



MEDIA RELEASE

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PSC Votes to Allow AGL \$26 Million Rate Hike

ATLANTA – Against the recommendation of its own staff, the Public Service Commission has voted to allow Atlanta Gas Light Company (AGL) a \$26 million rate increase – a rate hike that will amount to about \$10 more per year for the average ratepayer.

Today's vote concludes a 6-month-long review of the proposed pricing structure for AGL's 1.5 million customers. Citing revenue shortfalls due to the recession, the gas distribution company had originally requested a \$54 million rate hike, as well as a higher profit margin. Company officials claimed more money was needed to cover operating costs and service improvements. However, PSC staff strongly opposed the proposal from the outset, calling on AGL to eliminate several "phantom costs" and actually reduce its annual revenue by \$16 million.

The PSC's 4-1 decision will result in an increase of approximately 90 cents per month on average natural gas bills. Meanwhile, the commissioners voted to slightly reduce AGL's allowed profit margin from 10.9 percent to 10.75 percent. In addition, the PSC voted to continue the low-income senior citizen discount, which exempts eligible seniors from the total amount of AGL's monthly base charges, up to \$14.

"The Commission's decision today to allow AGL to increase their rates is unjust - especially in this economy," said Georgia Watch executive director Angela Speir Phelps, herself a former Public Service Commissioner. "Their decision is not as bad as it could have been, but it's still far from what it should be based upon the evidence in the record."

Four commissioners voted for the rate increase: Stan Wise, Lauran McDonald, Doug Everett, and Chuck Eaton. Commissioner Robert Baker was the only "no" vote.

The \$33 million rate hike falls on the heels of last year's PSC-approved STRIDE surcharge, allowing AGL a 15-year funding mechanism for pipeline maintenance and extensions. Approved outside the scrutiny of a normal rate case proceeding, the surcharge will add \$200-\$400 million to ratepayers' bills over its lifespan.

"Whether it's base rate increases or surcharges, Georgians are getting nickel-and-dimed out of their paychecks," said Speir Phelps.

The AGL decision comes amid a massive rate increase request by Georgia Power, the state's regulated electricity provider. The company wants to raise customer rates by \$1.2 billion, a hike that could add nearly \$200 to the average electric bill by February 2013.

The Public Service Commission will vote on Georgia Power's rate request December 21, 2010.

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