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NEWS RELEASE

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Commission Approves Southern Company Merger with AGL Resources *Settlement Includes Three Year Freeze on Georgia Power Rates*

ATLANTA, April 14, 2016 – The Georgia Public Service Commission (Commission) today unanimously approved the Southern Company merger with Atlanta-based AGL Resources, Inc. by approving the proposed settlement of the Joint Request by the Petitioners in Dockets 39971 and 9574. All parties in the proceeding supported the settlement. Today’s decision settles all issues in the above mentioned dockets and will cancel any further scheduled proceedings.

One of the key items in the settlement is a three year freeze on Georgia Power’s base rates meaning Georgia Power rates will remain the same through December 31, 2019.

The Commission approved settlement of the merger includes a number of items to protect the ratepayers of Atlanta Gas Light Company and Georgia Power Company as well as consumers who receive natural gas from Commission certificated natural gas marketers in Georgia’s deregulated natural gas market.

“I believe this agreement contains safeguards for ratepayers and consumers while at the same time allowing this merger to move forward in accordance with Georgia law and Commission rules,” said Commission Chairman Chuck Eaton.

“Every intervenor representing every class of ratepayers signed off on this. Every group acknowledged that this settlement is a huge benefit for the ratepayers who will benefit from this rate freeze for the next three years,” said Commissioner Stan Wise.

“The merger is good for the Georgia economy,” said Commissioner Tim Echols. “Had AGL Resources left our state with one of the other companies pursuing them, they would have taken many jobs with them. Keeping them in Georgia has a very positive impact.”

“I am pleased that we were able to keep Georgia Power’s rates at the same level for the next three years,” said Commission Vice-chairman Lauren “Bubba” McDonald. “And ensure that our deregulated natural gas market in Georgia remains competitive.”

“I am proud to support this settlement that means stable rates for Georgia Power customers for the next three years,” said Commissioner Doug Everett. “All consumer protections remain in place to ensure that customers of both companies continue to receive reliable, safe and efficient service.”

Outlined below are the Principal Terms of The Settlement:

1. No harm to current service. Georgia Power and Atlanta Gas Light agree to continue to devote resources necessary to maintain current service quality, reliability, and safety levels.
2. Merger costs. The Companies shall not recover any merger costs (transaction costs, transition costs, Goodwill costs, or fair value in excess of net book value) from ratepayers.
3. Merger savings. The Companies will take reasonable and prudent steps to integrate the companies and identify and implement efficiencies and cost savings. To incentivize the Companies to find savings, Georgia Power and Atlanta Gas Light shall be allowed to retain actual merger savings achieved in each of the three calendar years following the merger. Following the initial three years, all merger savings shall be shared on a 60-40 per cent basis between ratepayers and the companies for an additional three year period. Thereafter, 100 per cent of merger savings shall be flowed through to customers of Georgia Power and Atlanta Gas Light either through base rates or through a surcredit rider.
4. Credit Costs. Any increases in credit costs directly related to the merger shall not be recovered from ratepayers.
5. Atlanta Gas Light Rates. There is no prohibition on AGL filing a rate case.
6. Georgia Power Rates. No base rate case this summer and no base rate increases for three years. The current 2013 Georgia Power accounting order shall continue until December 31, 2019 with no rate adjustments.
7. Affiliate Transaction Standards
 - a. The Affiliate Transaction Standards approved by the Commission for Georgia Power in Docket 9355 shall also apply to Georgia Power's interactions with Atlanta Gas Light or any other AGL Resources subsidiary. Additionally, Georgia Power shall comply with the Southern Company Services (SCS) 2016 Cost Accountability and Control Manual.
 - b. Atlanta Gas Light shall continue to file Affiliate Transaction Reports with the Commission, but shall now include any Southern affiliates and costs after the merger transaction closes. Prior to making any changes to affiliate transaction cost allocations and reporting, Atlanta Gas Light representatives shall meet with Commission staff to discuss any changes in Atlanta Gas Services Company (AGSC) allocation methodologies and reporting
 - c. There shall be no sale, purchase, transfer, or loan of Atlanta Gas Light or Georgia Power assets to other AGSC or SCS affiliates without Commission approval.
8. Market Conditions
 - a. The affiliate transaction requirements set for Southern Company Gas in Docket 15585 shall apply to interactions between Georgia Power and GNG. Atlanta Gas Light shall continue to comply with the standards of conduct under O.C.G.A. 46-4-159. The Stipulation also provides for a number of other permanent market conditions.

- b. In addition to the permanent market conditions, the Stipulation contains a number of “Additional Market Conditions” that shall remain in effect for at least three years. After three years any party may petition the Commission to reexamine these additional conditions.
9. Sequent Asset Management. The current Sequent Asset Management agreement will be extended for a period of three additional years until March 2020. The Sequent extension will be on the same existing terms and conditions and will include a provision that either the Commission Staff or Sequent may seek to renegotiate the terms should the assets under management materially change as a result of any intervening capacity supply plan approved by the Commission during the extended term.

Southern Company announced plans to acquire AGL Resources August 24, 2015 and the Joint Petitioners filed a formal petition for Commission approval on December 15, 2015. The Commission held a hearing on the Joint Petitioners direct testimony on March 15, 2016.

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 visit our web site at www.psc.state.ga.us .

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