the AGL revenue requirement  
4 presentations in Figure 5.10.1 and 5.10.2. It also provides a comparison between  
5 AGL's Attachment-STF-12-9b.1 and b.2. The comparisons in both presentations show  
6 a different outcome. In the Figure 1.10 versions, the STF-12-9 Base b.1 is lower than  
7 the b.2 levelized budget. In the Attachment-ST-12-9 version, the Base b.1 version is  
8 higher than the levelized b.2 version.

9  
10 **Table-G**

<b>AGL GRAM Revenue Requirements Figure 5.10.1</b>		
<b>Years</b>	<b>Base B.1</b>	<b>Levelized B.2</b>
2025	\$116,907,042	\$57,112,335
2026	\$33,649,092	\$79,665,063
2027	\$56,199,189	\$79,665,063
<b>Totals</b>	<b>\$206,755,323</b>	<b>\$216,442,461</b>

  

<b>AGL GRAM Revenue Requirements Attachment-STF-12-9</b>		
<b>Years</b>	<b>Base B.1</b>	<b>Levelized B.2</b>
2025	\$154,000,000	\$86,000,000
2026	\$38,000,000	\$86,000,000
2027	\$55,000,000	\$86,000,000
<b>Totals</b>	<b>\$247,000,000</b>	<b>\$258,000,000</b>

11  
12  
13  
14 **Q. Regarding the Figure 5.10 and STF-12-9 presentations, how were these dollar**  
15 **amounts derived?**

16 A. For both the 5.10.1 and 5.10.2 presentations, it was not clear if these impacts were for  
17 all rate classes or Residential only. Likewise, it was not clear if the dollar amounts  
18 were based on a full revenue requirement review using rate base and operating income

1 or only using the estimated i-CDP capital budgets and the few O&M items provided  
2 as part of the i-CDP filing.

3  
4 **Q. Did the PIA Staff seek additional data from AGL?**

5 A. Yes. The PIA Staff issued its 20<sup>th</sup> Set of Data Requests to gather additional information  
6 on the revenue requirement presentations. First, the Figure 5-10 presentations included  
7 the SRR, which caused the dollar amounts to appear higher than the dollar amounts in  
8 the STF-12-9 response. The PIA Staff determined there is not enough data to  
9 accurately estimate rates from 2025 – 2027. The future GRAM filings in Docket No.  
10 42315 are the mechanisms for ratemaking that should include the necessary data for  
11 estimating rates from 2025 - 2027.

12  
13 **Q. Did the PIA Staff compare the current SRR rates to the proposed SRR rates for  
14 2025 – 2027?**

15 A. Yes. As provided in **Table-H below**, the 2025 – 2027, SRR rates are increasing by  
16 **303.13%** over the current rates. AGL’s proposed revenue requirements for the SRR  
17 are projected to substantially increase over the 2022–2024 timeframe. The PIA Staff  
18 obtained the proposed SRR rates from the AGL Exhibit No. \_\_ (MJM-1) – SRR-MFR-  
19 4 file (“MJM-1”).

20  
21 **Table-H: SRR Rate Comparison**

	<b>SRR Rates 2022 - 2024</b>	<b>SRR Rates 2025 - 2027</b>	<b>Variance</b>	<b>Percent Increase</b>
R-1, G-10, AG-1	\$0.32	\$1.29	(\$0.97)	303.13%
G-11	\$0.96	\$3.87	(\$2.91)	303.13%
G-12	\$8.00	\$32.25	(\$24.25)	303.13%

1 **Q. What has AGL estimated for SRR Plant increases in 2025–2027?**

2 A. Similar to the estimated revenue requirements for GRAM, SRR Plant is estimated to  
3 have huge increases from 2022-2024. In 2025, AGL is estimated to have a **\$289**  
4 **million** increase to Plant when the total 2022–2024 Plant was estimated at **\$238**  
5 **million**. For 2026, AGL has estimated a **\$124.1 million** increase, and in 2027, the  
6 increase drops to **\$95.8 million**. As you can see, as SRR Plant decreases, revenue  
7 requirements increase. In **Table-I**, AGL’s proposed revenue requirements are  
8 provided for 2025–2027.

9  
10 **Table-I**

<b>AGL's Proposed SRR Incremental Revenue Requirements</b>		<b>AGL's Proposed SRR Plant in Service MJM-1</b>	
<b>Years</b>	<b>Base b.1</b>	<b>Years</b>	<b>Base b.1</b>
2025	\$14,748,408	2025	\$289,034,104
2026	\$34,936,466	2026	\$124,169,380
2027	\$49,375,249	2027	\$95,822,239
<b>Total</b>	<b>\$99,060,123</b>	<b>Total</b>	<b>\$509,025,723</b>

11

12

13 **Q. How will Residential customers recognize this increase on their bill related to**  
14 **GRAM and SRR?**

15 A. The customers only see a line item that says, AGL pass through charges or base  
16 charges. The customers will not see itemization of GRAM base rates or a SRR  
17 surcharge. The charges for AGL service to the Residential customer are not decoupled  
18 or itemized on the bill.

19

1 **Q. What is expected to be the recoveries of the SRR by the end of 2024?**

2 A. According to the MJM-1 exhibit and the Mike Morley direct testimony, AGL will have  
3 a **\$10.4 million** over-recovery position. Also, the beginning Plant and rate base in  
4 January 2024 will be shifted to the GRAM for recovery. In the 4<sup>th</sup> quarter 2023 SRR  
5 reporting filed in Docket No. 43820, there was an estimated ending Plant balance of  
6 **\$238.6 million**. There is a sizable over-recovery for the SRR Plant that is shifted to  
7 the GRAM, but AGL proposes to raise the SRR rates by **303.13%**.

8  
9 **Q. What is the main message that the PIA Staff wants to convey about the AGL rate  
10 comparisons and gradualism?**

11 A. It is the PIA Staff's opinion that to achieve gradualism and reduce the chance of rate  
12 shock, AGL's overall capital budgets should not have a large increase and a sharp  
13 decrease year-over-year. There should be a gradual rise in the capital budgets over  
14 time to make certain that the principle of gradualism is achieved.

15

16 **Q. Has the PIA Staff addressed its concerns on gradualism with AGL?**

17 A. Yes. In PIA Staff's STF-11-6, the PIA Staff addressed gradualism and the possibility  
18 of AGL agreeing to a 2% increase year-over-year in its capital budget. AGL was not  
19 agreeable. AGL discussed increases in materials and labor and stated that they could  
20 not adhere to a 2% increase. AGL's response is attached as **PIA Staff Exhibit\_\_(WC-**  
21 **3)**.

22

23 **Q. What would be the impact of a 3% gradual increase to AGL's capital budgets?**

24 A. The AGL 2024 capital budget, \$605.6 million, is the starting point with an increase of

1 3% for the 2025 capital budget. For 2026, the 2025 capital budget would increase by  
2 3%, and for the 2027 capital budget, the 2026 capital budget would increase by 3%.  
3 With this gradual rise in the overall AGL capital budgets, the 2025 capital budget  
4 would become \$623.8 million. The 2026 capital budget would become \$642.5 million,  
5 and the 2027 capital budget would become \$661.8 million. **PIA Staff Exhibit\_\_(WC-**  
6 **4)** reflects PIA Staff’s proposed capital budgets with a gradual rise by 3% year-over-  
7 year for 2025 - 2027.  
8

9 **Q. Would a combined GRAM/SRR capital budget restriction to a 3% growth year-**  
10 **over-year lower revenue requirements and rates compared to the original i-CDP**  
11 **filing?**

12 A. Yes. Decreasing the proposed capital budgets for 2025 – 2027 will help to lower  
13 proposed revenue requirements and rates over the same timeframe.  
14

15 **Q. What is the benefit of AGL having a 3% increase to its 2025 – 2027 capital**  
16 **budgets?**

17 A. First, it would allow for a gradual rise in AGL’s capital budgets adhering to the  
18 principles of gradualism and preventing rate shock to AGL’s ratepayers. Second, it  
19 would help ensure that AGL will remain efficient in its capital spending. The  
20 Commission would approve set budgetary dollar amounts for 2025 – 2027, and AGL  
21 would need to work within those approved dollar amounts. Third, it will help to make  
22 certain that AGL rates remain lower than proposed over the next three years.  
23  
24

1 **Q. What if there are unforeseen circumstances that apply pressure to AGL staying**  
2 **within the capital budgets approved by the Commission during 2025 – 2027?**

3 A. If there are unforeseen circumstances that apply pressure to AGL staying within the  
4 capital budget in any given year, AGL has the ability to shift budget dollars between  
5 capital budget categories to reprioritize projects. Additionally, AGL has the ability to  
6 file for an amendment to a capital budget, if needed.

7  
8 **Q. What is the PIA Staff’s recommendation regarding AGL’s 2025 – 2027 capital**  
9 **budgets?**

10 A. The PIA Staff recommends that the Commission approve an increase by 3% for the  
11 2025 capital budget from the 2024 approved budget. For 2026, the 2025 capital budget  
12 would be increased by 3%, and for the 2027 capital budget, the 2026 capital budget  
13 would be increased by 3%. With this gradual rise in the overall AGL capital budgets,  
14 the 2025 capital budget would become \$623.8 million. The 2026 capital budget would  
15 become \$642.5 million, and the 2027 capital budget would become \$661.8 million as  
16 seen in **PIA Staff Exhibit \_\_ (WC-4)**

17  
18 **VII. COMMISSION APPROVAL OF I-CDP CAPITAL BUDGETS**

19 **Q. Is it AGL’s position that the Commission approves i-CDP capital budgets?**

20 A. No. In its response to PIA Staff’s STF-11-1, provided as **Staff Exhibit \_\_ (WC-5)**,  
21 AGL stated that as part of the i-CDP process, the Commission approves budget  
22 parameters, not the i-CDP capital budgets and related O&M budgets. AGL further  
23 stated that the term “parameter” was agreed on between the PIA Staff and AGL and  
24 approved by the Commission. The PIA Staff’s understanding of the term parameter is

1 defined in the Governance Document. On page 1 Footnote 1 of the Governance  
2 document, it defines parameters as the following:

3  
4 Both the Motion approved in the Commission’s Administrative Session  
5 in which AGL’s 2019 rate case was considered as well as the  
6 Commission’s Order based on that Motion used the term “parameters”  
7 to describe what was to be examined and approved as part of the long-  
8 range planning tool. Staff and AGL believe that the process and  
9 requirements established by this Stipulation will enable the  
10 Commission to examine, evaluate and approve comprehensive plans to  
11 meet the needs of customers served by AGL, thus establishing the  
12 scope and size of capital and related O&M budgets for the benefit of  
13 Georgians.

14  
15 As provided in Footnote 1, of the Governance Document, it affirms that the  
16 Commission will examine, evaluate, and approve comprehensive plans that will  
17 establish the scope and size of capital budgets and related O&M budgets. The approval  
18 of these items is the approval of AGL’s capital budgets.

19  
20 **Q. What is the PIA Staff recommendation regarding the Commission’s authority**  
21 **to establish the scope and size of capital budgets?**

22 A. The PIA Staff recommends that the Commission affirm its prior determination that  
23 the i-CDP establishes the scope and size of capital budgets.

1 **Q. Why should AGL adhere to an approved capital budget dollar amount?**

2 A. When AGL provides capital budget dollar amounts for the Commission to consider  
3 and such dollar amounts are approved, it will have an impact on rates for the next three  
4 years. If AGL does not adhere to the approved capital budget and exceeds its capital  
5 budget in a given year, this will have an impact on the rates for that year and the  
6 following years. An increase in capital spending leads to increased CWIP and  
7 increased Plant, which leads to increased revenue requirement and rates. If AGL can  
8 exceed its capital budget, without requesting an amendment and receiving approval, it  
9 would defeat the purpose of having an i-CDP.

10

11 **Q. Why should the Commission be concerned if approved i-CDP budgets are not**  
12 **being followed?**

13 A. First, the Commission approved the Governance Document in Docket No. 42315, and  
14 there is an expectation that AGL will comply with its contents. Second, when the  
15 Commission approves capital budget dollar amounts for a three-year period, it is based  
16 on specific information in the i-CDP filing to include the budgets presented by the  
17 Company. The i-CDP is not a base rate ratemaking proceeding, but the capital budgets  
18 impact the revenue requirement that does impact rates that are reviewed and approved  
19 in the GRAM.

20

21 **Q. If AGL does not believe the i-CDP is the docket to review and approve capital**  
22 **budget dollar amounts, what would be the alternative docket for the review and**  
23 **approval of capital budgets?**

24 A. Based on AGL's belief that the i-CDP docket is only for the review of individual

1 projects it intends to pursue over a three-year period with no firm approval of capital  
2 budget dollar amounts, the Staff will address these dollar amounts in the GRAM filing  
3 where the capital budget has a direct impact on rates. AGL cannot argue that the  
4 Commission does not approve the capital budgets at the end of the i-CDP process, and  
5 then continue to state that the Commission cannot address capital budget and O&M  
6 budget proposed spending in the GRAM filing. If, based on AGL's belief that the i-  
7 CDP is not the proceeding where the Commission approves the capital budgets, then  
8 this leaves the GRAM filing as the docket to review and approve capital and O&M  
9 budgets, rate base, operating income, revenue requirements, and rates. This scenario  
10 could lead one to question the purpose of the i-CDP.

11  
12 **Q. Does the PIA Staff agree that the Commission approves specific capital budget**  
13 **dollar amounts in the i-CDP?**

14 A. Yes. The parameters mentioned in the Governance Document are what the  
15 Commission examines and approves as a long-range planning tool with the  
16 result being the capital budgets. If according to AGL, the Commission does  
17 not approve the capital budgets, then it defeats the purpose of having an i-CDP.  
18 The Commission could consider dissolving the i-CDP and review all budgets  
19 and the ratemaking process in the GRAM each year. Furthermore, if the  
20 Commission wanted to forgo an annual budget and ratemaking proceeding, it  
21 could dissolve the GRAM, and AGL would have to file for a traditional rate  
22 case to have all of its books and records reviewed, which would incentivize  
23 AGL to be more prudent with its capital and O&M spending to achieve its  
24 authorized return on equity ("ROE").

1 **Q. What is the PIA Staff’s recommendation regarding the Commission’s**  
2 **approval of i-CDP related capital budgets?**

3 A. The PIA Staff recommends that the Commission affirm that the Commission  
4 does approve the i-CDP capital budget dollar amounts that cannot be exceeded  
5 by AGL unless it files and receives approval for an amendment prior to  
6 exceeding its budget.

7  
8 **VIII. Elimination of the SRR Surcharge**

9 **Q. How does the SRR surcharge operate?**

10 A. The approved SRR projects are recovered through the surcharge. AGL receives full  
11 recovery based on its target ROE, 10.25%. During 2022 – 2024, the base surcharge  
12 was set at \$0.32 that was applied to Residential, Multifamily, S-51, and AG-1  
13 customers. G-11 customers were assessed three (3) times the base surcharge, or \$0.96  
14 per customer. For G-12 customers, the rate was 25 times the base surcharge, or \$8.00  
15 per customer. The application of the assessed multiplier was similar to the former  
16 Pipeline Replacement Rider, the i-SRP, and the Vintage Plastic Replacement Rider.  
17 As provided in the Governance Document on page 15, every three (3) years the  
18 completed SRR rate base is to be moved to the GRAM for recovery.

19  
20 **Q. How is the SRR recovery different from the GRAM recovery?**

21 A. The SRR and GRAM models are designed to calculate the revenue requirements  
22 approved by the Commission. The difference between the two models is that the  
23 GRAM calculates rates as approved in the 2019 rate case similar to a traditional rate  
24 case. The SRR model has a set surcharge that is separate and in addition to the base

1 rates calculated in the GRAM model.

2  
3 **Q. Is the PIA Staff proposing a change to the SRR recovery?**

4 A. Yes. The PIA Staff has reviewed the SRR quarterly reports filed by AGL for 2022 and  
5 2023 along with the SRR model updated each quarter. In PIA Staff's opinion, having  
6 a separate SRR model of recovery provides no additional benefits than that provided  
7 by the GRAM model. To make the review and recovery of the SRR rate base more  
8 efficient, the SRR rate base should be rolled into the GRAM and the SRR surcharge  
9 eliminated.

10  
11 **Q. Does the PIA Staff believe that using the GRAM for inclusion of SRR is more**  
12 **efficient?**

13 A. Yes. First, the elimination of the SRR surcharge reduces the number of recovery  
14 mechanisms from two (2) to one (1). This is more efficient because it reduces the  
15 number of quarterly reports that need to be constructed, filed, and reviewed each year.  
16 Second, the GRAM model uses the Commission approved rate design from the 2019  
17 rate case. The SRR model uses a different rate base recovery mechanism. By rolling  
18 the SRR into the GRAM, AGL will use one (1) recovery model for rate recovery  
19 mechanism based on the Commission approved rate design. The Staff will only need  
20 to review one model to ensure that the recovery is accurate. In addition, the customer  
21 only sees the AGL passthrough amount on their bill; so, from a customer bill  
22 perspective, they do not see a difference as to whether or not the SRR is included as  
23 part of the GRAM.

1 **Q. What does the PIA Staff recommend?**

2 A. The PIA Staff recommends that beginning with the 2025 GRAM filing, the SRR rate  
3 base should be included in the GRAM for rate base recovery and that the SRR  
4 surcharge should be eliminated.

5

6 **IX. Resource Reprioritization Reports**

7 **Q. Does AGL have an obligation to report to the Commission when it reprioritizes**  
8 **resources and shifts capital budget dollars between capital budget categories?**

9 A. Yes. As part of the Governance Document on page 11, AGL has the ability to shift  
10 resources, or capital dollars, between projects, and AGL is required to demonstrate  
11 why such shifts are necessary and appropriate. Though AGL made such shifts during  
12 2022 and 2023, AGL did not report to the Commission where the shifts occurred or  
13 why they were necessary and appropriate. However, the Governance Document did  
14 not require a formal reporting process.

15

16 **Q. What should AGL provide to report resource reprioritization?**

17 A. AGL should file a quarterly Resource Reprioritization Report (“RRR”) to document  
18 the capital budget dollars that have been shifted, or reprioritized, between the capital  
19 budget categories as provided in Figure 5.11 in File-4.

20

21 **Q. What does the PIA Staff recommend?**

22 A. The PIA Staff recommends that the RRR be filed as part of the quarterly GRAM  
23 reporting in Docket No. 42315. The report should include a detailed explanation as to  
24 why each reprioritization is necessary and appropriate. This would help ensure that the

1 Commission has a firm understanding of when and why AGL is engaging in capital  
2 budget reprioritization.

3  
4 **X. INTEGRATED CAPACITY AND DELIVERY PLAN STATUS REPORTS**

5 **Q. Does the Governance Document require AGL to provide any status reporting**  
6 **related to i-CDP projects?**

7 A. No. The Governance Document only requires capital budget tracking for the GRAM  
8 and the SRR. The Cherokee LNG expansion reporting requirement provides more  
9 detail.

10  
11 **Q. Should AGL be required to report on the status of capital projects detailing**  
12 **events encountered during the quarter?**

13 A. Yes. The Commission should receive quarterly status reporting on the capital budget  
14 categories and approved projects. This would ensure that the Commission is fully  
15 informed of the progress of the projects and any issues related to capital and O&M  
16 spending. For example, the Manufactured Gas Plant (“MGP”) reporting provides very  
17 detailed explanations of the spending and issues involved. The MGP program has far  
18 less spending than that approved in the i-CDP. With the Commission approving large  
19 capital spending and O&M dollar amounts at the request of AGL, the Company should  
20 be required to provide detailed quarterly status reporting.

21  
22 **Q. What should be included in a quarterly i-CDP Status Report (“ISR”).**

23 A. AGL should provide capital budget categories as shown in Figure 5.11 in File-4. AGL  
24 should discuss the capital budget categories and the activity and issues that occurred

1 during each quarter. Also, AGL should discuss the O&M spending categories listed in  
2 File-4. As discussed previously, AGL provides a detailed discussion on MGP projects  
3 each quarter, and the i-CDP should be no different.  
4

5 **Q. What is the PIA Staff's recommendation regarding ISR reporting?**

6 A. The PIA Staff recommends that by day 45 following the end of each quarter, AGL will  
7 file quarterly ISR reporting as part of the GRAM quarterly reporting in Docket No.  
8 42315. AGL should include a detailed explanation of the capital budget categories and  
9 the activity and issues that occurred during each quarter. AGL should also discuss the  
10 O&M spending categories listed in File-4.

11  
12 **XI. Cost Efficiency Report**  
13

14  
15 **Q. Does AGL provide any reporting on its O&M costs efficiency?**

16 A. No. Within the i-CDP, the Commission approves AGL's capital and O&M budgets.  
17 O&M budget details are mainly provided in the annual GRAM filings. There should  
18 be a greater focus on the O&M-related budgets and the efficiency initiatives AGL uses  
19 to keep costs as low as possible.  
20

21 **Q. What should be included in an annual Cost Efficiency Report ("CER")?**

22 A. AGL should document its internal cost efficiency initiatives, and the Company should  
23 discuss how it has reduced costs with the O&M Federal Energy Regulatory  
24 Commission ("FERC") accounts located in WP 5 in the GRAM model. Likewise,  
25 AGL should document cost savings achieved.  
26

1 **Q. When should AGL file the CER reporting?**

2 A. The CER report should be filed in Docket No. 42315 as a separate report by March  
3 15<sup>th</sup> of each year for the prior calendar year.

4  
5 **Q. What is the PIA Staff recommendation regarding the CER reporting?**

6 A. The PIA Staff recommends the approval of annual CER reporting to be filed by March  
7 15<sup>th</sup> of each year for the prior year that will include AGL's cost efficiency initiatives  
8 and achieved cost savings.

9

10

## **XII. Capacity Supply Plan**

11 **Q. Please briefly describe the current Capacity Supply Plan (CSP).**

12 A. The current Commission approved CSP (Docket 44319) for the years 2022-2025 has  
13 established the appropriate level of firm assets that AGL contracts with FERC regulated  
14 interstate pipelines (SNG and Transco) and on-system gas supply capabilities for the  
15 company's firm customers. The current plan specifies the range of requirements to be  
16 supplied by interstate capacity assets; specifies the range of requirements; describes the  
17 array of interstate capacity assets to meet the requirements; specifies the portion of  
18 interstate capacity assets which must be retained and utilized by the company in order  
19 to manage and operate its systems; and forecasts the design day, among other things.

20

21 **Q. What is the relationship between the CSP and the i-CDP?**

22 A. The relationship between the CSP and the i-CDP is that AGL must file a CSP at least  
23 every 3 years pursuant to O.C.G.A. § 46-4-155 and Commission Rule 515-7-11-.04.

24 The i-CDP is a ten-year review and forecast of interstate capacity needs coupled with

1 intrastate capacity needs. The i-CDP is required by Order of the Commission.

2

3 **Q. What does the current approved CSP include that pertains to this i-CDP filing?**

4 A. The approved CSP includes improving and expanding AGL's LNG facilities in Macon,  
5 Riverdale, and Cherokee.

6

7 **Q. For the years 2025-2027 of this Plan, what is AGL requesting approval of  
8 regarding Peaking Services?**

9 A. For years 2025-2027, AGL is requesting approval for the following:

- 10 - Replacements and upgrades to the Macon and the Riverdale LNG plants.
- 11 - Completion of the Cherokee LNG plant Expansion.
- 12 - Implementing the VSL Project.

13

14 **Q. Please discuss the Macon LNG plant project.**

15 A. The Macon LNG plant was constructed in 1977. During the first three years of the plan,  
16 the company is proposing replacement of the generators as they are approaching the  
17 end of their useful life. Currently, under peak send-out, the plant is fully dependent on  
18 the engine driven boil-off compressor and is unable to use the motor driven boil-off  
19 compressor. The Company states that the replacement will alleviate the plant's  
20 complete dependence on the engine driven boil-off compressor.

21

22 **Q. Please discuss the Riverdale LNG plant project.**

23 A. The Riverdale LNG plant was constructed in 1972. According to the Company, during  
24 the summer of 2023, Riverdale went offline due to mechanical failure. AGL began

1 exploring the replacement of the liquefaction system as it is original to the plant. The  
2 Company further stated that due to the age of the technology, it has become increasingly  
3 difficult to obtain replacement parts. AGL proposes a closed refrigerant loop for  
4 Riverdale, similar to the technology being used at its other LNG facilities. AGL plans  
5 to continue working on this project into 2028.

6  
7 **Q. Please discuss the Cherokee LNG plant expansion project.**

8 A. AGL is in the process of expanding the Cherokee LNG plant by adding a second 2  
9 Bcf tank and the associated appurtenances to increase its on-system peaking. The  
10 project started in 2020 and is scheduled to be in service in 2025. The PIA Staff  
11 supports the continuation of this project.

12  
13 **Q. Please discuss the VSL Project.**

14 A. AGL is projecting a supply deficiency in the Valdosta pool due to 3 upcoming projects.  
15 The 3 projects are an interruptible agricultural customer that will be converting to firm;  
16 a current firm customer that will be doubling its production; and the construction of a  
17 large dairy processing facility by Walmart.

18  
19 To meet these needs, AGL is proposing to construct a satellite storage/vaporization-  
20 only LNG facility. The in-service date is the 2027-2028 heating season, provided there  
21 are no delays. In the meantime, AGL will supply the necessary LNG to the Valdosta  
22 pool by truck as needed.

1 **Q. What is the PIA Staff recommendation regarding the Macon LNG upgrades,**  
2 **Riverdale LNG upgrades, the Cherokee LNG, and the proposed satellite**  
3 **storage/vaporization-only LNG Valdosta?**

4 A. PIA Staff does not object to these projects.

5  
6 **Q. So, in not objecting to completing the projects, does it mean that the PIA Staff**  
7 **supports the proposed budgets offered by the Company?**

8 A. PIA Staff is not recommending approval of dollar amounts for specific projects. Please  
9 refer to Section VI page 29 lines 5 - 13 of the direct testimony regarding the proposed  
10 capital budget.

11  
12 **Q. What is PIA Staff recommending regarding the budget?**

13 A. PIA Staff is recommending a 3% cap on the increase in the capital budget, as discussed  
14 in Section VI page 29 lines 5 – 13 of the direct testimony. The Company should manage  
15 its costs accordingly.

16  
17 **Q. Would you like to say anything else regarding the 2022-2025 CSP as it relates to**  
18 **this docket?**

19 A. Yes. I would like to speak on the reserve margin.

20  
21 AGL addressed this issue in File-4 filing under section 4.5.4: Issues with AGL's  
22 Current Margin Reserve. AGL states it will include a recommendation for a higher  
23 reserve margin than 5% in the upcoming 2025-2028 CSP. The PIA Staff stresses that  
24 this is not an issue before the Commission in these proceedings and remains committed

1 to the established 5% reserve margin.

2

3 **Q. Did the PIA Staff address the Company’s reserve margin in this filing?**

4 A. PIA Staff inquired about this issue in Data Request STF-14-8-a. The question states:

5

6 a. To be clear and for the record, please confirm that the company is not requesting  
7 the Commission to approve a reserve margin higher than 5 percent as part of  
8 the 2025 – 2034 i-CDP filing.

9

10 In its response AGL states “AGL is not requesting that the Commission approve a  
11 Reserve Margin higher than 5 percent as a part of the 2025 – 2034 i-CDP.”

12

13 AGL’s filed response to the Data Request has been included in as **PIA Staff**  
14 **Exhibit\_\_(WC-6)** to this testimony.

15

16 **Q. Does this conclude the PIA Staff testimony?**

17 A. Yes.

**BEFORE THE**

**GEORGIA PUBLIC SERVICE COMMISSION**

**IN RE: ATLANTA GAS LIGHT COMPANY'S )  
PETITION FOR APPROVAL OF THE )  
2025-2034 INTEGRATED CAPACITY )  
AND DELIVERY PLAN )**

**DOCKET No. 43820**

**EXHIBITS  
OF  
TONY WACKERLY  
AND  
JANEY CHAUVET**

**ON BEHALF OF THE  
PUBLIC INTEREST ADVOCACY STAFF**

**May 14, 2024**