**GEORGIA PUBLIC SERVICE COMMISSION**

# *NEWS RELEASE*

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## GAS BILLS CHANGE AS ATLANTA GAS LIGHT PREPARES FOR COMPETITION

ATLANTA – Atlanta Gas Light Company's 1.4 million residential and small business customers in Georgia are beginning to see changes in their bills necessary for the utility to prepare for competition this November. The change customers will notice first is that the base charges in gas bills are now annualized. The new billing mechanism is similar to budget billing where customers pay roughly the same amount each month. This results in higher bills in the summer that are offset by lower bills in the winter. Customer confusion is growing as summer bills arrive.

The billing changes are the result of legislation passed in 1997 which sets the stage for competition in the natural gas market beginning in November. The Georgia Public Service Commission (PSC) implemented the legislation in June with the expectation that competition will bring better service, more choices and potential savings over time. Nearly thirty companies are eager to start signing-up customers this fall pending PSC certification.

Once the legislation is fully implemented, AGL will no longer sell gas directly to consumers, but will deliver gas for marketing companies who will sell gas at competitive rates to homes and businesses. The method of delivering the gas to homes and businesses will not change. The prices charged by AGL to marketers for delivery service will continue to be regulated because the infrastructure itself remains a monopoly. However, marketers will offer their own competitive rates to consumers starting November 1, 1998.

Since, in the near future, Atlanta Gas Light Company will only be delivering gas for marketers, it is necessary for the utility to separate the costs of delivering gas from the cost of the gas itself. Effective July 1, the utility began to level out, or annualize, the delivery portion of the customer bill - similar in concept to budget billing. That means instead of paying more in the winter and less in the summer for delivery, customers will pay about the same amount each month. So this summer, bills will be higher than last summer. Accordingly, had the utility implemented these changes in the winter, bills would have been lower than last winter. The consumption portion of the customer's bill will continue to vary depending on how much gas the customer uses during the billing period.

Not only has the billing mechanism changed, the Georgia Public Service Commission (PSC) is still wrestling with how to assess certain transitional costs consumers must pay to convert from a monopoly run system to a market based system. The average residential customer, who uses an average of 880 therms of gas per year for cooking, water and space heating, can expect an increase between 3 to 7 % percent of their total bill. The average small commercial customer (5,717 therms per year) will see nominal increases from .75% to 1.45%. Though the increase will be significant to many consumers, it is important to note that the utility has not seen a rate increase since 1993. Typical increases in a regulated market average between 3 to 4 % percent. The final rate structures will be known in the coming weeks once deliberations are completed at the PSC.

The utility is also implementing a new late charge effective with late July bills. Through July bill inserts, the utility notified customers last month that a penalty of 1% or $10.00 (whichever is greater) would be applied to late bills. However, at the urging of the PSC, the utility has agreed to reduce the late charge to 1% or $5.00 (whichever is greater) and will only apply it to delinquent balances of $15.00 or more. The change in late fees is necessary to offset the costs imposed on the utility by delinquent customers.

Gas bills are made up of two components. The gas delivery charge represents about one-third of the total bill and compensates Atlanta Gas Light Company for its cost of providing gas service plus a return. The consumption charge represents about two-thirds of the total bill and includes the cost of the natural gas itself and the amount actually used by the customer.

Before July 1, the gas delivery charges were based each month on the volume of gas each customer used during that billing period. As a result, the old gas delivery charges fluctuated throughout the year from an average low of about $12.97 for summer months to an average high of about $28.03 in midwinter. Because the new gas delivery charges are now annualized, customers will pay a higher amount this July and August compared with what they paid last year. However, customers will pay a lower delivery charge this winter compared to what they paid last winter. The new monthly delivery charge is based on the average peak demand a given customer places on the system.

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