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News Release

PSC Freezes Rates for Atlanta Gas Light Rate Case; Saves Customers \$32.5 Million

Atlanta, June 10, 2005 -- The Georgia Public Service Commission (Commission) today approved an agreement in the Atlanta Gas Light Company (AGLC or Company) rate case, Docket Number 18638-U that provides for a five-year rate freeze for natural gas customers in the AGLC distribution area. Under the proposal by Commissioner David Burgess, AGLC customers and low-income senior citizens will save \$32.5 million over the next five years due to a three-year freeze in charges for the Pipeline Replacement Program and an increase in the monthly low-income senior citizen discount.

Commissioner Burgess said, "I am offering this settlement because it makes good policy, and if we get the policy right it drives a good decision." Commissioner Burgess said the four guiding principles that shaped his decision were: 1) minimizing the cost and the disruption of the pipe replacement program; 2) achieving rate stability during these times of volatile energy prices; 3) maintaining a viable utility company; and 4) making the best use of the PSC's limited staff resources.

A majority of the Commission voted 3-2 to vacate the Commission's April 29, 2005 Order and approve the proposed settlement which the Company has accepted.

Highlights of the settlement include:

- A five-year freeze in the Company's rates, effective May 1, 2005 through April 30, 2010.
- A Return on Equity (ROE) of 10.90%.
- Extension of the Pipe Replacement Program (PRP) from its current 10-year schedule to 15 years with current rates frozen for the next three years. This will save consumers \$25 million.

Commissioner Stan Wise, who supported the agreement, also called for a more defined role of Commission staff and other parties in future rate case proceedings. "I hope this Commission will revisit the use of Adversary and Advisory staff roles," Wise said, "The Commission staff's job is to provide unbiased and neutral analysis not to act as adversaries to those entities regulated by the Commission."

The settlement also increases the monthly discount for low-income senior citizens by \$3.50; from the current \$10.50 to \$14.00 or the amount of the AGL base charge whichever is less, giving those qualified senior citizens a rate decrease of as much as \$42 a year. A majority of the Commission approved an increase in the Company's proposed Home and Heart Warming program to \$1 million.

The monies will be used to buy space heaters for qualified low-income recipients.

The Company's original rate increase request sought an increase in annual revenues of \$24 million that would have raised monthly residential bills about \$1.39.

The Commission's decision follows extensive hearings on the issue this year. For more information, use the Docket Search function on the Commission website, www.psc.state.ga.us, and enter Docket Number 18638.

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