



MEDIA RELEASE

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For more information:
Jonathan Shapiro (404) 525-1085 ext. 15

PSC Staff: AGL is Inflating Costs, Request for \$54 Million Rate Increase Should be Denied

ATLANTA – According to a Public Service Commission (PSC) staff recommendation, Atlanta Gas Light (AGL) should be cutting rates, not asking for a \$54 million rate increase.

In filings last week, the PSC litigation staff wrote that AGL couldn't justify its current charges and accused the gas distribution company of inflating its expenses to justify additional rate hikes. The staff is recommending that AGL reduce its earnings by \$15 million and explain these "phantom expenses."

"We hope the PSC takes this recommendation seriously. In one our state's worst recessions, it's unacceptable that Georgians are paying inflated rates on their gas bills," said Clare McGuire, director of the Consumer Energy Program at Georgia Watch.

As part of its rate request, AGL wants to bill customers for steps taken by its parent company over the last decade to improve efficiency. If approved, AGL customers would be paying for these improvements both retroactively and for decades to come.

In all, the proposal would add approximately \$35 per year to the average customer's gas bill.

The PSC litigation staff has come out against the rate increase, saying customers would be paying off the efficiency measures until 2040. They also criticize AGL for requesting a considerably higher profit margin than most other utilities in the southeast.

"Within the last year, AGL gained PSC approval to collect more than \$400 million through customer surcharges over the next 13 years," said McGuire. "Those surcharges were not scrutinized by the commissioners as carefully as they should have been. Hopefully, the PSC will take a closer look at this \$54 million rate request, especially since their own staff is telling them it's a raw deal for consumers."

A second set of PSC staff will issue its own formal recommendation regarding the case at the end of October.

The five-member PSC, which is under no obligation to follow staff recommendations, will decide on the AGL rate increase request October 28, 2010.

For more information, call Georgia Watch at 404-525-1085, or visit us at www.georgiawatch.org

Founded in 2002, Georgia Watch is a nonprofit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of health care, insurance, identity theft, consumer energy issues and personal finance. Visit www.GeorgiaWatch.org for more information.