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NEWS RELEASE

PSC Adversary Staff Files Testimony in Atlanta Gas Light Company Rate Case

Atlanta, February 25, 2005 — The Georgia Public Service Commission (Commission) Adversary Staff, in its prefiled testimony today in the Atlanta Gas Light Company Company rate case, argues that the Commission should reject the Company's proposed rate increases. The Company filed on October 15, 2004 for:

- An annual increase of \$25.6 million in base rates that would increase monthly bills by \$1.39.
- An additional \$7.5 million per year in the form of a new economic development surcharge rate.
- In addition, the Company estimates that its Pipeline Replacement Program ("PRP") surcharge rate will require an estimated \$9.5 million per year increase in October 2005, another estimated \$11.1 million per year increase in October 2006, and another estimated \$8.9 million per year increase in October 2007.

The Company presented its case to the Commission in hearings last month.

According to staff, these five rate increases over the next three years would collect an estimated \$146.9 million if they were authorized as requested by the Company. The Adversary Staff contends that no rate increases are necessary and recommends that the Commission adopt a Comprehensive Rate Plan for the Company. Details of the Adversary Staff Plan to stabilize rates for three years are as follows:

- Freeze the Company's rates for three years
 - No increase in base rates
 - No new rate for economic development
 - No increase in the pipe replacement rate.
- Adversary Staff contends that the Company is currently over-earning \$55 million per year from its base rates. Those over-earnings would be used to offset and levelize the Company's future pipeline replacement costs – resulting in rate stability for the next 3 years.

During a rate case, the Commission's designated Adversary Staff is considered separate from the five elected Commissioners. The Adversary Staff puts on its own case, offers an independent

evaluation of the utility's request, participates in the rate case as a party, and uses its attorney to cross-examine utility witnesses.

The Commission designates a separate Advisory Team to answer Commissioners' questions and provide analytical support. The Advisory Team is not a party in the rate case; instead, they make recommendations to the Commission at the end of the case after considering all of the testimony and evidence presented in the case.

The Commission will hear the testimony of Adversary Staff and other intervenors in the case March 14-17, 2005. Rebuttal testimony by the Company will be presented April 11-12, 2005. The Commissioners will decide the matter on at a Special Administrative Session on April 28, 2005.

More information on this issue can be found using the Docket Search on the Commission website, www.psc.state.ga.us and entering Docket Number 18638.

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