BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
STATE OF GEORGIA

IN RE:	
ATLANTA GAS LIGHT COMPANY'S GEORGIA RATE ADJUSTMENT MECHANISM: APPLICATION FOR APPROVAL OF AN ALTERNATIVE FORM OF REGULATION	**Docket No. 42315**

STIPULATION OF PUBLIC INTEREST ADVOCACY STAFF OF THE GEORGIA PUBLIC SERVICE COMMISSION AND ATLANTA GAS LIGHT COMPANY REGARDING AGL'S 2025 ANNUAL GEORGIA RATE ADJUSTMENT MECHANISM FILING

WHEREAS, the Georgia Public Service Commission ("Commission") has specific authority to approve an alternative form of regulation for Atlanta Gas Light Company ("AGL" or the "Company" and a "Party" to this Stipulation) under O.C.G.A. § 46-2-23.1, and the Commission approved the AGL Georgia Rate Adjustment Mechanism ("GRAM") as an alternative form of regulation in its February 21, 2017 *Final Order Approving an Alternative Form of Regulation for Atlanta Gas Light Company*, Docket No. 40828, and

WHEREAS, under the Commission's February 14, 2020 Order in Docket No. 42315, the Commission found that AGL should continue using the AGL GRAM and required AGL to file its annual filing for GRAM on or before July 1 for each succeeding calendar year. Final Order, *In Re: Atlanta Gas Light Co.'s Petition for Adjustment of Rates and Revised Tariff and Application for Approval of an Alternative Form of Regulation*, Docket No. 42315, *29 (Ga. P.S.C. Feb. 11, 2020) (the "Rate Case Order"), and

WHEREAS, on February 23, 2021, the Commission approved a Stipulation ("Governance Document") between AGL and Staff of the Commission ("Staff" and a "Party" to this Stipulation) in Docket No. 42315, establishing a comprehensive planning tool, referred to as the Integrated

Capacity and Delivery Plan ("i-CDP"), for proposed projects to help ensure that the connectivity of AGL's interstate, intrastate, and distribution systems is optimized. The i-CDP was established to provide a 10-year forecast of interstate, intrastate, and distribution capacity asset requirements with a 3-year detailed plan to be updated and filed for consideration every three years. Each i-CDP filing provides the Commission and stakeholders with the Company's view of what AGL needs for the system to reliably meet its customers' needs and to help ensure that interstate, intrastate, and distribution assets align. The i-CDP filings include a 10-year projection of capital budgets and related operations and maintenance ("O&M") spending with a 3-year detailed proposal for parameters for capital budgets and related O&M spending; and

WHEREAS, on November 18, 2021, in Docket No. 43820, the Commission approved AGL's 2022-2031 i-CDP as modified by the Commission-approved Stipulation and Addendum to the Stipulation, which were agreed to by Staff, AGL, and certain Marketers; and

WHEREAS, on July 2, 2024, in Docket No. 43820, the Commission approved AGL's 2025- 2034 i-CDP as modified by the Commission-approved Stipulation, which was agreed to by Staff, AGL, and certain Marketers, and among other provisions, established agreed-to capital budgets for 2025-2027; and

WHEREAS, on July 31, 2024, AGL filed its 2025 Annual GRAM;[1] and

WHEREAS, AGL's 2025 Annual GRAM Update reflects the ratemaking treatment agreed to by AGL and Staff in the Company's i-CDP Filing for: the Liquified Natural Gas ("LNG")

[1] In accordance with the Stipulation of Staff of the Georgia Public Service Commission and Atlanta Gas Light Company Regarding the 2025-2034 Integrated Capacity and Delivery Plan in Docket No. 43820 approved on July 2, 2024 (the "i-CDP Stipulation"), AGL and Staff agreed to delay the filing of this 2025 Annual GRAM Filing. After the initial filing on July 31, the Company refiled a Revised 2025 Annual GRAM Filing to reflect agreed-to formats requested by Staff. The Company also submitted an update of its 2025 Annual GRAM Filing on November 17, 2024 (the "2025 Annual GRAM Update").

Expansion; the Valdosta Satellite Project; Department of Transportation ("DOT") Rider[2] projects; ECON-1 Rider projects; and, System Reinforcement Rider Projects; and

WHEREAS, the Company's projected revenue deficiencies were greater in 2025 than the projected revenue deficiencies for the years 2026 and 2027 using traditional GRAM filings, and thus the i-CDP Stipulation[3] required the Company to file both: (1) a traditional Annual GRAM Filing, in which the full 2025 revenue requirement as calculated by the Commission-approved GRAM mechanism would be included within rates effective during 2025 (a "Traditional GRAM"); and (2) after consulting with Staff, a Rate Alternative in which the Company would recover its revenue requirements of the three-year period (2025-2027) while also lowering the projected impact on customer rates in 2025 (an "Alternative Rate GRAM"), providing a levelized rate increase for 2025 - 2027; and

WHEREAS, AGL filed both the Traditional GRAM and the Alternative Rate GRAM required by the Stipulation in addition to a third GRAM version (which AGL offered as a "Proposed Resolution"), which was the result of extensive discussions with Staff prior to filing the 2025 Annual GRAM Filing. The Proposed Resolution provides additional revenue requirement adjustments and reductions to produce a levelized rate increase for 2025 - 2027; and

WHEREAS, the Undersigned Parties (collectively, "Parties") acknowledge that under the Proposed Resolution, it is in the public interest to allow AGL to defer[4] recovery of certain costs

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[2] Although referred to as "DOT" projects, the rider includes projects required to accommodate all governmental entities (state, county, municipal, et al.) in which AGL's facilities are affected by public works projects. See Attachment B of the June 10, 2024, Stipulation in Docket No. 43820 approved by this Commission by its Order dated July 2, 2024.

[3] Paragraph 5 of Section 2 (pages 6-7) of the June 10, 2024, Stipulation in Docket No. 43820 approved by this Commission by its Order dated July 2, 2024.

[4] The deferral will be shown in the manner illustrated in Attachment A (3) of AGL's 2025 Annual GRAM Update and based on actual costs incurred in 2025 to be filed with the quarterly filings and consistent with the rate commitments made in Paragraph Two of this Stipulation, without which rates under the Traditional GRAM would have been adjusted by $5.09.

that will be incurred but not recovered in 2025, which is estimated to be approximately $30.4 million, and to provide for such recovery of such deferred costs by no later than the end of 2027; and

WHEREAS, rate adjustments under the Proposed Resolution would generate approximately $33 million[5] less revenue from rates over the three-year period than the Alternative Rate GRAM described above, and

WHEREAS, the Undersigned Parties have entered into this Stipulation to approve an Annual GRAM Filing consistent with the terms, conditions, and requirements of the AGL GRAM alternative form of regulation and all other applicable laws and regulations, resolve the disputed issues between the Parties, and request that the Commission approve the Proposed Resolution, as modified by this Stipulation;

THEREFORE, the Undersigned Parties agree as follows:

1. The Parties reaffirm their commitment to the terms and provisions of the Governance Document, the AGL GRAM alternative form of regulation that this Commission previously approved, and the Stipulation approved by this Commission resolving the 2025-2034 i-CDP; nothing in this Stipulation is to be interpreted or applied in a manner to negate, contradict, or alter the Governance Document, the AGL GRAM, or the 2025-2034 i-CDP unless expressly provided otherwise herein.

[5] This lower revenue requirement from rates of approximately $33 million is the Company's estimate to achieve the incremental residential customer bill adjustments shown in Workpaper 4-3. The $33 million reduction is comprised of approximately $29 million of foregone recovery by the Company and $4 million of tax credits. The actual lower revenue requirement amount may differ from this revised estimated amount in the 2026 and 2027 GRAM Annual Filings. This lower revenue from rates amount of approximately $33 million is separate and apart from the revenue requirement associated with the identified 2025 revenue requirement identified for which a deferral is authorized to permit recovery no later than the end of 2027, as provided within this Stipulation.

2. Without a Party waiving its arguments in any future proceeding, and for purposes of this Stipulation, the Parties agree that the incremental rate adjustments for the GRAM Base Rates portion of AGL's rates for 2025, 2026, and 2027 shall be those rates set forth in the 2025 GRAM Proposed Resolution as identified in Schedule 11f of Attachment A (3) of AGL's 2025 Annual GRAM Update. Except as provided in Paragraph Five and Six herein, as Workpaper 4-3 of Attachment A(3) illustrates, the monthly incremental GRAM bill adjustment for a residential customer in a Peaking Pool Group with a DDDC of 1.3 will be $2.99 in 2025, $2.99 in 2026, and $2.99 in 2027, and the monthly incremental GRAM bill adjustment for a non-peaking residential customer with a DDDC of 1.3 will be $2.36 in 2025, $2.82 in 2026, and $3.02 in 2027.

3. To provide customers rate stability over the next three years, these incremental GRAM Base Rate adjustments will occur as stated herein and will not be further adjusted through the 2026 and/or 2027 Annual GRAM Filings unless the Company files for and receives approval of an amendment to request such adjustment. A request to adjust such rates will be initiated by the Company filing for the Commission's consideration either: (a) an amendment to the 2025-2034 i-CDP as provided for in the Commission's July 2, 2024 Order in Docket No. 43820 or (b) an amendment in this docket that demonstrates that the Company has exceeded its forecasted budgets for 2025, 2026, or 2027 because it experienced unforeseen or extraordinary circumstances that resulted in additional costs beyond the Company's reasonable control.

4. In calculating the incremental GRAM Base Rate adjustments provided for herein, the Company included estimated Revenue True Up ("RTU") adjustments to the annual revenue requirements for 2025, 2026, and 2027. These annual RTU adjustments are estimated based on historical trends of actual RTU adjustments prior to the 2025 Rate Effective Period. The annual RTU estimated adjustments lower base rates for each of the Rate Effective Periods 2025, 2026,

and 2027. The amount of each such projected base rate revenue reduction is shown as a line item in the Schedule 11 for each year. Inasmuch as any under-recovered 2025 revenue requirements identified in Attachment A(3) of AGL's 2025 Annual GRAM Filing Update will be adjusted based on actual revenue requirements unrecovered in 2025,[6] for any year (2025 – 2027) in which there are surplus RTU revenues,[7] AGL shall apply such surplus RTU revenues in the 2026 and 2027 GRAM against the 2025 deferral estimate of $30.4 million for the reduction of revenue requirements in those years. Likewise, AGL shall include in its quarterly GRAM reporting a new worksheet showing the 2025 deferral amount and annual amortizations of the deferral. Additionally, AGL shall include in the new worksheet in the quarterly GRAM reporting any reductions related to the excess RTU revenues for: (i) the 2024 RTU filing applied in the 2026 GRAM filing and (ii) the 2025 RTU filing applied in the 2027 GRAM filing.

5. The Company will receive a research and development Federal tax credit under I.R.C. § 41, the Credit for Increased Research Activities, of approximately $4.6 million. The Company will also receive a State research tax credit of approximately $2.5 million. The Company will record the total amount of these tax credits of $7.1 million as a regulatory liability and expects these tax credits to reduce the revenue requirements by $9.3 million. The Company has incorporated these tax credits into the three-year period covered by this Stipulation. The Company will use these tax credits to first lower all monthly bill adjustments for residential customers, and then, without having to file an amendment, the Company will use the remaining balance of approximately $4.4 million to offset the costs the Company tracks for storm damage related to Hurricane Helene (hereinafter referred to as "storm damage" or "storm remediation"). The GRAM

[6] *See* Paragraph 6(d) *infra*.

[7] "Surplus RTU revenues" are defined as the amount by which actual available RTU revenues exceed the estimated RTU adjustments for a given year.

rates reflected in Schedule 11f of the 2025 GRAM Update filed on November 18, 2024 incorporate approximately $4.9 million of these savings by applying $1.6 million of the savings in 2025, $2 million in 2026, and $1.3 million in 2027. The Company will track as a regulatory asset the incremental expenses for storm damage, including, but not limited to, contractor expenses, O&M related repairs made to pipelines, and incremental labor and travel related costs. To the extent the Company receives additional federal or state tax credits or reductions in tax rates during the 2025 and 2026 or 2027 GRAM test years, such tax benefits will be incorporated into AGL's GRAM. The Company will apply such future tax benefits without having to file an amendment first to any remaining expenses for storm damage, and to the extent there is any additional remaining balance of the tax benefits, the Company will file a notice with the Commission and will work with Staff to determine the treatment of such remaining balance with the understanding that the balance of the tax benefits will inure to the benefit of customers. To the extent that Staff and the Company cannot reach an agreement, the Commission shall determine the appropriate treatment. The Parties acknowledge that the Company is incurring both O&M and capital costs related to Hurricane Helene storm remediation that were not included within existing budgets and that such effort will cause the Company to incur expenses and invest in capital projects not previously budgeted for 2024 and during the i-CDP process. The Company will track any such incremental costs and provide reporting in its quarterly GRAM reports that capture expense and investment in capital projects that were not previously budgeted during the 2025 – 2034 i-CDP process as a new separate worksheet. To the extent the associated revenue requirements are not offset by the tax credits described in this Paragraph, the Company can seek recovery in the 2028 Annual GRAM Filing without an amendment to the 2025-2034 i-CDP. Staff reserves the right to audit the expenses related to storm damage.

6. The following accounting and filing adjustments will be made to adopt the Proposed Resolution portion of AGL's 2025 Annual GRAM Update and to maintain the GRAM Base Rate adjustments at the levels provided for in Paragraph Two above: (a) PRP recovery would occur within the 2025-2027 timeframe, rather than 2025; (b) the Georgia state income tax rate decrease benefits customers immediately in 2025 through lower tax expense with certain other tax rate change benefits being returned to customers by the end of 2027; (c) the GRAM inflation factor, as initially determined based on the Tariff, would exclude 2022, as including it would provide higher-than-current inflation expectations; (d) the under-recovered 2025 revenue requirements identified in Attachment A (3) of AGL's 2025 Annual GRAM[8] Filing Update will be included in rate base and adjusted accordingly based on actual revenue requirements unrecovered in 2025 and will be recovered by the end of 2027 (estimated to be approximately $30.4 million); (e) the GRAM Base Rates are in addition to the DOT Rider and any revenues and revenue requirements associated with potential ECON-1 and/or USF revenues and revenue requirements; and (f) AGL will have the authority without further order of this Commission, where necessary and appropriate, to reprioritize projects, shift budgeted O&M funds among authorized projects, and address new or reassessed risks, costs, and priorities.

7. The Company will file Annual GRAM filings and any necessary revisions and required updates for 2026 and 2027 in accordance with Sections 26.3 and 26.5.2.c.iii and f of the Company's Tariff and the provisions of this Stipulation. The Company will also file Quarterly GRAM filings in accordance with the Company's Tariff and the provisions of this Stipulation. Each Annual GRAM filing's rate adjustments will equal the GRAM Proposed Resolution rates for

[8] As provided for in Paragraph Seven of this Stipulation, AGL will continue to make annual and quarterly GRAM filings through 2027 in accordance with the Company's Tariff, subject to the rates established in this Stipulation as illustrated in Workpaper 4-3 of Attachment A(3) of the Company's 2025 Annual GRAM Update.

that year as provided in Paragraph Two of this Stipulation unless the Company files for and receives approval of an amendment in accordance with Paragraph Three of this Stipulation. Staff will review AGL's filings for compliance with the Commission Order that approves this Stipulation and make a recommendation to the Commission. Staff has reviewed and recommends approval of the Company's 2025 Annual GRAM Update. The Company will file its 2026 and 2027 Annual GRAM Filings as compliance filings in accordance with this Stipulation. Staff will review the Company's 2026 and 2027 Annual GRAM Filings to determine if such filings are in compliance with the Commission's order approving this Stipulation. If Staff determines that such filings are not in compliance, Staff will provide AGL adequate opportunity to address any issues that Staff believes are not in compliance. Absent the Company filing an amendment or Staff having an objection,[9] the 2026 and 2027 Annual GRAM Filings shall be deemed approved upon Staff filing a Statement of Confirmation and no further action by the Commission is required with no further action by the Commission necessary.

8. During the course of the year or as part of the annual GRAM, if the Company files an amendment, Staff may audit and object to any amendment and any rate adjustments contained therein. Staff has 110 days to review any such amendment and place on the Agenda to make a recommendation to the Commission to approve, modify, or deny the amendment. Staff reserves the right to challenge any petition for an amendment and any proposed rate adjustment contained therein, along with the associated GRAM schedules, and work papers. The Commission shall issue an Order approving, modifying, or denying the Company's amendment.

[9] Any objection to the Annual GRAM Filing shall not challenge the rates in Paragraph Two of this Stipulation.

9. Except as specifically provided herein, this Stipulation is not intended to and shall not prejudge the appropriateness of a different resolution of Annual GRAM Filings after AGL's 2027 Annual GRAM, and a Party may take a different position regarding a resolution of Annual GRAM Filings after AGL's 2027 Annual GRAM. Nonetheless, Staff and AGL agree that AGL will not seek to recover in a subsequent year, specifically, 2025, 2026, 2027 or a subsequent year, the difference (initially estimated to be approximately $33 million) in revenue requirements that the Proposed Resolution as modified by this Stipulation will generate as compared to the Alternative Rate GRAM described above.[10] Beginning with the 2028 Annual GRAM Filing, AGL shall resume calculating then-current revenue requirements as provided within AGL's Tariff and the Commission's previous orders regarding AGL's GRAM and will not seek to defer or establish a regulatory asset to recover the $29 million referenced herein on page 4, footnote 5.

10. Approval of the Proposed Resolution within the 2025 Annual GRAM Update and setting GRAM Base Rates for 2025, 2026 and 2027 as part of the authorized alternative form of regulation for AGL is in the public interest and will produce just and reasonable rates.

11. Each Party commits to the other to cooperate in the implementation of this Stipulation as written. The Parties agree to use their best efforts to obtain approval of this Stipulation. Except as modified herein, the Company's 2025 Annual GRAM Update "Proposed Resolution" in this Docket No. 42315 should be approved. This Stipulation is conditioned upon the approval of all aspects of this Stipulation by the Commission, and the Parties hereby request that the Commission approve the Stipulation fully as set forth herein. Notwithstanding any

[10] *See* note 5 and accompanying text.

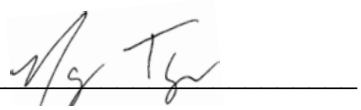
provision of this Stipulation, at any time the Company may file a rate case and Staff may institute a Rule NISI.

12. This Stipulation may be executed in several counterparts, which shall be considered one settlement agreement.

[SIGNATURES ON FOLLOWING PAGE]

Agreed to this 18th day of November 2024.

On behalf of Staff of the
Georgia Public Service Commission



Name: Nancy Tyer

Title: Director, Natural Gas Unit

On behalf of
Atlanta Gas Light Company



Name: Pedro Cherry

Title: President and CEO