

**Atlanta Gas Light Company
Compressed Natural Gas Infrastructure Program**

I. Introduction

The Atlanta Gas Light Company (AGL or the Company) Compressed Natural Gas (CNG) Infrastructure Program (Program) is intended to stimulate development of CNG vehicle fueling stations (CNG Stations) in Georgia. The program was approved by order of the Georgia Public Service Commission (GPSC or Commission) on November 29, 2011 and is available to eligible AGL customers anywhere on AGL's distribution system.

The Program will consist of two phases:

1. Phase I – AGL will use \$11.57 million from the Universal Service Fund (USF) to provide the compressor(s), storage, controls, etc. (CNG Equipment) at CNG Stations developed under the program. Funding of CNG Equipment under Phase I of the Program will be available for five years, or until the \$11.57 million is depleted, whichever comes first.

2. Phase II - Proceeds from commercial activities at the Phase I stations will be used to fund three additional activities.

Under this Program, AGL will not sell CNG directly to retail customers and will not provide land for the CNG Stations. Instead, AGL will install, own, and maintain CNG Equipment for project developers such as fueling services companies, fleet operators, city/county governments, other private enterprise, or any combination of the above (Project Applicants.) The Project Applicants will be required to provide the land, make any necessary site improvements, install and maintain the CNG dispenser(s) and card reader(s), and perform the CNG Retailer function. For the purposes of this program, the customer-owned dispenser(s) and card reader(s), when combined with the AGL-owned CNG Equipment, shall collectively be referred to as the CNG Fueling Infrastructure.

AGL will issue a Request for Proposals (RFP) on or before March 1, 2012. Project Applicants will have the opportunity to submit an application in response to the RFP for CNG Equipment to be approved for their project(s). Project Applicants must meet minimum eligibility requirements and all potential contracting parties must be properly identified. If any of the appropriated \$11.57 million remains available for investment following completion of the RFP process the remaining funds will be available thereafter on a first come-first served basis under the same requirements for the balance of the five years.

Although the Program is generally predicated on all the stations being publicly accessible (Public Access Stations), 25% of the appropriated USF funds will be set aside to establish CNG Stations that may allow only limited or no access to the general public (Limited Access Stations.) Limited Access stations will be evaluated separately during the application process and any funds remaining from this up-to-25 percent set-aside will be available on a first come, first served basis to any qualified project applicant.

The USF funds appropriated by the Commission for the Program will reimburse AGL for the installed cost of the CNG Equipment and all resulting income tax liability from these payments, as state law requires such payments from the USF to be treated as Contribution in Aid of Construction (CIAC) payments. Installation of any necessary gas mains, service lines, and metering equipment to provide gas delivery service to the CNG Station will be handled in accordance with AGL's Rule 8 Non-residential Extension Policy and by a separate standard Non-residential Extension Agreement.

AGL will bill CNG Retailers for distribution and compression services (CNG Services) provided at the CNG Stations under the new CNG-1 rate. The CNG-1 rate schedule includes the same delivery charges as AGL's V-52 rate, but replaces the V-52 facilities charge with an O&M charge and Equipment Usage Fee (EUF.) The O&M charge will allow the Company to recover actual costs incurred from providing CNG Services, such as preventive maintenance, repairs, electricity, etc. and will be tracked and billed separately for each CNG Station. 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 AGL and held in a Reserve Account maintained by the Company to fund the three Phase II activities.

The three Phase II activities are an integral part of the overall CNG Program and will be funded from the proceeds of the EUF paid to AGL by CNG Retailers.

- 1) Funds held in reserve for eventual replacement of Phase I CNG Equipment
- 2) Lease buy-down for Home Refueling Appliance (HRA) program
- 3) Additional Stations under Phase II

II. Minimum Qualifying Criteria and Contractual Requirements

Project Applicants must identify the contracting parties who will enter into the following two agreements with AGL and meet the associated minimum qualifying criteria (including the proposed use of any subcontractors):

1. CNG Retailer Agreement – The CNG Retailer must perform the CNG Retailer function for an initial term of five (5) years and also agree, at a minimum, to the following:
 - a. Meet all licensing and other requirements to operate as a CNG Retailer;
 - b. Purchase natural gas from a certificated marketer and obtain CNG Services under AGL's CNG-1 Rate;
 - c. Own, install and maintain CNG dispensers and card readers;
 - d. Perform all activities necessary to process commercial transactions for retail customers using major fleet cards and standard bank credit cards, such as MasterCard and Visa;
 - e. Post a CNG retail price expressed in dollars/cents per Gasoline Gallon Equivalent (GGE) at each Public Access station; and
 - f. One or more end use customers must commit to utilize a minimum throughput of thirty-thousand (30,000) GGE of CNG annually at each Public Access Station

(cumulatively), or one-hundred-fifty-thousand (150,000) GGE of CNG annually at each Limited Access Station (cumulatively) for each year of the 5 year contract. Under normal station operations, if the minimum throughput is not met as determined on an annual basis for each station, a “take or pay” provision that will be included by the Company in the standard CNG-1 service agreement will be applied to the CNG Retailer’s invoice for EUF charges on the deficient volumes.

2. Land Lease Agreement - A property owner must agree to lease the land on which AGL will locate the CNG Equipment 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 on a 24 hours per day/7 days per week basis;
 - b. Appropriate and timely access to the property where the CNG Equipment will be located to permit AGL 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.

III. CNG Equipment

There is a large range of different sizes, configurations, and costs of CNG Equipment. There are two primary types of CNG fueling, “fast fill” or “time fill”, or a combination of the two. The time fill approach requires the least capital investment and is the most cost effective to operate if the vehicles to be refueled will be parked overnight at a central location. This time fill approach involves the compressor(s) delivering the gas directly to each vehicle and slowly raising the pressure over a period of time in all the vehicles simultaneously.

However, most publicly accessible CNG Stations are the fast fill configuration, by which the compressor(s) are coupled with a volume of storage to facilitate filling the vehicles in just a few

minutes through the use of differential pressure. Basically, the gas in storage is maintained at about 4,500 psig so when the fueling hose is connected to the vehicle the pressures begin to equalize and when the pressure in the vehicle storage cylinder rises to 3,600 psig the dispenser would shut off. The pressure in the storage would drop slightly and the compressor would start up to restore it to 4,500 psig over time. If too many vehicles arrive back to back then it is possible that the pressure in the storage could drop too quickly and need several hours to recover. This could cause drivers to have to wait too long to get a complete 3,600 psig fill, so it is very important to design the station with the right combination of compression and storage to match the demand profile of the vehicles.

The CNG Equipment approved under this Program is most likely to be the fast fill configuration so that the CNG fuel can be dispensed in about the same amount of time as the normal fill time for gasoline or diesel. However, the Program does not preclude a time fill CNG Station under certain circumstances as long as the station also includes at least a small amount of fast fill capability for other fleets and/or the general public to utilize. This fast fill dispenser could be installed in a “through the fence” arrangement where the third parties can drive up and refuel without actually coming onto the property.

The following information is provided for illustrative purposes so that prospective Project Applicants may have a better understanding of the components which comprise the CNG Fueling Infrastructure. It also includes the delivery capacities, capital costs, and operating costs of various nominal sizes of CNG Fueling Infrastructure. These estimates do not include any costs for land, site improvements, installation of utilities, or any other unusual conditions. These other up-front costs could vary from minimal - in the case of an existing retail fueling station simply adding a CNG dispenser - to much more significant in the case of a green field project. The estimated cost for AGL to maintain the CNG Equipment is also provided, although the actual costs will vary with throughput. The electrical costs will be even more dependent on the usage profile; a range of the anticipated annual electrical costs are included here for 20 – 80% utilization of the CNG Equipment. Please note this information is just a guide and none of the estimates or information provided herein are guaranteed to apply to any particular project. Actual operating and installation costs will vary and AGL will design and construct the actual

CNG Equipment based on the information submitted for each project, site conditions, and other factors.

Small Station				
Item Description	Size	Quantity	Unit Price	Estimated Total
Compressor Package	75 CFM	2	\$70,000	\$140,000
Motor Starter & Transformer		1	\$7,500	\$7,500
Dryer		1	\$43,000	\$43,000
* Dispenser	2-hose	1	\$29,500	\$29,500
Storage	36,000 SCF	1	\$100,000	\$100,000
Priority Panel (incl. w/ storage)		1		\$0
* Fuel Management System		1	\$13,768	\$13,768
*Credit Card Access		1	\$8,750	\$8,750
Design & Commissioning		1	\$20,000	\$20,000
Installation & Permitting		1	\$160,000	\$160,000
Taxes			6%	\$20,551
Freight				\$8,000
PM & Overheads			10%	\$55,107
ESTIMATED STATION TOTAL				\$606,176

Estimated AGL maintenance cost =
 \$25,600/yr.
 Estimated Electrical Costs = \$6,000 –
 21,000/yr.

Medium Station				
Item Description	Size	Quantity	Unit Price	Estimated Total
Compressor Package	400 CFM	2	\$200,000	\$400,000
Motor Starter & Transformer		1	\$25,000	\$25,000
Dryer		1	\$55,000	\$55,000
*Dispenser	2-hose	2	\$29,500	\$59,000
Storage	36,000 SCF	1	\$100,000	\$100,000
Priority Panel (incl. w/ storage)		1		\$0
*Fuel Management System		1	\$13,768	\$13,768
*Credit Card Access		1	\$8,750	\$8,750
Design & Commissioning		1	\$40,000	\$40,000
Installation & Permitting		1	\$285,000	\$285,000
Taxes			6%	\$39,691
Freight				\$12,000
PM & Overheads			10%	\$103,821
ESTIMATED STATION TOTAL				\$1,142,030

Estimated AGL maintenance cost =
 \$51,200/yr.
 Estimated Electrical Costs = \$26,000 –
 98,000/yr.

Large Station				
Item Description	Size	Quantity	Unit Price	Estimated Total
Compressor Package	500 CFM	3	\$250,000	\$750,000
Motor Starter & Transformer	200 hp	1	\$35,000	\$35,000
Dryer		1	\$55,000	\$55,000
* Dispenser	2-hose	2	\$29,500	\$59,000
Storage	36,000 SCF	1	\$100,000	\$100,000
Priority Panel (incl. w/ storage)		1		\$0
*Fuel Management System		1	\$13,768	\$13,768
*Credit Card Access		1	\$8,750	\$8,750
Design & Commissioning		1	\$40,000	\$40,000
Installation & Permitting		1	\$375,000	\$375,000
Taxes			6%	\$61,291
Freight				\$20,000
PM & Overheads			10%	\$151,781
ESTIMATED STATION TOTAL				\$1,669,590

Estimated AGL maintenance cost = \$87,400/yr.
Estimated Electrical Costs = \$50,000 – 180,000/yr.

* Indicates components which would be installed, owned, and maintained by the Project Applicants.

IV. CNG Equipment Sizing

Project Applicants shall submit an annual CNG volume commitment for each proposed CNG Station in Gasoline Gallons Equivalent (GGE) per year meeting the minimum throughput requirements identified above in Section II. The maximum capacity of the CNG Equipment available to be installed will be calculated from the Year 1 annual commitment as follows:

1. The annual CNG volume will be converted to an average hourly delivery capacity and corresponding Standard Cubic Feet per Minute (cfm) of required compression as follows:

$$\text{Average Hourly Capacity (GGE)} = \text{Annual Commitment} / 2,000 \text{ Hours per Year}$$

$$\text{Min Compressor Capacity (cfm)} = \text{Average Hourly Capacity} \times 2 \text{ cfm per GGE}$$

2. The minimum compressor cfm will then be multiplied by 5 to determine the maximum compressor cfm as follows:

$$\text{Maximum Compressor Capacity (cfm)} = 5 \times \text{Min. Compressor Capacity}$$

3. A second compressor of the same size as the Maximum Compressor Capacity will then be added to achieve 100% redundancy. In the cases of larger installations where two or more compressors are selected to meet the Maximum Compressor cfm, then just one additional compressor may be added for partial redundancy.

Project Applicants should develop their project financing and proposals in anticipation of the above station sizing methodology which will serve as the basis for determining CNG Equipment design and total cost. The total cost of the CNG Equipment will be used to determine the Cost Effectiveness Ratio (CER) in the RFP scoring process and will also be used to calculate the EUF charges on an ongoing basis. However, AGL reserves the right to modify the size of the CNG Equipment ultimately installed for an Approved Project Applicant if, in the opinion of the Company, the station capacity determined using the above methodology does not serve the public interest.

IV. RFP Process

Phase 1 of the Program will be initiated with a Request for Proposals (RFP) process as follows:

1. On or before March 1, 2012, AGL will finalize the RFP process and advertise applicable dates, guidelines and program requirements through the GPSC's website, AGL's website and statewide print media.
2. Prospective Project Applicants will have forty-five (45) days to respond to the RFP.

3. AGL shall evaluate the RFP responses and issue notices of awards within thirty (30) days and will then proceed to contract with Approved Project Applicants to have CNG Equipment installed at approved CNG Station locations.
4. Project Applicants must enter into a standard service agreement with AGL within ninety (90) days of the award notification.
5. If Project Applicants fail to fulfill their post-award obligations or to execute a standard service agreement with AGL, the award will be deemed null and void.
6. Approved Project Applicants will have thirty (30) days to address the nullification before it becomes final.
7. Once an award is nullified, the designated funds that would have been applied to the Approved Project Applicant's project will be made available to other Project Applicants.
8. Trade Secret/Confidential treatment of materials. Upon request, Project Applicants may have material submitted to the Company treated as Trade Secret or Confidential.
9. 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

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

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, $0 < X < 25$

Y = Growth Potential Score, $0 < Y < 25$

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 (farther apart is better)	0 - 5	
Operating hours for public access	0 - 5	
Security, tenant/cashier available	0 - 5	
Total	X	

Growth Potential	Points	Score
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:

$$\text{Location Factor} = X / 500 + 0.95$$

$$\text{Growth Factor} = Y / 500 + 0.95$$

$$95\% < \text{Location Factor} < 100\%$$

$$95\% < \text{Growth Potential Factor} < 100\%$$

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

V. Optional Considerations Regarding CNG Equipment

Project Applicants may make a voluntary CIAC payment towards the installed cost of the CNG Equipment to increase their RFP score or decrease their EUF charges, but no Project Applicant will be required to make a CIAC payment.

Approved Project Applicants shall acquire the right to execute a standard CNG Retailer agreement with the Company, and the right to purchase AGL's CNG Equipment located at the CNG Station after five years of continuous commercial operations at that location at the higher of the pro rata depreciated net book value or 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 would continue to provide gas delivery service to the customer's premise through a certificated marketer under the then-applicable V-52 rate.

In addition to any other specialized requests that might be added to the standard CNG-1 service agreement, an Approved Project Applicant may negotiate with the Company to reach mutually agreeable terms and conditions for any or all of the following:

- a) To consult on the design of the CNG Equipment and integration with other related components at the CNG Station; or
- b) To construct the CNG Equipment; or
- c) To maintain the CNG Equipment using properly qualified and trained technicians, and reduce the O&M portion of the Company's tariff rate.

VI. Phase 2 Activities

The EUF revenue collected from CNG Retailers under the CNG-1 rate will be accrued in a Reserve Account and used to fund the following three Phase 2 activities:

1. Upkeep of CNG Equipment

The CNG Equipment will not be funded through AGL's traditional rate base, so in addition to the O&M pass through component of the CNG-1 rate, sufficient additional revenues must be collected from CNG Retailers to perform future upgrades and eventually replace the components comprising the CNG Equipment.

2. Home Refueling Appliance Lease Buy-Down

Immediately upon the effective date of this final order in this proceeding, AGL 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 Public Access or Limited Access Stations to also have a convenient CNG fueling option. AGL will apply a portion of the proceeds from the Phase I EUF charges to offer a lease “buy-down” program so these potential customers can benefit from the Program. The Reserve Account will be utilized to cover fifty (50%) percent of the estimated cost of the lease for the first five-hundred (500) customers who sign a service agreement with the Company. This HRA lease option will be offered concurrently with Phase I of the Program.

3. Continued Funding of CNG Equipment

The 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 will be funded using proceeds from the EUF charges. The process for funding additional CNG stations in Phase II will be the same as under Phase 1.

1. Availability

To any natural gas Customer for use as an energy source for the propulsion of motor vehicles when the natural gas is delivered by the Company into separately metered facilities which compress the natural gas (CNG) for such use, who contracts in writing for service under this schedule, provided that the Company has gas delivery capacity in excess of the then existing requirements of other Customers. The Company may establish minimum levels of annual consumption as a condition of service.

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).

4. Additional Terms and Provisions

Service under this schedule is subject to the Tariff, including the Terms of Service and Rules and Regulations of the Company, as filed with and approved by the Commission from time to time, as well as all future Riders and tariff provisions made applicable to service under this schedule by the Commission from time to time, including without limitation, the Load Control Provisions.

1. Availability

To any Customer operating a commercial motor vehicle fueling operation that sells Gas as an energy source for the propulsion of motor vehicles through facilities owned by the Company and paid for, in whole or in part, from the universal service fund pursuant to O.C.G.A. § 46-4-161 where the Gas is first delivered by the Company into equipment to compress the Gas for the Customer, and, further, who contracts in writing for service under this schedule, provided that the Company has Gas delivery capacity in excess of the then existing requirements of other Customers. The Company may establish minimum levels of annual consumption as a condition of service.

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 Equipment 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 Equipment, 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 Equipment

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.

4. Additional Terms and Provisions

Service under this schedule is subject to the Tariff, including the Terms of Service and Rules and Regulations of the Company, as filed with and approved by the Commission from time to time, as well as all future Riders and tariff provisions made applicable to service under this schedule by the Commission from time to time, including without limitation, the Load Control Provisions.