



Georgia Public Service Commission

Contact: Bill Edge
Phone 404-656-2316
www.psc.state.ga.us

244 Washington St S.W.
Atlanta, Georgia 30334
Phone: 404-656-4501
Toll free: 800-282-5813

FOR IMMEDIATE RELEASE

NEWS RELEASE

19-15

Commission Hands Down \$250,000 Civil Penalty Against Atlanta Gas Light Company on Eastside Pipeline; *Approves Settlement on Outstanding Issues*

ATLANTA, October 6, 2015 – The Georgia Public Service Commission (Commission) today unanimously approved a \$250,000 civil penalty against the Atlanta Gas Light Company (AGLC) that will settle issues surrounding the construction and deployment of the Eastside Pipeline while protecting ratepayers from future costs involving deficiencies in the Eastside Pipeline. The Commission approved a negotiated settlement that means AGLC ratepayers will not be liable for the costs to repair and replace those parts of the Eastside Pipeline which were found to have corrosion deficiencies and other problems. AGLC has admitted no wrongdoing, however the Company will pay the \$250,000 into the state treasury.

In addition, the settlement closes out the entire AGLC Pipeline Replacement Program (PRP) and will settle all costs involved in the PRP, a nationally recognized program that since 1998 has replaced over 2,700 miles of bare steel and cast iron pipe on the AGLC system. The Eastside Pipeline, a 24-inch natural gas distribution pipeline that runs approximately 27 miles from Riverdale to Chamblee on the east side of metro Atlanta, is the final segment of the PRP to be completed, at a total cost of \$211 million. This settlement is contained in Docket Numbers 8516, 37024, 18638 and 29950.

Under the agreement, AGLC agreed to reduce its PPR true up request from the PRP surcharge from \$178 million to \$144 million. The Company will collect \$144 million through the PRP surcharge while an additional \$30 million would be collected through future rate base adjustments beginning no sooner than March 31, 2017. By decreasing the PRP under-recovery to \$144 million, the ratepayers will save an \$49 million through December 2025. Furthermore, the stipulation ensures that ratepayers will not pay twice for the installation of the Eastside Pipeline and resolves the Commission's Prudency Audit financial issues in Docket 38664.

Upon a motion from Commissioner Tim Echols, the Commission adopted a phased in approach which will add small increases in the PRP surcharge to customers' bills over a three year period beginning in October 2015. The first increase will be \$.82 beginning this month, \$.81 in October 2016 and \$.81 in October 2017 for a total of \$2.44 per customers.

AGLC will perform an additional inspection of the pipeline within the next two years and will bear any additional repair or replacement costs and will not seek to recover those costs from ratepayers. This provision of the settlement was added at the urging of Commissioner Tim Echols. "This settlement strikes the right balance and has many consumer protections contained within it," said Echols. "At the same time, the settlement does not impede AGL's litigation position with contractors."

“I am pleased that the ratepayers are not put at risk for the costs of replacing and repairing the corrosion on the Eastside Pipeline,” said Commissioner Stan Wise. Wise noted that Georgia’s PRP has been a nationwide model for other states dealing with aging and corroded pipeline distribution systems.

“This Commission takes its responsibility seriously and does not kick the can down the road when it comes to issues of safety and reliability,” said Vice-chairman Lauren “Bubba” McDonald.

The entire PRP surcharge will end the sooner of December 1, 2025 or when the under recovery is fully collected.

Under the settlement AGL also agrees to implement the following enhancements to its operating procedures to mitigate any reoccurrences in future projects:

- Trenching, bedding and backfill
- Cathodic Protection
- Pipeline integrity monitoring
- River crossing inspections
- Thermit welding
- Pipe loading diagrams

Background

The Commission approved the PRP in 1998 as one of the nation’s first state-wide comprehensive programs to replace unprotected bare steel and cast iron pipe in a natural gas distribution system. Georgia’s program has become a model for other states also struggling with aging and corroded natural gas distribution pipes. The PRP has been funded with a monthly surcharge on customers’ bills.

The Georgia Public Service Commission is a five-member constitutional agency that exercises its authority and influence to ensure that consumers receive safe, reliable, and reasonably-priced telecommunications, electric and natural gas service from financially viable and technically competent companies.

For more information on the Commission, see the Commission web site at www.psc.state.ga.us.

###