BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

IN RE: LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORPORATION PETITION FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND REVISED TARIFF AND APPLICATION FOR AN ALTERNATIVE FORM OF REGULATION	} } } } } }	DOCKET NO. 42959

STAFF'S ISSUES AND RECOMMENDATIONS ON LIBERTY'S 2024 REVENUE TRUE UP FILING

June 23, 2025

TO: ADAM BIGKNIFE
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I. Background

On July 30, 2020, the Commission approved the Final Order in Docket No. 42959 related to the Liberty 2020 rate case. The Final Order approved the 2020 GRAM Stipulation. The 2020 GRAM Stipulation ("Section 5"), provides for the operation of the Revenue True Up ("RTU") filing, as provided below.

Mechanism to True Up Actual Revenues to Revenue Projections: Revenue True Up ("RTU")

During each Rate Effective Period, Liberty shall track actual non-gas revenues collected to be compared to the projected revenues as follows:

The rates authorized by the Commission's Order in the 2020 Rate Case will be in effect from August 1, 2020, through January 31, 2022. For purposes of the RTU mechanism, the Rate Effective Period for rates authorized by the Commission's Order in the 2020 Rate Case will be February 1, 2021, through January 31, 2022. By April 30, 2022, Liberty shall file with the Commission schedules that compare (a) the non-gas-cost revenue projections included in Exhibit A to the 2020 Rate Case Stipulation with (b) actual non-gas-cost revenues for the Rate Effective Period.

By April 30th following each subsequent Rate Effective Period, Liberty shall file with the Commission schedules that compare (a) the preceding Forward-looking Test Year non-gas-cost revenue projections with (b) actual non-gas-cost revenues related to amounts billed during the same period for services that have been provided.

The schedules shall exclude special contracts. Liberty and Staff may agree to additional schedules and workpapers as appropriate. If such actual non-gas-cost revenues exceeded the non-gas-cost revenue projections for the same comparison period, Liberty shall calculate an RTU adjustment to lower rates over a 12-month period by the amount that such actual revenues exceeded projections. If Liberty's actual non-gas-cost revenues were below the non-gas-cost revenue projections for the same comparison period, Liberty shall calculate an RTU adjustment to increase rates over a 12-month period by the amount that such projected revenues exceeded actual non-gas-cost revenues. Any calculated RTU adjustment (positive or negative) shall be adjusted to account for the time value of the money at Liberty's authorized rate of return. As part of the Annual GRAM Filing, there shall be a line item on Schedule-11 that shows the RTU adjustment to the final revenue requirement number. As part of the Annual GRAM Filing WP 4-4, the RTU adjustment increase or decrease to rates and charges shall be provided.

If any adjustments to Liberty's rates are indicated based on the operation of the RTU mechanism described in this Section 5, the Staff shall present a recommendation and provide Liberty written notice no later than June 30 (two months following Liberty's RTU Filing) of any potential adjustment to be proposed by Staff to such rate adjustments. If Staff does not provide such notice by June 30, the RTU adjustment proposed by Liberty shall be the RTU adjustment for the applicable period. If Staff provides such notice, Liberty and Staff will work in good faith to reach an agreement as to the appropriate adjustment, if any, that results from the application of this Stipulation. Any RTU adjustment agreed to by Liberty and Staff shall be the RTU for the applicable period. In the event that Staff and Liberty are not able to resolve any differences between Liberty's proposed RTU adjustment and the adjustment proposed by Staff, if any, the issue shall be presented to the Commission no later than the first Energy Committee on or after August 1st so that the Commission may vote on any such recommendations concerning an adjustment to rates. The RTU adjustment (which relates to amounts billed during the Rate Effective Period for services that had been previously provided), if any, calculated according to the process described above shall be applied to the rates that result from the following Annual GRAM Filing and shall be spread to each customer Class tariff customer charge in proportion to its projected relative base revenue share approved in the Final Order on each bill rendered during the next Rate Effective Period following the RTU calculation.

II. Liberty's 2024 GRAM RTU Filing

On April 30, 2025, Liberty Utilities (Peach State Natural Gas) Corporation ("Liberty"), filed its 2024 GRAM RTU filing related to the 2024 GRAM Rate Effective Period. The purpose of the filing was to compare the actual rate base revenues to the forecasted rate base revenues from the 2024 GRAM filing. The proposed 2024 GRAM RTU adjustment provided by Liberty included a revenue shortfall totaling **($610,243.29)**. The Staff reviewed the filing and found several issues.

On May 21, 2025, the Staff issued its 25th Set of Data Requests to Liberty to obtain additional information on various items and to resolve issues found in the 2024 GRAM RTU filing. On June 5, 2025, Liberty filed responses.

The Staff reviewed the responses, and there were still issues left unresolved. As required in the 2020 GRAM Stipulation Section 5 for the RTU, by June 30th, the Staff must provide recommendations to Liberty the issues found. If there is no resolution to the issues, the Staff shall present its recommendations before the Commission no later than the first Energy Committee on or before August 1st

III. Staff's Issues and Recommendations

Issue-1: Unbilled PGA Costs missing from WP 2-1.

As part of **STF-25-1**, the Staff addressed the issue of Unbilled Revenue in the 2024 GRAM RTU filing in WP 2-1. In **STF-25-2**, the Staff addressed the issue of Unbilled PGA Costs. The income statements filed in the quarterly report provide both Unbilled Revenue and Unbilled PGA Costs. In the 2024 GRAM RTU filing in WP 2-1, Liberty included Unbilled Revenue in the revenue section but failed to include Unbilled PGA Costs in the Gas Costs Billed to Customers section of the filing. In **STF-25-3**, Liberty responded that Unbilled PGA Costs were offsetting accounts matching the Unbilled Revenue accounts. In order to confirm Liberty's assertion that Unbilled PGA Costs are offsetting accounts matching the Unbilled Revenue accounts, Unbilled PGA Costs must be included in WP 2-1. This inclusion will match the dollar amounts in the 2024 income statement filed in the 4th Q 2024 GRAM report. Without this inclusion, an incorrect Net Revenue will be calculated. Unbilled PGA Costs should be placed in WP 2-1, matching the dollar amounts in the 2024 income statement filed in the 4th Q 2024 GRAM report.

Staff Recommendation: The Staff recommends that the Unbilled PGA Costs must be placed in WP 2-1, matching the dollar amounts in the 2024 income statement filed in the 4th Q 2024 GRAM report.

Issue-2: Unauthorized Adjustments in WP 2-1

In **STF-25-4**, the Staff focused on adjustments displayed in WP 2-1 Rows 35, 36, 38, and 39. The adjustments included the following:

34	Adjustments to Net Revenue
35	Remove Unbilled Revenue
36	Remove Regulatory Timing
38	Remove Misc Income
39	Adjust for Amounts Billed in Arrears

The Staff removed the adjustments because they were not agreed to by Staff and Liberty as required by the 2020 GRAM Stipulation. The only agreed-upon revenue adjustment was the removal of Special Contract revenue. As part of the response to STF-25-4, Liberty agreed to

remove the adjustments, and stated that the revenue account categories in WP 2-1 in Rows 8 – 12, 14, and 20 – 21 will need to be removed. Liberty showed these changes in its STF-25-5(e) Attachment-1. Liberty was misleading in its agreement to remove the adjustments in Rows 35, 36, 38, and 39, but in turn, it made adjustments in Rows 8 – 12, 14, and 20 – 21 to remove these items in a different manner. As provided in the Staff and Liberty agreed on 2020 GRAM Stipulation approved by the Commission, the only adjustment to revenues allowed is the removal of Special Contract revenues. No other adjustments are allowed without agreement between the Staff and Liberty.

Staff Recommendation: The Staff recommends that the only revenue adjustment allowed in the RTU filing WP 2-1 is the removal of Special Contract revenues, specified in Section 5 of the 2020 GRAM Stipulation. No other adjustments are allowed without agreement between the Staff and Liberty.

Issue-3: Liberty provided a STF-25-5(e) Attachment-1 that included incorrect calculations related to the 2024 GRAM RTU actual net revenues because it included unauthorized revenue adjustments and excluded Unbilled PGA Gas Costs. The Staff provided a **Revised WP 2-1 as Staff-Attachment-1** attachment with corrected dollar amounts. The Staff proposed a 2024 GRAM RTU adjustment calculated to a revenue over-recovery totaling **$492,179.68.**

Staff Recommendation: The Staff recommends that the Company replace its original WP 2-1 with the **Staff-Attachment-1** to show a revised WP 2-1 with a 2024 GRAM RTU credit of **$492,179.68**. This revision includes Unbilled PGA Costs and the removal of the unauthorized revenues. This is consistent with the 2020 GRAM Stipulation and with the income statement.

Issue-4: As provided in the 2024 GRAM Stipulation, Liberty is allowed to wait 75 days after the end of the 1st Q – 3rd Q to file its quarterly reports. For the 4th Q, it is allowed to wait up to 90 days to file its report. As provided in STF-25-5, the Staff wants Liberty to file its GRAM quarterly reports 52 days after each quarter, and Liberty declined.

The 75-day delay in the filing of these reports is a holdover from Atmos Energy, whose financial reporting was constructed in Dallas, Texas. The Georgia territory did not have an accounting department, and all accounting activities were performed outside of Georgia. Liberty inherited this timeline when it purchased the Atmos Energy territory in Georgia in 2013. The RTU filing is made on April 30th, 2025. The Staff must provide a statement on the dollar amount requested before June 30th, 2025. The Staff does not have access to the quarterly filing until June 15th to verify the dollar amounts. In order for the Staff to perform its due diligence in a less onerous environment, a different schedule for filing the quarterly reports is desired.

Liberty stated it only has two people to do all of its regulatory work and would need to hire more people in order to file the quarterly reports 52 days after the end of the quarter. They pointed to Atlanta Gas Light Services Company's ("AGSC") 52-day timeline for quarterly report submission for AGL, stating AGSC has a larger staff. Liberty's response did not take into account that AGSC services four (4) regulated natural gas utilities in four (4) states with multiple

reporting requirements. Liberty only serves one State, Georgia. The only other option is for Liberty to agree to change the June 30th RTU deadline to July 30th and change the August 1st deadline to August 30th.

Staff Recommendation: The Staff recommends that Liberty review its Georgia regulatory structure and begin to file GRAM quarterly report filings every 52 days. Alternatively, the Parties can agree to change the June 30th deadline to July 30th and the August 1st deadline to September 1st.

Issue 5: Staff and Liberty Agreed on Items related to STF-25-5 (a) – (d) & (f) – (j) related to the RTU filing format

a. No response requested.
b. The Company has agreed to remove Schedule 1 from the RTU filing.
c. The Company agrees to remove WP 1-1 from the RTU filing.
d. The Company has agreed to remove Schedule 2 from the RTU filing.
f. The Company has agreed to remove WP 2-2 from the RTU filing. [See Response STF-25-1(b) where it is indicated that Special Contract Revenues are already included on the Income Statement in FERC 4810, which match those found in the supporting Revenue Proof and Billed Revenue workpapers as part of Quarterly GRAM filings.]
g. The Company agrees to remove WP 2-2-1 from the RTU filing.
h. The Company has agreed to remove WP 2-3 from the RTU filing.
i. The Company agrees to remove the Billed Revenue from the RTU filing.
j. The Company agrees to remove the Rev Proof from the RTU filing.

Staff Recommendation: The Staff recommends the Staff and Liberty agreed on items related to the STF-25-5 (a) – (d) & (f) – (j) for the RTU filings format to be approved.

IV. Staff Summary of Staff Recommendations.

First, The Staff recommends that the Unbilled PGA Costs must be placed in WP 2-1 matching the dollar amounts in the 2024 income statement filed in the 4th Q 2024 GRAM report.

Second, the Staff recommends that the only revenue adjustment allowed in the RTU filing WP 2-1 is the removal of Special Contract revenues, specified in Section 5 of the 2020 GRAM Stipulation. No other adjustments are allowed without agreement between the Staff and Liberty.

Third, the Staff recommends that the Company replace its original WP 2-1 with the **Staff-Attachment-1** to show a revised WP 2-1 with a 2024 GRAM RTU credit of **$492,179.68**. This revision includes Unbilled PGA Costs and the removal of the unauthorized revenue adjustments. This is consistent with the 2020 GRAM Stipulation and with the income statement.

Fourth, the Staff recommends that Liberty review its Georgia regulatory structure and begin to file GRAM quarterly report filings every 52 days. Alternatively, the Parties can agree to change the June 30th deadline to July 30th and the August 1st deadline to September 1st.

Fifth, the Staff recommends that the Staff and Liberty agreed on items related to the STF-25-5 (a) – (d) & (f) – (j) for the RTU filings format to be approved.

Sincerely,

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