Amended 2025 GRAM

STF-49-1 On August 6, 2025, AGL filed an amended 2025 GRAM. In part, the amended filing contained the following GRAM models

Attachment A (1) - AGLC GRAM ARF 2025-2027 REVISED 8.6.2024

Attachment A (2) - AGLC GRAM ARF Alternate Rate REVISED 8.6.2024

Attachment A (3) - AGLC GRAM ARF Proposed Resolution REVISED 8.6.2024

When reviewing the Proposed Resolution 2025 – 2027 GRAM model compared to the Traditional Rate GRAM model, refer to **Exhibit-STF-49-1** and **Table-1** below. Please answer the following:

a. As provided in **Table-1** below, the Proposed Resolution GRAM Revenue Requirement Calculation ("RRC") had a total for 2025-2027 that was $38.7 million larger than the Traditional GRAM model before any adjustments (no RTU) on Row-23/Line-7. Is the main reason for the larger RRC dollar amount related to the Proposed Resolution GRAM model because AGL included a $30.4 million Levelized Rate Adjustment in the Schedule-11b as a part of the Proposed Resolution GRAM model on Row-31/Line-11 for deferral for 2025 with recovery in 2027?

b. As provided in **Table-1** below, the Proposed Resolution "Residential levelized Combined Customer Charge and DDDC Rates" ("R-1 Combined Rates") total increase is $7.65 compared to the Traditional GRAM R-1 Combined Rates; total increase of $7.09. the Proposed Resolution RRC and R-1 Combined Rates increase is larger than the Traditional GRAM model. Does AGL attribute this increase to the inclusion of a $30.4 million Levelized Rate Adjustment in the Schedule-11b as part of the Proposed Resolution GRAM model on Row-31/Line-11 for deferral for 2025 with recovery in 2027?

c. Regarding the $30.4 million deferral, please answer the following:

   i. Why has AGL included a $30.4 million deferral for 2025 when the original deferral was only $29 million as provided in the Alternative Rate model?

   ii. Why has AGL included the recovery of the $30.4 million in 2027?

   iii. What is the carrying costs of the $30.4 million deferral?

   iv. In discussions with AGL, the original issue was that the $29 million deferral was deferred in 2025 but not applied for recovery in a later year.

As part of the 2025 GRAM petition on page 6, AGL stated that it was proposing a levelized rate of $2.99 for 2025-2027 in the Proposed Resolution GRAM model. How does the Proposed Resolution model achieve this result when it has a $30.4 million deferral for 2025 with full recovery in 2027?

Tabe-1

Proposed Resolution GRAM RRC 2025-2027	**$238,267,955**
Traditional GRAM RRC 2025-2027	**$199,552,115**
Variance	**$38,715,840**

Total Combined R-1 Increases for 2025 - 2027 - Proposed Resolution	$7.65
Total Combined R-1 Increases for 2025 - 2027 - Traditional	$7.09
Variance	$0.56

RESPONSE

a. Comparisons of the Proposed Resolution GRAM and Traditional GRAM should include all adjustments[1] and be based on the "Total Proposed Revenue Adjustment" as shown on Schedule 11a, Line 14 of the Traditional GRAM and Line 15 of the Proposed Resolution. Based on the Total Proposed Revenue Adjustment, a comparison of the rates and revenue requirement between the two options are provided in Attachment STF-49-1 which shows that overall collections or revenues for 2025 through 2027 are $42.7 million lower under the Proposed Resolution as compared to the Traditional GRAM.

   The reason for the differences in revenue requirements between the Proposed Resolution and the Traditional GRAM are changes in underlying assumptions in the recovery of the deferred PRP costs, the timing of the return of tax benefits, exclusion of the 2022 inflationary rate, removal of $23.2 million in revenue requirements (see response c. iv. Below) and carrying charges on the deferred amount.

b. See the response to (a) above.

c.
   a. The differences in the deferral amounts are due to the underlying assumptions in recovery of the deferred PRP costs, the return of tax benefits and carrying charges on the deferred amount.

[1] Adjustments to the Proposed Revenue Adjustment, line 7 as shown on Schedule 11a include the Refund of the 2023 RTU, 2021 GRAM Carrying Forward, Levelized Rate Adjustment, Revenue Requirement Adjustment (Proposed Resolution only) and Peaking Revenue Adjustment.

b. Recovery of the 2025 deferral in 2027 was necessary to calculate a GRAM R-1 rate impact of $2.99 per year 2025 through 2027. Recovery of some or all of 2025 deferred amount in 2026 would have increased the levelized beyond the $2.99.

c. See the table below and Attachment STF-49-1 for the estimated carrying costs on the $30.4 million deferred in 2025 and the subsequent recovery of the deferred amount in 2027. The deferred amount and the timing of recovery is based on the filed Proposed Resolution, amounts are subject to change in the Company's GRAM update filing.

Deferral Balance	2025	2026	2027
December	-	30,400,000.00	30,400,000.00
January	2,533,333	30,400,000	27,866,667
February	5,066,667	30,400,000	25,333,333
March	7,600,000	30,400,000	22,800,000
April	10,133,333	30,400,000	20,266,667
May	12,666,667	30,400,000	17,733,333
June	15,200,000	30,400,000	15,200,000
July	17,733,333	30,400,000	12,666,667
August	20,266,667	30,400,000	10,133,333
September	22,800,000	30,400,000	7,600,000
October	25,333,333	30,400,000	5,066,667
November	27,866,667	30,400,000	2,533,333
December	30,400,000	30,400,000	-
13-Month Average Balance	15,200,000	30,400,000	15,200,000
ADIT on Deferred Balance	(3,806,129.61)	(7,612,259.23)	(3,806,129.61)
13-Month Average Balance, Net of ADITs	11,393,870.39	22,787,740.77	11,393,870.39
Weighted Average Cost of Capital Grossed Up for Taxes	9.84%	9.84%	9.84%
Carrying Charges on 2025 Deferred Amount	1,120,688	2,241,376	1,120,688

d. The 2025 GRAM Filing models do not include the $29 million error that was discovered in the materials provided by the Company to Staff late in the i-CDP Docket process as part of negotiating the Stipulation in that docket. The Proposed Resolution reflects the Company's levelized revenue requirement for years 2025 through 2027 with a deferral and recover of $30.4 million and an additional adjustment to forego $23.2 million in revenues.

The forgone revenues are shown in Schedule 11a in the Proposed Resolution for 2026 and 2027 of $6.7 million and $16.5 million, $23.2 million respectively. The Company arrived at the adjustment of $23.2 as this was the reduction necessary such that the overall rate impact for the average R-1 customer is a $2.99 rate increase in each year 2025, 2026 and 2027. As noted in c., iii, the foregone revenues shown in the Proposed resolution are also subject to change in the Company's GRAM update filing.

Respondent: Gary Tucker
Director, Reg Account & Rev Rec
Southern Company Gas

STF-49-2 When reviewing the Proposed Resolution 2025 – 2027 GRAM model compared to the Alternative Rate GRAM model, refer to **Exhibit-STF-49-1** and **Table-2** below. Please answer the following:

As provided in **Table-2** below, the Proposed Resolution GRAM Revenue Requirement Calculation ("RRC") had a total 2025-2027 that was $3 million larger than the Alternative Rate GRAM model before any adjustments (no RTU) on Row-23/Line-7. Does AGL attribute the larger RRC and R-1 Combined Rates increase in the Proposed Resolution to it having a $30.4 million Levelized Rate Adjustment in the Schedule-11b as part of the Proposed Resolution GRAM model on Row-31/Line-11 for deferral for 2025 and a recovery in 2027 where the Alternative Rate GRAM model had a lower $29 million deferral?

As provided in **Table-2** below, the Proposed Resolution R-1 Combined Rates increase is $7.65 compared to the Alternative Rate GRAM model R-1 Combine Rates increase of $8.43. The Alternative Rate GRAM model has a Levelized Rate Adjustment on Line-31/Row-11 of $29 million deferral for 2025 with recovery in 2027. Does AGL attribute the larger RRC and R-1 Combined Rates increase in the Proposed Resolution GRAM model to it having a $30.4 million Levelized Rate Adjustment in the Schedule-11b as part of the Proposed Resolution GRAM model on Row-31/Line-11 for deferral for 2025 and a recovery in 2027 where the Alternative Rate GRAM model had a lower $29 million deferral in 2025 with recovery in 2027?

What are the carrying costs of the 29 million?

Table-2

Proposed Resolution GRAM RRC 2025-2027	**$238,267,955**
Alternative GRAM RRC 2025-2027	**$235,257,259**
Variance	**$3,010,696**

Total Combined R-1 Increases for 2025 - 2027 - Proposed Resolution	$7.65
Total Combined R-1 Increases for 2025 - 2027 - Alternative Rate	$8.43
Variance	-$0.78

RESPONSE

a. Comparisons of the Alternative GRAM and Proposed Resolution GRAM should include all adjustments[2] and be based on the "Total Proposed Revenue Adjustment" as shown on Schedule 11a, Line 14 of the Alternative GRAM and Line 15 of the Proposed Resolution. Based on the Total Proposed Revenue Adjustment, a comparison of the rates and revenue requirement between the two options are provided in Attachment STF-49-2 which shows that overall

[2] Adjustments to the Proposed Revenue Adjustment, line 7 as shown on Schedule 11a include the Refund of the 2023 RTU, 2021 GRAM Carrying Forward, Levelized Rate Adjustment, Revenue Requirement Adjustment (Proposed Resolution only) and Peaking Revenue Adjustment.

collections or revenues for 2025 through 2027 are $22.3 million lower under the Proposed Resolution GRAM as compared to the Alternative GRAM.

The primary difference in the revenue requirements is the removal of $23.2 million in revenue requirements presented in the Proposed Resolution GRAM.

b. See response to (a) above.

c. See the table below and Attachment STF-49-2 for the estimated carrying costs on the $29.0 million deferred in 2025 and the subsequent recovery of the deferred amount in 2027. The deferred amount and the timing of recovery is based on the filed GRAM Alternate Rate, amounts are subject to change in the Company's GRAM update filing.

Deferral Balance	2025	2026	2027
December	-	29,000,000.00	29,000,000.00
January	2,416,667	29,000,000	26,583,333
February	4,833,333	29,000,000	24,166,667
March	7,250,000	29,000,000	21,750,000
April	9,666,667	29,000,000	19,333,333
May	12,083,333	29,000,000	16,916,667
June	14,500,000	29,000,000	14,500,000
July	16,916,667	29,000,000	12,083,333
August	19,333,333	29,000,000	9,666,667
September	21,750,000	29,000,000	7,250,000
October	24,166,667	29,000,000	4,833,333
November	26,583,333	29,000,000	2,416,667
December	29,000,000	29,000,000	-
13-Month Average Balance	14,500,000.00	29,000,000.00	14,500,000.00
ADIT on Deferred Balance	(3,630,847.33)	(7,261,694.66)	(3,630,847.33)
13-Month Average Balance, Net of ADITs	10,869,152.67	21,738,305.34	10,869,152.67
Weighted Average Cost of Capital Grossed Up for T	9.84%	9.84%	9.84%
Carrying Charges on 2025 Deferred Amount	1,069,077.50	2,138,155.00	1,069,077.50

Respondent: Gary Tucker
Director, Reg Account & Rev Rec
Southern Company Gas

STF-49-3 When reviewing **Exhibit-STF-49-1**, the Alternative Rate GRAM model shows the $29 million Levelized Rate Adjustment in Row-31. The $29 million appears as a reduction to the 2025 RRC, and then it is added back for recovery in 2027.

Likewise, in AGL's 2025 GRAM petition page 5, it stated the Alternative Rate GRAM model R-1 Combined Rates increase would be a levelized $3.74 for 2025, $3.75 for 2026, and 2027. When reviewing the data in Schedule-11a, Staff's analysis shows that the increase to the R-1 Combined Rates in AGL's Alternative GRAM model were different with 2025 at $1.22, 2026 at $3.95, and 2027 at $3.26.

Please answer the following:

a. Regarding the R-1 Combined Rates levelized rate increases discussed on page five of the 2025 GRAM petition for the Alternative Rate model, discussed above, do they only include GRAM base rate increases with no Peaking?

b. Please provide a breakout of the components in the levelized dollar rate increases involved in the R-1 Combined Rate in the Alternative Rate GRAM for each year from 2025 to 2027.

c. Why are the levelized R-1 Combined Rates discussed on page 5 of the petition different from the actual R-1 Combined Rates in Schedule-11b of the Alternate Rate GRAM?

RESPONSE

a. The rate increases included on page 5 of the GRAM petition include GRAM base charges (Customer Charge and DDDC Charge), as well as increases to SRR, Peaking, and DOT rates. Both the DDDC Charge and Peaking Charge are subject to each premises' calculated DDDC factor, for which the average residential DDDC of 1.300 was applied to determine the rate increases quoted in the petition. Additionally, since not all customers pay the Peaking rate based on their pool group, the Peaking charge was weighted according to the number of customers located in one AGL's two peaking pool groups.

b. As found in WP 4-3 Residential Impact, the breakout increases quoted in the GRAM petition for the Alternate Rate GRAM are the following:

		2026	**2027**
Customer Charge		2.22	2.41
DDDC Charge*		1.04	1.12
SRR		0.00	0.00
Peaking*		0.25	(0.01)
DOT		0.24	0.23
Total		**$3.75**	**$3.75**
*Rates are multiplied by DDDC factor			

c. As discussed in parts (a) and (b), the rate increases discussed on page 5 of the GRAM petition include other relevant non-GRAM rate increases. The Customer Charge, DDDC rate, and Peaking rates are all included in Schedule 11b and are consistent with the rates found in the tab "WP 4-3 Residential Impact" before applying the weighting for peaking customers.

Respondent: Win Blair
Manager, Rates
Southern Company Gas

STF-49-4 When reviewing the Proposed Resolution GRAM model, AGL has a $30.4 million Levelized Rate Adjustment in Row-31 as a reduction in 2025, and then it is added back and recovered in 2027. AGL proposed a levelized rate of $2.99 for 2025-2027 on page 6 of the 2025 GRAM petition. The actual R-1 Combined Rate increases were $2.51 for 2025, $2.37 for 2026, and $2.77 for 2027. Please answer the following:

a. When reviewing the Levelized Rate Adjustment, deferral, why did AGL provide $30.4 million for a 2025 deferral and then add the error back for recovery in 2027?

b. Regarding the actual R-1 Combined Rate increases discussed above, do they include GRAM base rate increases only, no Peaking?

c. Please provide a breakout of the components in the levelized dollar rate increases involved in the R-1 Combined Rate in the Proposed Resolution GRAM for each year 2025-2027.

d. Why are the levelized R-1 Combined Rates discussed on page 5 of the petition different from the actual R-1 Combined Rates in Schedule-11b of the Proposed Resolution GRAM?

RESPONSE

a. Please see the Company's response to STF-49-1, part c. Additionally, the $30.4 million is not an error and is not related to the $29 million error referenced throughout this set of data requests.

b. The proposed levelized rate increase of $2.99 for 2025-2027 includes the Customer Charge, DDDC Charge, and Peaking Charge. Both the DDDC Rate and the Peaking Rate are multiplied by the premises' DDDC to determine the charge. The average residential DDDC of 1.300 in this calculation. Additionally, since not all customers pay the Peaking rate based on their pool group, the Peaking charge was weighted according to the number of customers located in one AGL's two peaking pool groups.

c. As found in WP 4-3 Residential Impact, the breakout increases quoted in the GRAM petition for the Proposed Resolution GRAM are the following:

		2026	2027
Customer Charge		1.87	2.05
DDDC Charge*		0.87	0.95
Peaking*		0.25	(0.01)
Total		**$2.99**	**$2.99**
*Rates are multiplied by DDDC factor			

d. As discussed in parts (a) and (b), the rate increases discussed on page 5 of the GRAM petition include other relevant non-GRAM rate increases. The Customer Charge, DDDC rate, and Peaking rates are all included in Schedule 11b and are consistent with the rates found in the tab "WP 4-3 Residential Impact" before applying the weighting for peaking customers.

Respondent: Win Blair
Manager, Rates
Southern Company Gas

STF-49-5 On page 6 of the 2025 GRAM petition, AGL stated that it would recover $23 million less revenue under the Proposed Resolution GRAM model than the Traditional GRAM. Please answer the following:

a. In **Table-3** below, does AGL agree that when the revenue requirement dollar amounts are added for 2025-2027 on Schedule-11a of these GRAM models, the Proposed Resolution GRAM model will generate $38.7 million more revenue requirement, as additional revenue, than the Traditional GRAM model for 2025-2027?

Table-3

Proposed Resultion GRAM RRC 2025-2027	$238,267,955
Traditional GRAM RRC 2025-2027	$199,552,115
Variance	$38,715,840

b. Please explain how the Proposed Resolution GRAM will cause $23 million less in revenues.

RESPONSE

a. Please see the Company's response to STF-49-1.

b. Please see tab Schedule 11a, Line No. 12 for the Revenue Requirement Adjustment of $6.7 million in 2026 and $16.5 million in 2027. In total, the Revenue Requirement Adjustment of $23.2 million is the foregone revenue requirements necessary such that the overall rate impact for the average R-1 customer is a $2.99 rate increase in each year 2025, 2026 and 2027.

Respondent: Gary Tucker
Director, Reg Account & Rev Rec
Southern Company Gas

STF-49-6 Regarding Schedule-9, as seen in **Table-4** below, the Traditional, Alternative Rate, and Proposed Resolution models have the same presentation. For the Forward-Looking-Test-Year ("FTY"), AGL included a State Income Taxe Rate of 5.39%.

Table-5 below, provides a link to the www.house.ga.gov website that provides the schedules of State of Georgia tax rates from 2018 to 2030. The approved corporate tax rates for 2025-2027 are the following:

2025: 5.29%

2026: 5.19%

2027: 5.09%

Does AGL agree to revise Schedule-9 to show a State of Georgia Effective Tax Rate and resulting Tax Expansion Factor for each of the GRAM years 2025-2027 with revenue requirement impacts?

Tabe-4

	A	B	C	D
1		**Atlanta Gas Light Company (AGLC)**		
2		**Schedule 9**		
3		**Derivation Of The Income Expansion Factor**		
4		**Twelve Months Ending December 31, 2025**		
5				
6				
7	**Line**			
8	**No.**	**Description**	**Calculation**	**2024**
9				
10				
11	1	Additional Revenue		100.00%
12				
13	2	State Income Tax Rate		5.39%
14	3	Federal Income Tax Rate		21.0%
15	4	Effective State Income Tax Rate	line 2 / (1 + line 2)	5.11%
16	5	Effective Federal Income Tax Rate	line 3 * (1 - line 4)	19.93%
17	6	Effective Rate		25.04%
18				
19	7	After Tax Effect of Additional Revenues	line 1 - line 6	74.96%
20				
21	8	Tax Expansion Factor	1 / line 7	133.41%
22				

Table-5

PowerPoint Presentation (ga.gov)

SUMMARY OF INCOME TAX CHANGES 2018 - 2030

	Tax Rate		Standard Deduction			Personal Exemption		
	Top Tax Rate	Tax Brackets	Single	Head of Household	Married	Single	Head of Household	Married
2018	6%	Yes	$2,300	$2,300	$3,000	$2,700	$2,700	$7,400
2019	5.75%	Yes	$4,600	$4,600	$6,000	$2,700	$2,700	$7,400
2020	5.75%	Yes	$4,600	$4,600	$6,000	$2,700	$2,700	$7,400
2021	5.75%	Yes	$4,600	$4,600	$6,000	$2,700	$2,700	$7,400
2022	5.75%	Yes	$5,400	$5,400	$7,100	$2,700	$2,700	$7,400
2023	5.49%	No	$0	$0	$0	$12,000	$12,000	$18,500
2024	* 5.39%	No	$0	$0	$0	$12,000	$12,000	$18,500
2025	* 5.29%	No	$0	$0	$0	$12,000	$12,000	$18,500
2026	* 5.19%	No	$0	$0	$0	$12,000	$12,000	$20,000
2027	* 5.09%	No	$0	$0	$0	$12,000	$12,000	$20,000
2028	* 4.99%	No	$0	$0	$0	$12,000	$12,000	$22,000
2029	* 4.99%	No	$0	$0	$0	$12,000	$12,000	$22,000
2030	* 4.99%	No	$0	$0	$0	$12,000	$12,000	$24,000

RESPONSE

The presentation noted above includes asterisks for years 2024 through 2030. The footnote to the asterisk is "*Change occurs if conditions are met." The conditions for the tax rate change are presented on the previous slide and are shown below:

- Allowed for future annual reductions of 0.10% until reaching 4.99% if:
  - The governor's revenue estimate for the succeeding fiscal year is greater than 3% above the revenue estimate for the current fiscal year;
  - The prior fiscal year's net revenue collection was higher than each of the preceding five fiscal years' net tax revenue collections;
  - And the Revenue Shortfall Reserve (RSR) contains a sum that exceeds the amount of the decrease in state funds projected to occur as a result of the reduction in the tax rate set to occur in the following year.

As the state income rates for 2025 through 2030 are based on conditions yet to be evaluated and therefore income tax rates that have not been approved, the Company has included the current 2024 income tax rate of 5.49% that is approved for years 2025 through 2027. As performed in 2024, if there is an income tax rate change for 2025 through 2027 that differs from the income tax rate on which rates are established, the Company will defer those income tax savings to a regulatory liability and return those savings to customers through the GRAM filings.

Respondent: Gary Tucker
Director, Reg Account & Rev Rec
Southern Company Gas

STF-49-7 On page 6 of the 2025 GRAM petition ,AGL states that $23.2 million less revenue requirement will be achieved in the Proposed Resolution GRAM model, and it has been removed since AGL was not going to seek recovery. This means AGL would recover $5.8 million However, it appears that AGL has not absorbed the $23.2 million, but is the deferring an entire $30.4 million. Please make adjustments to the Proposed Resolution model clearly showing the actual dollar amount being deferred to achieve the levelized $2.99 increase to rates for 2025-2027.

RESPONSE

The Proposed Resolution includes a deferral of $30.4 million in 2025 and recovery of this deferred amount in 2027. The Proposed Resolution also includes an additional adjustment removing $23.2 million in revenue requirements ($6.7 million in 2026 and $16.5 million in 2027). The adjustments for the deferral amount and timing of its recovery, as well as the removal of $23.2 million in revenue requirements were necessary in order to calculate a GRAM R-1 rate impact of $2.99 per year 2025 through 2027.

Respondent: Gary Tucker
Director, Reg Account & Rev Rec
Southern Company Gas