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Docket No. 32499

**Order Approving Atlanta Gas Light Company's 2011 Universal Service Fund ("USF")  
Facilities Expansion Plan ("2011 Plan")**

This matter comes before the Georgia Public Service Commission ("Commission") as a result of Atlanta Gas Light Company's ("AGLC" or "Company") September 7, 2010 petition related to its 2011 Plan. During the November 1, 2011 Administrative Session, the Commission voted to approve AGLC's petition with certain modifications.

**Background**

On September 7, 2010, AGLC filed its 2011 Plan with the Commission requesting its full 5% capital budgetary cap. On October 6, 2010, the Staff issued its First Set of Data Requests, and AGLC responded on December 6, 2010. On December 22, 2010, the Staff issued its Second Set of Data Requests to AGLC, and on February 3, 2011, AGLC filed responses. On February 24, 2011, AGLC filed that its capital budget for 2011 was \$231,411,697, of which, 5% was \$11,570,858. On May 12, 2011, AGLC filed a revised plan to its original September 7, 2010 filing. On June 6, 2011, the Staff issued its Third Set of Data Requests and on July 8, 2011, AGLC filed responses. On August 4<sup>th</sup>, the Staff issued its Fourth Set of Data Requests and on August 23, 2011, AGLC filed responses. On September 26, 2011, Clean Energy Fuels Corporation filed comments concerning the 2011 Plan.

**Commission Decision**

During the November 1, 2011 Administrative Session, the Commission approved AGLC's May 12, 2011 revised 2011 Plan filing, with the modifications offered by Staff in Option-A: Hybrid Retailer/Fleet Program, and with further modifications discussed below, and found it to be in the public interest.

The Commission also approved AGLC's V-52 Rate Schedule and the CNG-1 Rate Schedule to be included in the tariff. The Commission approved the way for a Notice of Proposed Rulemaking ("NOPR") for Commission Rule 515-7-5-.07 to consider changes proposed by AGLC in Attachment-D of its May 12, 2011 revised 2011 Plan filing. The Commission recognized Clean Energy, Mansfield Oil, and Gas South as intervenors in Docket No. 32499.

The Commission also modified the RFP process and the qualifying criteria for Project

Applicants. The Commission-approved plan for the 2011 USF Plan is attached as Attachment A.

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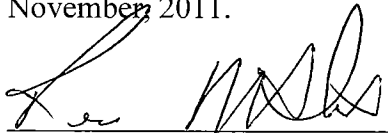
**WHEREFORE IT IS ORDERED**, that the Commission hereby approves AGLC's 2011 Plan, as modified (See Attachment A), and finds it to be in the public interest.

**ORDERED FURTHER**, that AGLC shall file quarterly reports within 30-days following the end of the quarter with the Project Information, Financial Information, and Statistical Information as filed in previous USF Facilities Expansion Plan reporting.

**ORDERED FURTHER**, that any motion for reconsideration, rehearing or oral argument shall not stay the effectiveness of this Order unless expressly so ordered by the Commission.

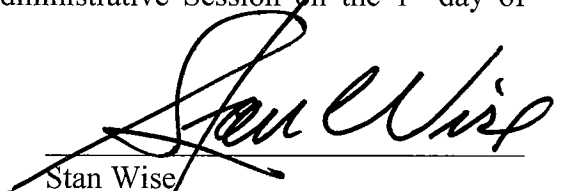
**ORDERED FURTHER**, that jurisdiction over this proceeding is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in Administrative Session on the 1<sup>st</sup> day of November, 2011.



Reece McAlister  
Executive Secretary

11-28-11  
Date



Stan Wise  
Chairman

11-29-11  
Date

## **Attachment-A**

### **The Approved AGL CNG Program**

#### **I. Introduction**

The AGL CNG Program is approved under the Universal Service Fund (“USF”) 2011 Facilities Expansion Plan (“2011 Plan”) and will consist of two phases. Phase I projects will be new construction using USF funds to install CNG Equipment for at CNG Stations to serve CNG Retail and commercial Fleet Customers, pursuant to the 2011 Plan that will utilize Atlanta Gas Light Company’s (“AGLC” or “Company”) 5% budgetary cap, or \$11.57 million. Phase II will not use USF funds as part of its implementation. Instead, Phase II will use proceeds from commercial activities at each CNG Station generated by the Equipment Usage Fee (“EUF”) collected from the operation of the Phase I CNG Equipment to fund three additional initiatives which are not part of the 2011 Plan.

AGLC will bill and collect revenues from CNG Retail and Fleet Customers for services provided at the CNG Stations. AGLC will generate revenue under the new CNG-1 tariff, which is a modification of the V-52 rate, for the Company’s distribution and compression service to CNG Stations installed under the 2011 Plan. The CNG-1 rate schedule includes a delivery rate, together with an O&M charge and a EUF in place of the V-52 facilities charge. The O&M charge will allow the Company to recover actual costs incurred from providing service from the Company’s CNG Equipment at each CNG Station, such as preventive maintenance, repairs, and electricity, and will be tracked separately for each station and recovered based on actual expenses incurred. The EUF will be calculated based on a percentage of the installed cost of AGL’s CNG Equipment, and adjusted on a monthly basis, depending on utilization of the CNG Equipment at each CNG Station. The revenue from the EUF will be collected by AGLC and held in a Reserve Account maintained by the Company to fund the three Phase II programs discussed in the 2011 Plan.

The AGL CNG Program as filed on May 12, 2011, with the modifications offered by Staff in Option-A: Hybrid Retailer/Fleet Program, and with the additional modifications made herein, shall provide the scope, nature and program governance for the implementation and execution of the program.

#### **II. Phase-1: Projects & Activities Funded by the USF**

##### **Request for Proposal (“RFP”) Process**

1. Upon Commission approval of the 2011 Plan, AGLC shall implement an RFP process. The Company shall develop and submit a RFP to the public to solicit both potential Retailers and Fleet Customers (collectively, “Project Applicants”), as

possible customers for compressed natural gas (“CNG”). If there are unused USF funds available after five (5) year period from the date of the Commission approved order, those funds are no longer committed for the 2011 Plan and are available for other uses.

2. Within ninety (90) days of the initial year following the effective date of the approval of the 2011 Plan initial year, the Company will finalize the RFP development process and advertise applicable dates, guidelines and program requirements through the Commission website, the Company website and statewide print media. Prospective Project Applicants will have forty-five (45) days to respond to AGLC’s RFP request. AGLC shall evaluate the RFP responses from Qualified Project Applicants, and issue notices of awards within thirty (30) days after responses to the RFP has been received, and will then proceed to contract with Approved Project Applicants to have CNG Equipment installed at approved CNG Station locations.
3. The Company will set up a link on its corporate website to provide a description of the AGL CNG Program the approved governance procedures adopted in the Commission’s final order, and provide general information about the goals, scope and duration of the AGL CNG Program.
4. Project Applicants will submit applications in written and electronic formats. Each application will be date and time stamped.
5. The Company will submit the final RFP documents, including all review and approval criteria to determine successful RFP Applicants, to the Commission with the issuance of the RFP.
6. Project Applicants seeking approval of Public Access Stations must obtain a contractual commitment from one or more end-use customers to utilize at least thirty-thousand (30,000) GGE of CNG on an annual basis (cumulatively) for a period of not less than five (5) years.
7. Project Applicants seeking approval of Limited Access CNG Stations must obtain a contractual commitment from one or more qualifying end-use customers to utilize at least one-hundred-fifty-thousand (150,000) GGE of CNG on an annual basis (cumulatively) for a period of not less than five (5) years.
8. Projects Applicants must obtain a contractual commitment from a property owner agreeing to contribute or lease land for the CNG Station for a minimum five (5) year term.
9. Project Applicants must obtain a contractual commitment from a party who is willing to perform the CNG Retailer function for a minimum term of five (5) years.

10. In lieu of fully executed contracts submitted at the time of the RFP application, Project Applicants may instead include letter(s) of intent signed by all relevant parties.
11. Approved Project Applicants shall have ninety (90) days to satisfy all post-approval requirements, including contracts to satisfy all minimum filing requirements, and enter into a service agreement with the Company under the AGL CNG Program. Failure to satisfy all post-approval requirements within said ninety (90) days will render the award null and void.
12. Approved Project Applicants will have thirty (30) days to address the nullification before it becomes final.
13. Once an award is nullified, the designated funds that would have been applied to the Approved Applicant's project will be made available to additional qualified Project Applicants.
14. Trade Secret/Confidential treatment of materials. Upon request, Project Applicants may have material submitted to the Company treated as Trade Secret or Confidential. The Company will provide a confidential material non-disclosure agreement covering data submitted in connection with the RFP application. When Approved Project Applicant's material is filed with the Commission, it will be filed as Trade Secret / Confidential, and must be supported by public disclosure versions of each such document.
15. Each Project Applicant will be required to invest its capital in cost of the CNG Station, including but not limited to the value of the real estate, all improvements, signage, CNG dispensers and card readers, plus all underground piping necessary to connect to the CNG Equipment owned by AGLC. Project Applicants may make a voluntary contribution in aid of construction towards the cost of the CNG Equipment, but no Project Applicant will be required to make a contribution in aid of construction toward the installed cost of the CNG Equipment owned by AGLC. AGLC will fund the installed cost of the CNG Equipment as defined in its filed plan funded solely by proceeds from the USF. Provided that, the project applicant, in the initial construction, could purchase and supply everything inside the meter, if they so desired, without using USF funds.
16. Once the selection process is completed. AGLC will file all bidding and selection materials with the Commission for review under Confidential and /or Trade Secret projection.

### **RFP Evaluation Criteria**

#### **a. RFP Scoring**

Proposals will be scored based on the following formula and component weighting:

- 90% - Cost Effectiveness of Initial Throughput Commitment
- 5% - Location Characteristics
- 5% - Growth Potential

Total Score = CER \* Location Factor \* Growth Factor

1) Applications will first be given a Cost Effectiveness Ratio (CER) score

Where:

CER = Cost Effectiveness Ratio (GGE/\$)  
 = Throughput/USF Payment

$$\text{Throughput} = \text{Throughput}_{\text{YEAR 1}} * 1 + \text{Throughput}_{\text{YEAR 2}} * (1 - R)^1 + \dots + \text{Throughput}_{\text{YEAR 5}} * (1 - R)^4$$

R = Annual Discount Rate

2) Next, the application will be assessed based on the following criteria for location characteristics and growth potential:

X = Location Score, 0 < X < 100

Y = Growth Potential Score, 0 < Y < 100

Location Characteristics	Points	Score
Strategic fit for area wide coverage and/or green corridors	0 - 5	
Proximity to interstates/major highways for ease of access, visibility, etc.	0 - 5	
Proximity to other CNG stations (further apart is better)	0 - 5	
Operating hours for public access	0 - 5	
Security, tenant/cashier available	0 - 5	
Total	X	

<b>Growth Potential</b>	<b>Points</b>	<b>Score</b>
Additional fuel usage potential from anchor fleet	0 - 5	
Project Applicant's plans for promoting CNG and growing throughput	0 - 5	
Population density in surrounding area	0 - 5	
Letters of intent from other fleets in the surrounding area	0 - 5	
Proximity to other fleets in the area	0 - 5	
Total	Y	

3) Next, the total points from the Location Characteristics and Growth Potential assessments are converted to weighted factors as follows:

$$\text{Location Factor} = X / 500 + 0.9$$

$$\text{Growth Factor} = Y / 500 + 0.9$$

$$90\% < \text{Location Factor} < 100\%$$

$$90\% < \text{Growth Potential Factor} < 100\%$$

4) Then the CER, Location factor, and Growth Factor will be multiplied together to yield the Total Score.

### **Contractual Requirements**

Once an Approved Project is awarded through the RFP process, each Project Applicant must enter into a service agreement with AGLC, which includes the following minimum qualifying criteria:

1. For a Project Applicant seeking approval of a Public Access CNG Station, one or more end-use customers must commit to utilize a minimum of thirty-thousand (30,000) GGE of CNG on an annual basis (cumulatively) at the proposed CNG Station for a period of not less than five (5) years.

For Project Applicants seeking approval of Limited Access CNG Stations, the end-use customers must make a contractual commitment to utilize at least one-hundred-fifty-thousand (150,000) GGE of CNG on an annual basis (cumulatively) for a period of not less than five (5) years.

2. A property owner must agree to provide land for the CNG Station for a minimum five (5) year term. The property owner must also agree, at a minimum, to provide:
  - a. Convenient access for customers to the fueling island(s) to utilize the CNG Fueling Infrastructure;
  - b. Appropriate and timely access to the property where the CNG Equipment will be located to permit AGLC employees and other authorized persons to maintain the CNG Equipment, and
  - c. A safe working environment for Company employees and others while on the property.
3. A contractual commitment from a party who is willing to perform the CNG Retailer functions for a minimum term of five (5) years. The CNG Retailer must also agree, at a minimum, to the following:
  - a. Meet all licensing and other requirements to operate as a fueling retailer;
  - b. Purchase Gas from a certificated marketer and obtain CNG services under the Company's CNG-1 Rate;
  - c. Own, install and maintain CNG dispensers and card readers;
  - d. Perform all functions necessary to process commercial transactions for retail customers using major fleet cards and standard bank credit cards, such as MasterCard and Visa; and
  - e. Post a CNG retail price expressed on a dollars/cents per GGE basis at each Public Access.
4. In lieu of fully executed contracts, Project Applicants may submit an RFP response that includes a letter of intent signed by all parties, with an acknowledgement that no funds from the USF will be disbursed for the Company to install CNG Equipment at the approved CNG Stations until fully executed contract(s) has/have been provided to AGLC and the Approved Project Applicants enter into a service agreement with the Company within ninety (90) days of the award notification.
5. If an Approved Project Applicant fails to fulfill their post-award obligations or to execute a service agreement with AGLC under the 2011 Plan, the award will be deemed null and void. The previously authorized funds will be made available for use by other potential Project Applicants.

### **III. Revenues Generated/Fees Charged**

The following revenues will be generated by the Company as charges to the Project Applicant:

#### **V-52 Tariff: See Attachment-V-52**

##### 2. Rate

###### 2.1. Delivery Rate

The delivery rate for a commercial customer which utilizes compressed natural gas to fuel motor vehicles owned or operated by the customer or sells compressed natural gas to the public shall be consistent with all applicable charges as set forth in the General Gas Delivery Service. The Customer shall pay 1/12 of the annual charges per month.

## 2.2 Individual Fill Unit Delivery Rate

Unless metered separately, the delivery rate for residential customers or commercial customers that install Vehicle Refueling Appliance (VRA) or Home Refueling Appliance (HRA) to fuel motor vehicles and do not resell or otherwise redeliver CNG to others shall be included in the Residential Delivery Service and/or General Gas Delivery Service rates applicable to the customer's basic gas service.

## 2.3. Facilities Charge

Where the Company owns and maintains facilities comprising CNG fueling infrastructure, a monthly charge of one and one-half percent (1.5%) of the gross investment of the Company in such facilities. For purposes hereof, "CNG fueling infrastructure" shall be defined in the service agreement with the Customer but shall consist, at a minimum, of a dryer, compressor(s), storage vessels, controls, cascades, piping, metering, dispensers, and other related facilities and related components.

## 3. Minimum Monthly Bill

The minimum monthly bill shall be the sum of 1/12 of the following charges: Annual Customer Charge, Dedicated Design Day Annual Capacity Charge, STRIDE Surcharge, Annual Peaking Service Charge and Annual Meter Reading Charge, and Facilities Charge (if applicable).

### **CNG-1 Tariff: See Attachment-CNG-1**

#### 2. Rate

##### 2.1. Delivery Rate

The delivery rate for a commercial customer which sells compressed natural gas to fuel motor vehicles to the public shall be consistent with all applicable charges as set forth in the General Gas Delivery Service. The Customer shall pay 1/12 of the annual charges per month.

##### 2.2 Operations and Maintenance Charge

The Company will collect an Operations and Maintenance (O&M) Charge for the use of the CNG Equipment at each CNG Station as a pass through charge. The O&M charge shall be based on estimated or actual costs for labor, recommended maintenance, repairs and the cost of electricity to operate the CNG facilities during the upcoming period and shall be billed as a flat monthly fee, true-up at least annually, to collect all actual expenses incurred over the previous period.

##### 2.3. Equipment Usage Fee (EUF)

2.3.1 The EUF will be an annual fee calculated based on ten (10%) percent of the actual cost of the CNG facilities, billed in 12 equal monthly installments, and adjusted based on

the capacity utilization of each station for the current period, further adjusted to reflect the actual capital contribution invested by the Customer in the CNG facilities.

2.3.1.(i) The annual EUF for each station will be calculated as follows:

$$\text{EUF} = \text{CNG Equipment Cost} \times 10\% \times \text{UP} \times (1 - \text{CIP})$$

CNG Equipment Cost shall be defined as the total installed cost of CNG Equipment

UP shall be defined as Utilization Percentage, determined by the average daily usage in the last meter reading cycle divided by the daily capacity of the CNG Equipment, where daily capacity is the delivery capacity over an 8 hour day.

CIP shall be defined as Customer Investment Percentage, determined by dividing the Approved Project Applicant's payment towards the CNG Equipment by the total CNG Equipment cost.

### 3. Minimum Monthly Bill

The minimum monthly bill shall be the sum of 1/12 of the following charges: Annual Customer Charge, Dedicated Design Day Annual Capacity Charge, STRIDE Surcharge, Annual Peaking Service Charge and Annual Meter Reading Charge, and the Equipment Usage Fee, plus the full monthly O&M Charge as determined in the service agreement.

## **IV. Net Proceeds on the Sale of CNG Equipment**

When a CNG Fleet Customer or Retailer purchases CNG Equipment installed under the AGL CNG Program from AGLC, the purchase price shall be the higher of net book value or the market value of the CNG Equipment.

The net proceeds from the sale of these utility assets will be deposited by the Company into the USF. The Company will continue to provide gas delivery service to the customer's premise through a certificated marketer under the then-applicable V-52 rate.

## **V. Phase-II: Activities and Projects Not Funded by the USF**

### **1. Home Refueling Appliance Lease Buy-Down**

Immediately upon the effective date of this final order in this proceeding, the Company will begin the process to offer a Home Refueling Appliance ("HRA") Program to homeowners and small business owners who desire to install individual vehicle fueling infrastructure at their residence or business. This will provide an opportunity for customers who might not be located close enough to the General Public Access or Limited Access Stations to also have a convenient CNG fueling option. AGL may apply a portion of the proceeds from the Phase I EUF charges to

allow AGLC to offer a lease “buy-down” program so these potential customers can benefit from the 2011 Plan. EUF charges accounted for under the Reserve Account may be utilized to cover no more than fifty (50%) percent of the estimated cost of the lease. The Company will develop a variety of leasing options, including the option for a “lease to own” agreement. The total lease payment will recover the Company’s cost to install, maintain, repair, and replace these HRA units. The lease “buy-down” program will be available on a first come, first served basis and limited to the first five-hundred (500) customers who sign a service agreement with the Company. This program would begin immediately upon approval of the 2011 Plan by the Commission.

## **2. O&M Upkeep of CNG Equipment**

The CNG Equipment installed under the AGL CNG Program will not be funded through AGLC’s traditional rate base, so sufficient revenues must be collected from CNG Retailers and Fleet Customers to maintain, repair, and eventually replace the components comprising the CNG Equipment. This will prevent the potential costs of these services from being borne by the Company’s firm ratepayers, and will permit the CNG Equipment to properly operate over the equipment’s useful life. AGLC will fully pursue all manufacturer warranties and adhere to recommended maintenance procedures to minimize the cost of this rate component.

## **3. Continued Funding of CNG Equipment**

Any and all USF funds authorized by the Commission for investment by the Company to install CNG Equipment will be invested under Phase I projects only. Once this initial investment has concluded, any subsequent installation of additional CNG Equipment under the 2011 Plan will be funded using proceeds from the EUF charges. The process for funding additional CNG stations for both Retailers and Fleet Customers for Phase II will be the same as under the Phase I utilizing funds from the EUF only.

## **VI. Proposed Rates and Tariff Modifications**

To implement the AGLC CNG Program, the following tariff modifications and rule changes are required:

1. Adoption of a modified V-52 rate schedule, see **Attachment-V-52** to make the following changes:
  - a. Revise the standard delivery charge to be equivalent to the Company’s General Service rates; and
  - b. Clarify that service under the V-52 rate schedule is applicable wherever a separately metered account is established for natural gas to be used as a transportation fuel, regardless of whether the Company owns all or a portion of the CNG fueling infrastructure funded out of the Company’s rate base, or if the customer otherwise owns these facilities.
2. Adoption of a new CNG-1 rate schedule, see **Attachment-CNG-1**, applicable to Customers operating a CNG Station where the Company’s CNG Equipment is funded in whole or in part by the Universal Service Fund.
  - a. CNG-1 retains the delivery charge as under V-52;

- b. In lieu of a facilities charge, CNG-1 customers will pay an operations and maintenance charge and an Equipment Utilization Fee (EUF);
  - c. The Company will retain the EUF in a Reserve Account to fund Phase II programs under the 2011 Plan.
3. Modify Rule 2 of the Company's current tariff to include new definition of CNG Equipment and CNG Infrastructure as part of the Company's distribution facilities; and
  4. Modify Commission Rule 515-7-5-.02 by adding a new section 2 to incorporate language regarding the Commission's governance over USF facility expansion plans to correspond to the statutory changes made by the 2011 USF Act.

**VII. Quarterly Reporting**

AGLC will file with the Commission quarterly reports with the same content as provided in past USF Facilities Expansion Plans.

**VIII. USF Disbursement to AGLC for Completed Projects**

1. The approved amount of USF funds for the 2011 Plan shall remain in the USF until an installation of CNG Equipment at a CNG Station project is completed.
2. Upon completion of the CNG Equipment installation at a CNG Station, AGLC shall file a Notice of Completion and Request for Disbursement Report ("NOC") with the Commission for each individual project. The NOC will provide detailed information on the actual costs of the project as provided in past NOC filings.
3. The Commission shall ensure the USF funds for a NOC is disbursed within thirty (30) days after the NOC is filed. If there are errors or omissions in a NOC, the Staff and AGLC will work together to resolve such issues prior to the thirty (30) day deadline. If the issue(s) cannot be resolved, it shall be brought before the Commission for resolution. The actual disbursements from the USF cannot exceed 5% of AGLC's capital budget for fiscal year 2011.