SPECIAL EXAMINATION • REPORT NUMBER 23-12 • NOVEMBER 2023

Universal Service Fund

Requested Information on the Use of Funds

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Why we did this review

The House Appropriations Committee requested this review of the Universal Service Fund (USF). Based on this request, we reviewed what companies are eligible for a USF, how USF funds have been spent, changes in the end-of-year balance, and policy options to help fund natural gas expansion.

About USF

Under state law, a USF sets aside certain natural gas revenues to fund gas expansion projects and provide low-income assistance. Passed in 1997, Senate Bill 215 authorized natural gas deregulation in Georgia. Companies that choose to deregulate have a USF, which is administered by the Georgia Public Service Commission (PSC). Statute specifies funding sources that are to be deposited into the USF and also authorizes PSC to order other revenue sources into the USF. Statute also indicates annual deposits "shall not exceed $25 million each year." It should be noted that the USF does not receive any state funds.

In 2022, USF disbursements totaled $15.7 million. Most ($14 million) was spent on expansion projects, and a small portion ($1.7 million) was used to assist low-income consumers.

Universal Service Fund

Requested Information on the Use of Funds

What we found

Under state law, a Universal Service Fund (USF) is established when a gas company chooses to deregulate, which currently applies to only one company. Most USF funding was spent on expansion projects, and a small portion was spent on low-income assistance. While gas providers we interviewed indicated they can adequately fund expansion projects with other sources, the General Assembly could consider programs used in other states to facilitate expansion if a need is identified.

A USF is only available to the one company that has deregulated.

Under statute, the Georgia Public Service Commission (PSC) establishes a USF when a natural gas distribution company chooses to deregulate. Under deregulation, the provider still distributes gas, but the consumer selects a marketer that manages the account and sets the final gas sales price. Only Atlanta Gas Light (AGL) has deregulated, so it is the only company with a USF. Georgia's other natural gas distribution company has not deregulated, and municipal providers are not eligible for a USF.

Most USF funds have been spent on or are set aside for natural gas expansion projects.

Between 2018 and 2022, $63.2 million was disbursed from the USF, and most ($53.5 million, or 85%) was spent on expansion projects. Over the past five years, 15 expansion projects have been completed. Expansion projects are approved for USF funding by PSC based on an annual list submitted by AGL. PSC's selection process considers both public benefits (e.g., creation of local jobs) and geographic location.

USF funds are also used to assist low-income consumers. Between 2018 and 2022, nonprofits received $5.5 million (9%) from the USF for home energy programs that benefit

low-income natural gas consumers. For example, one nonprofit program replaces gas furnaces and water heaters for low-income senior households. Additionally, state law created a regulated provider, which is a marketer that sells gas to consumers who may otherwise have difficulty obtaining service (e.g., due to low income or prior nonpayment). During the period reviewed, the regulated provider received $4 million (6%) in USF funds as reimbursement for uncollectible low-income consumer accounts.

Over the past five years, the USF's overall balance has grown, but most is already set aside for expansion projects. Between 2018 and 2022, the end-of-year balance has grown by 62%, from $32.3 million to $52.3 million. However, most of the balance ($45.1 million, or 86% for 2022) was set aside for expansion projects that PSC has already approved but have not yet been completed. PSC indicated that projects have taken longer to complete because of COVID-era issues (e.g., supply chain problems, labor shortages), so funds have been set aside for longer periods of time.

While gas providers are generally able to fund expansion projects, policy makers could consider other funding mechanisms if deemed necessary.

Across the state, the gas providers we interviewed indicated they do not experience funding challenges because expansion project costs are typically incorporated into consumer rates. Private companies account for costs with operating revenue, debt, and equity securities (e.g., stocks). Municipal providers also use operating revenue and may issue municipal bonds. However, gas providers identified other barriers that impact their ability to expand (e.g., changes in federal regulations).

Generally, other southeastern states do not have statutory provisions to fund expansion projects, and none establish a USF or direct grant funding for this purpose. However, two states' laws help facilitate expansion for economically infeasible projects by establishing a dedicated project fund or using a specific cost recovery process. The General Assembly could consider additional funding for expansion projects if a need is identified.

What we recommend

This report is intended to answer questions posed by the House Appropriations Committee and to help inform policy decisions.

See **Appendix A** for a list of findings.

Agency Response: *PSC indicated its agreement with the findings. It also provided technical corrections that were incorporated into the report.*

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Purpose of the Special Examination

This review of the Universal Service Fund was conducted at the request of the House Appropriations Committee. Our review focuses on the following questions:

- What factors determine whether an entity can utilize a Universal Service Fund?
- What were the expenditures for the Universal Service Fund?
- What factors have contributed to changes in the fund balance?
- What policy options could help fund the expansion of natural gas services?

A description of the objectives, scope, and methodology used in this review is included in **Appendix B**. A draft of the report was provided to the Georgia Public Service Commission for its review, and pertinent responses were incorporated into the report.

Background

Overview of Georgia's Natural Gas

Natural gas is a fossil fuel that supplies energy when burned. Residential uses include cooking and heating, but natural gas also powers manufacturing, heats factories, and heats and dries materials for agricultural and industrial businesses. Natural gas infrastructure is often regarded as important for encouraging economic development because of its wide application in multiple industries.

Georgia's natural gas supply arrives through *interstate* pipelines. (Definitions for gas industry terms are shown in **Appendix C**. These terms are italicized the first time they appear in the report.) Interstate pipelines supply natural gas to the state's investor-owned or municipally owned distribution systems, which deliver gas to nearly 2 million residential, commercial, and industrial consumers. Most Georgia counties have some access to natural gas, although there is generally less infrastructure in southern counties and rural areas (see state coverage in **Appendix D**). Counties without any natural gas infrastructure may utilize propane gas as an alternative.

Georgia's Deregulation of Natural Gas

Natural gas is a utility subject to regulation—the Federal Energy Regulatory Commission (FERC) regulates interstate pipelines, while the Georgia Public Service Commission (PSC) regulates the state's *intrastate* pipelines. Although Georgia law was modified to deregulate the sale of natural gas, local distribution systems are still subject to various rules and regulations.

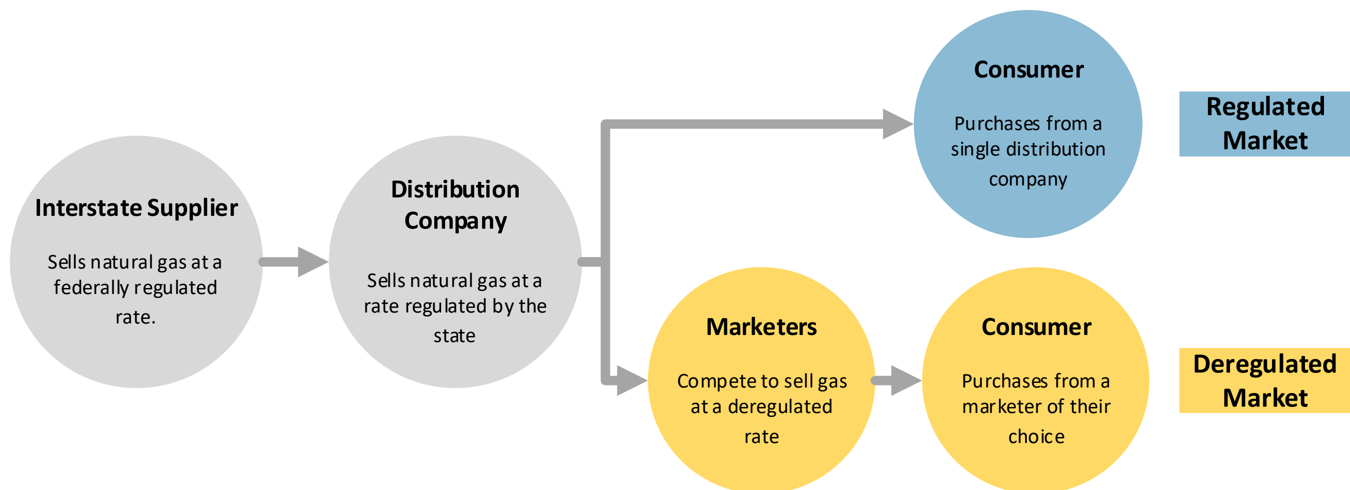
Deregulation means the final sale price for gas is determined by market competition instead of the regulatory agency.

When natural gas is fully regulated, a *local distribution company* (LDC) delivers and sells gas to consumers at a *rate* set by the state's regulatory agency (interstate supplier rates are set by FERC). Under *deregulation*, the price for the sale of gas is determined by market competition, and consumers can choose the *marketer* from which to purchase gas (see **Exhibit 1**). The marketer is a PSC-certified entity that manages customer accounts (e.g., billing) and service (e.g., disconnection or reconnection). Senate Bill 215—The Natural Gas Competition and Deregulation Act—authorized deregulation in Georgia on July 1, 1997, to create more efficient consumer pricing by enabling consumer choice. This created two types of distribution companies in Georgia.

- A **deregulated distribution company** delivers gas on its pipelines, but a marketer is responsible for setting up customer accounts and the final price that the customer will pay. While a deregulated company is a single entity, state law mandates that at least five marketers operate and compete in the company's territory for the price of gas to be deregulated.

- A **regulated distribution company** also delivers gas but directly manages customer accounts when selling gas. As previously discussed, the final price of gas is rate regulated because the company acts as a monopoly with no competition, so consumers can only receive service from the single entity that operates in their area. Georgia's municipally owned gas providers are similar to regulated companies, but their rates are set by each city instead of the state (through PSC).

Exhibit 1
Deregulation Allows Consumers to Choose the Marketer That Sells Them Natural Gas



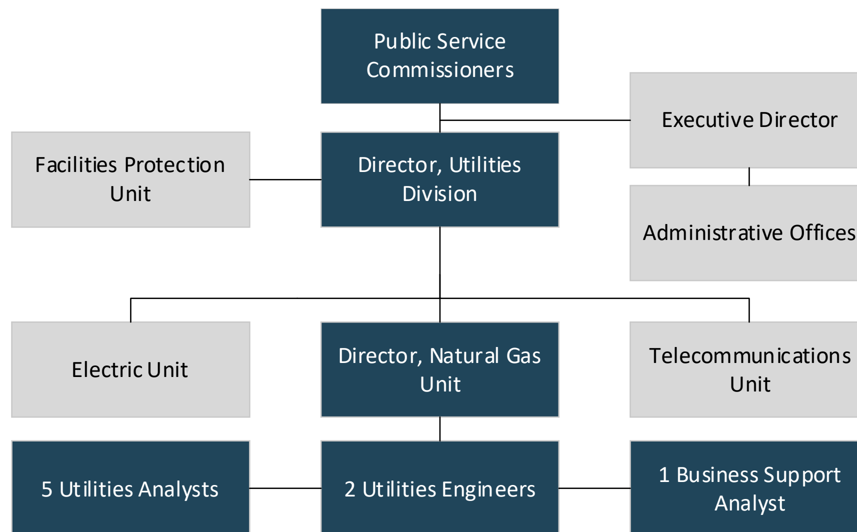
Source: State law, agency websites, agency interviews

Deregulation also established the concept of the *regulated provider*—authorized in House Bill 1568 in 2002—and the Universal Service Fund (USF). The regulated provider is a marketer that provides rate regulated pricing to consumers who may be unable to secure service with other marketers. The USF helps fund natural gas expansion and assists low-income consumers (see further discussion on page 3).

Public Service Commission

The Georgia Public Service Commission (PSC) is a quasi-legislative, quasi-judicial agency with a mission "to ensure consumers receive safe, reliable, and reasonably priced telecommunications, electric, and natural gas service from financially viable and technically competent companies." As shown in **Exhibit 2**, PSC is led by five elected commissioners who oversee approximately 85 staff. The Natural Gas Unit staff oversee natural gas providers' activities and services.

Exhibit 2
PSC Oversees Natural Gas and Other Utilities



Source: PSC documents

PSC regulates rates, terms, and conditions of service (collectively known as *tariffs*) for Georgia's two investor-owned distribution companies but not for municipally owned gas providers. Tariff rates are established by the type of service—for example, residential and commercial consumers have continuous service (i.e., *firm service*) while industrial consumers may have their service interrupted (i.e., *interruptible service*) to ensure adequate gas supply for other consumers on days with the highest demand. Tariffs also establish cost allocation for *expansion projects* (e.g., construction of additional pipeline)—while the gas company may pay for the expansion, the customer may also pay a portion of costs.

In addition to rate regulation, PSC has gas safety jurisdiction over all intrastate pipelines and distribution systems and solves territorial disputes for municipally owned gas providers. PSC also administers the Universal Service Fund.

Universal Service Fund

PSC establishes and administers a Universal Service Fund (USF) for eligible natural gas companies (currently, there is only one). As shown in **Exhibit 3** on the next page, state law provides that a USF can help fund expansion projects, assist low-income consumers, and reimburse the regulated provider for low-income consumers' *bad debt*. It should be noted that USF funds cannot be used

for the operation, maintenance, replacement, or repairs of existing natural gas facilities.

Exhibit 3
Eligible Uses for the USF Include Funding Natural Gas Expansion and Assisting Low-Income Consumers

Expansion Projects
✓ Construction of pipelines to serve residences and businesses
✓ Natural gas fueling infrastructure for motor vehicles
✓ Compressed natural gas (CNG) facilities
✓ Liquefied natural gas (LNG) facilities
Low-Income Assistance
✓ During times of emergency as PSC authorizes
Regulated Provider
✓ Reimbursement for low-income consumers' bad debt

Source: O.C.G.A. § 46-4-161 and PSC rules

Request and Disbursement Process

PSC must approve disbursements from the USF, which are made after an entity files a request. The process for requests and disbursements varies according to the use of funds.

Expansion Projects

USF disbursements are made regularly for expansion projects. Each year, the general public has the opportunity to request an expansion project, which the gas company submits to PSC for review and final approval based on available USF funding. State law provides that disbursements for expansion projects cannot exceed 5% of the company's total capital budget each fiscal year. Furthermore, funding cannot be approved for any amount that exceeds the USF's available[1] balance.

- **Project Proposal and Selection** – A gas company selects expansion projects after conducting an online public survey held between April 1 and June 30 each year. Local development authorities may also request projects. After the company solicits customer proposals, it files an Annual Plan containing the proposals with PSC by September 1. Modifications to the Annual Plan may be filed at any point thereafter.
- **PSC Review** – PSC staff review the Annual Plan to make a recommendation for the commissioners' approval. Staff use the company's capital budget to establish the 5% cap and determine what portion of the USF balance is available. Staff use various metrics to consider which projects offer the strongest benefit for the public (e.g.,

[1] *USF funds are unavailable if they have been set aside for a specific purpose. For expansion projects, this occurs once PSC has approved them.*

a project providing natural gas service to a facility that will create additional local jobs). Staff provide a written recommendation to PSC's commissioners who vote to either accept, modify, or reject during the administrative session. A final order approving a project—which contains the estimated project costs—is the authorizing document to begin construction and ultimately to disburse funds.

- **USF Disbursement** – Generally, funds are disbursed after the company files a Notice of Completion Report detailing all actual project costs, as well as other supporting documentation. USF funds may be disbursed for actual project costs, even those exceeding the original estimated cost. Costs that exceed the statutory caps (5% of the total capital budget or the available account balance) will not be disbursed; they instead are incorporated into the PSC-approved rates charged by the distribution company.

Low-Income Assistance

State law provides that the USF can be used to assist low-income households during times of emergency as determined by PSC. At PSC's discretion, USF funds have typically been provided to nonprofit low-income home energy programs in accordance with the following process.

- **Request for Assistance** – PSC can initiate its own motion to provide low-income assistance. Currently, nonprofit organizations file a petition with PSC requesting funding assistance for a program.
- **PSC Review** – When an organization requests assistance with a program, PSC staff review the proposed program's merits and determine the amount of USF funds available. If staff do not identify any negative issues with the request, it is sent to the commissioners to approve, modify, or deny assistance during the administrative session. A final order approving assistance is authorization for a USF disbursement.
- **USF Disbursement** – Funds are disbursed in accordance with the final order approving assistance. PSC may order one-time funding or agree to provide annual recurring assistance for a specific number of years.

Regulated Provider

In 2002, House Bill 1568—The Natural Gas Consumers' Relief Act—established the regulated provider, a marketer that sells rate regulated gas (in contrast, other marketers set their own prices). Under state law, the regulated provider serves two groups of consumers[2]—low-income residential consumers make up *Group 1*, while *Group 2* is made up of high-risk consumers (established by a history of

[2] As a PSC-certified marketer, the regulated provider may also compete to serve other natural gas consumers in addition to these two groups.

The USF can be used to reimburse the regulated provider for uncollectible accounts from its Group 1 consumers, who are eligible for the federally funded Low-Income Home Energy Assistance Program.

nonpayment) and consumers unable to secure service with other marketers. State law allows USF disbursements to the regulated provider for reimbursement on bad debt (i.e., an uncollectible balance on a customer account from nonpayment) arising from its Group 1 consumers only.

State law provides that PSC selects a regulated provider to serve for two years, but the term can be extended at PSC's discretion. Selection is done through a competitive request for proposal process, during which PSC also negotiates the reimbursement rate and method. Since 2015, the regulated provider has been reimbursed $57 annually per Group 1 customer account; this recovery rate is intended to be low to encourage the regulated provider to attempt to collect bad debt outside the USF.

- **Request for Recovery** – The regulated provider files a request for recovery by the 5th of each month. Since 2015, the monthly request has been for recovery of $4.75 per Group 1 customer (the monthly equivalent of $57 annually).
- **PSC Review** – The regulated provider must provide with its request the number of Group 1 customers each month, which PSC staff independently verify for accuracy. The disbursement amount is the number of Group 1 customers multiplied by $4.75.
- **USF Disbursement** – During the administrative session, commissioners review the request and sign a final order authorizing disbursement of funds.

Universal Service Fund Financials

Under statute, deposits can be made from a variety of company revenue sources, and statute allows PSC to order additional revenues to be deposited. Statute states that PSC shall determine the appropriate funding amount annually, which "shall not exceed $25 million."[3] The USF receives no state funds.

Between fiscal years 2018 and 2022,[4] annual USF deposits increased by 44%—from nearly $17.0 million to $24.4 million (see **Exhibit 4** on the next page). Fluctuations in the period reviewed were primarily due to market conditions and general business operations affecting company revenue.

[3] PSC indicated it establishes a minimum deposit amount and forecasts annual funding, but actual deposits fluctuate due to factors beyond PSC's control.
[4] The deregulated distribution company's fiscal year is January 1 to December 31.

Exhibit 4
Various Revenues Fund the USF, FY 2018-2022[1]

USF Deposits	2018	2019	2020	2021	2022
Asset Management Revenue	$8,433,739	$3,565,667	$3,892,069	$5,867,585	$16,656,450
Interruptible Service Revenue	$4,046,868	$4,134,306	$3,957,296	$3,966,274	$3,876,368
Mismatch Revenue	$2,550,326	$980,649	$1,251,429	$1,364,883	$1,548,720
DSR/LSR Revenue	$1,055,070	$295,170	$171,750	$184,350	$407,040
Other	$863,198	$730,643	$320,622	$1,406,843	$1,878,775
Total Deposits	**$16,949,201**	**$9,706,435**	**$9,593,166**	**$12,789,935**	**$24,367,353**

[1]The deregulated distribution company's fiscal year is January 1 to December 31.
Source: PSC documents

The largest deposits to the USF were from asset management, interruptible service, and mismatch revenue, while a smaller portion of deposits were from other revenue sources allowed by statute or ordered by PSC.

- **Asset Management** – Asset management revenue is generated through company contracts with an asset manager (i.e., a specialized provider that optimizes the use of natural gas). An asset manager operates nationally with gas companies to transport and store natural gas, which can be strategically diverted to other jurisdictions that need extra supply. PSC ordered a portion of revenue earned from these transactions to be deposited into the USF.

  Asset management revenue accounted for 52% of all deposits over the last five years. Between fiscal years 2018 and 2022, asset management deposits increased by 97%—from $8.4 million to $16.7 million. Additionally, the annual variation accounted for most of the USF revenue fluctuations over this time period. PSC indicated that asset management revenue fluctuates as market conditions affect demand for natural gas, which was the likely cause for the sharp increase from 2021 to 2022.

- **Interruptible Service** – Interruptible service is a type of service contract that subjects industrial consumers to having their service restricted to ensure an adequate gas supply is available for residential and commercial (i.e., firm) consumers. State law provides that 95% of the revenue earned from interruptible service rates shall be deposited into the USF.

  Revenue from interruptible service, which accounted for 27% of all USF deposits, remained relatively stable (at approximately $4 million) over the past five years.

- **Mismatch** – Mismatch revenue is earned from a penalty assessed on marketers. When the gas company determines that marketers must alter *distribution service*, marketers are assessed a fee for failing to comply with the company's order to restrict service. PSC ordered this revenue to be deposited into the USF.

Revenue from mismatch, which accounted for 11% of all deposits over the last five years, fluctuates because of general business operations. Between fiscal years 2018 and 2022, mismatch revenue decreased by 39%—from $2.6 million to $1.5 million.

- **DSR/LSR** – Daily Supply Requirement/Liquefaction Supply Requirement (DSR/LSR) revenue is earned from a penalty assessed on marketers. The gas company and marketers must communicate daily to establish an adequate gas supply (i.e., DSR/LSR) to serve consumer groups. Marketers are assessed a fee when they fail to communicate as needed or follow company orders. PSC ordered this revenue to be deposited into the USF.

  Revenue from DSR/LSR, which accounted for 3% of all deposits over the last five years, fluctuates because of general business operations. Between fiscal years 2018 and 2022, DSR/LSR revenue decreased by 61%—from $1.0 million to $400,000.

- **All Other Deposits** – Under statute, USF deposits also include interest earned on the account, unclaimed customer deposits, and interstate supplier refunds (i.e., rate refunds from interstate suppliers ordered by FERC).

  PSC can also authorize deposits from other revenue into the USF. For example, if a gas company determined that a marketer overpaid the company at some point during the year, that money is deposited into the USF instead of being returned to the marketer.

  These other sources of revenue fluctuated and together accounted for the remaining 7% of deposits made over the past five years. Between fiscal years 2018 and 2022, these deposits increased significantly—from $863,000 to $1.9 million.

Requested Information

Finding 1: State law establishes a Universal Service Fund for each gas distribution company that elects to deregulate.

State law provides that a Universal Service Fund (USF) be established for each natural gas company that elects to deregulate, which currently applies to only one company. Georgia's other investor-owned natural gas company has not deregulated and thus does not have a USF. Municipal gas providers are also not eligible for a USF because they are not investor-owned gas companies.

State law establishes a USF for *electing distribution companies* (EDCs), one of three types of gas providers, as shown in **Exhibit 5**. An EDC is an investor-owned gas company that delivers gas to consumers, but the consumers purchase gas through a marketer of their choice.[5] By contrast, a local distribution company (LDC) both delivers and sells gas directly to consumers. Similar to LDCs, municipally owned gas providers deliver and sell gas directly to consumers.

Exhibit 5
Only EDCs Have a Universal Service Fund

	Electing Distribution Company	Local Distribution Company	Municipally Owned Gas Provider
Has a USF	●	○	○
Is investor-owned	●	●	○
Delivers gas to consumers	●	●	●
Sells gas to consumers	○	●	●
Final Gas Price	Competitive Prices[1]	PSC Regulated Prices	City Regulated Prices
	1 Entity	1 Entity	78 Entities

[1]Deregulation means the final price of gas is determined by market competition instead of the regulatory agency.
Source: State law, PSC website, agency interviews

Passed in 1997, Senate Bill 215 provided for deregulation and creation of a USF for EDCs.

- **EDC** – Currently, Atlanta Gas Light (AGL) is the only natural gas company that has elected to become an EDC (i.e., to deregulate) in Georgia; as such, it is the only company that utilizes a USF. AGL filed its EDC application in 1997, and PSC approved it the following year. AGL indicated it elected to deregulate to improve operational efficiency and enable consumer choice. AGL's territory covers most of Georgia (see **Appendix D**), and it delivers gas to more than 1.6 million consumers. Thirteen marketers compete to sell gas to AGL's consumers.
- **LDC** – Because it is also an investor-owned gas company, Liberty Utilities is the only other gas provider in Georgia eligible to deregulate

[5] *As discussed on pages 1-2, deregulation means the final price of gas is determined by market competition instead of the regulatory agency. Deregulation was intended to create more efficient consumer pricing by enabling consumer choice.*

and obtain a USF. However, Liberty indicated it has not deregulated because of high initial costs, which are primarily related to information system changes (e.g., account management, gas demand). Liberty staff estimate it would take 25-30 years to see a return on the initial investment. Unlike AGL, Liberty delivers and directly sells gas to its consumers. Liberty serves approximately 60,000 consumers in the Gainesville and Columbus areas.

- **Municipal Gas** – Georgia has 78 municipally owned gas providers that are not eligible to deregulate (because the law applies only to investor-owned companies) and therefore do not have a USF. Municipally owned gas providers vary widely in the number of consumers served and the extent of their distribution. Similar to Liberty, municipally owned gas providers deliver and directly sell gas to their consumers, which total approximately 260,000 across all regions of the state.

Although Liberty Utilities and municipally owned gas providers do not have a USF, they utilize other funding methods to expand their service, as discussed further in finding 4.

PSC's Response: *PSC agreed with this finding*.

The Purpose of a Universal Service Fund

Industry representatives indicated a USF can help expand the utility while mitigating risks from deregulation.

- **Expansion Projects** – PSC indicated the General Assembly was concerned that deregulation could disincentivize expansion because the distribution company would not gain the full financial benefit from new consumers. This risk is mitigated by directing USF funds to natural gas expansion, particularly for unserved or underserved areas.

- **Low-Income Assistance** – While utilities typically have programs for low-income consumers, a deregulated market does not incentivize this assistance. If marketers offered discounts for low-income households, they would likely raise prices for other consumers to make up the difference, diminishing their pricing competitiveness. By providing funds through the USF, PSC helps maintain low-income programs.

- **Consumer Debt** – In a deregulated market, marketers have a higher risk of consumer nonpayment. Unlike in a regulated monopoly (e.g., an LDC), consumers in a deregulated market may simply move their account to a different marketer if they are unable to pay their balance. USF funds are used to help reimburse the regulated provider for bad debt from low-income consumers. House Bill 1568 created the regulated provider in 2002.

Finding 2: Most USF expenditures have been for gas expansion projects, with a smaller portion going toward other allowable uses.

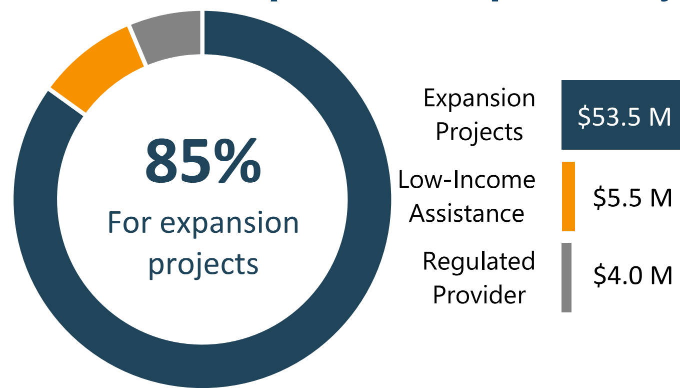
Over the past five years, most USF disbursements were used to fund AGL expansion projects. These projects increased gas capacity or promoted economic development in various regions of Georgia. A smaller portion of USF disbursements funded low-income assistance programs or reimbursed the regulated provider for low-income consumers' bad debt.

State law allows USF disbursements for expansion projects, low-income assistance, and reimbursing the regulated provider for low-income consumers' bad debt. As discussed on pages 4-6, state law places annual limits on USF deposits and disbursements—deposits cannot exceed $25 million, and disbursements for expansion projects cannot exceed 5% of the company's total capital budget for each fiscal year. Additionally, disbursements cannot exceed the available balance of the USF.[6]

Between fiscal years 2018 and 2022, USF disbursements totaled $63.2 million. As shown in **Exhibit 6**, expansion projects accounted for $53.5 million (85%) of disbursements. Other disbursements were for low-income assistance ($5.5 million, or 9%) and regulated provider payments ($4 million, or 6%). Each is described below.

Exhibit 6

Most Funds Were Spent on AGL Expansion Projects, AGL FY 2018-2022[1]



[1]Less than 1% of expenditures during this period were for other allowable purposes, such as bank fees.
Source: PSC documents

Expansion Projects

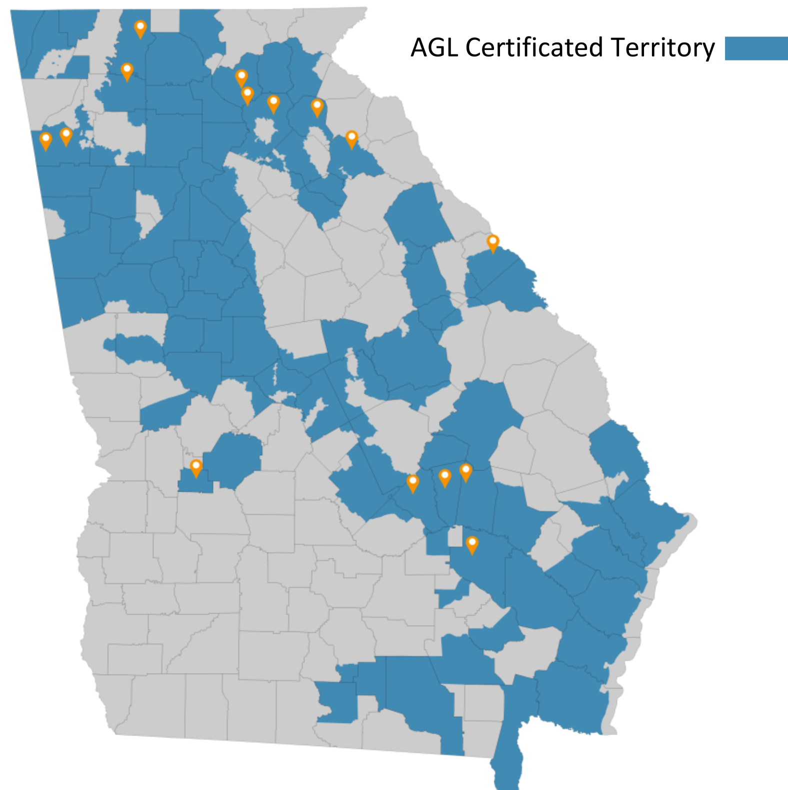
As discussed on pages 4-5, the USF helps fund natural gas expansion projects (e.g., construction of new pipelines into unserved regions, installation of larger capacity pipelines). Between fiscal years 2018 and 2022, $53.5 million in disbursements were made for 15 expansion projects. Most expansion projects

[6] *Expansion project costs that exceed disbursement limits are incorporated into the PSC-approved rates that consumers pay.*

increased gas capacity (9) or offered economic development benefits (4).[7] Two expansion projects were conducted at a customer's request but offered fewer direct benefits for the surrounding community (e.g., installation of a *compressed natural gas* station). Recent project expenditures covered by the USF and the projects' public benefits are shown in **Appendix E**.

AGL identifies potential projects through public surveys and discussions with local development authorities. Each year, AGL creates a list of potential USF-funded expansion projects based on set criteria (e.g., having a viable customer ready to execute a contract) and submits it to PSC for approval. PSC staff stated they select projects that offer the greatest public benefit based on factors such as the number of jobs created or existing demand for natural gas in the area. Staff indicated they also consider geographic location when recommending projects. PSC commissioners consider staff recommendations and vote on the proposed projects. As shown in **Exhibit 7**, recent USF expansion projects occurred in various locations across AGL's territory.

Exhibit 7
Recent Expansion Projects Have Occurred Across AGL's Territory,[1] AGL FY 2018-2023



[1]Projects are depicted within the correct county but not the exact location of the expansion. Project locations are illustrated for the 2018-2023 fiscal years.
Source: PSC documents

[7] *The audit team categorized projects, as described in* ***Appendix E****, based on the public benefits described in PSC orders.*

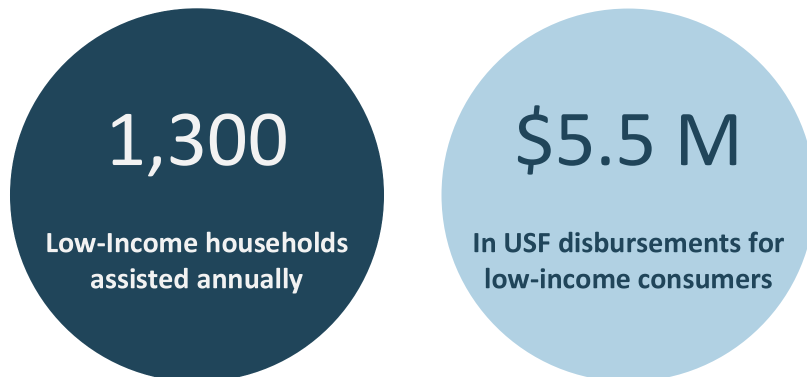
When proposed projects are not selected for USF funding, they may be funded using alternative methods. For example, AGL's *economic development tariff*, which covers up to $25 million in project costs (previously $15 million), was used for two projects proposed but not approved during the 2020 fiscal year (in Telfair and Walker counties). Other projects may be postponed or may never materialize if the project applicant decides not to pursue them. AGL indicated these are typically small projects (e.g., a single customer) rather than larger development projects.

It should be noted that AGL indicated some expansion projects would not occur without USF funding, often because the revenue generated would not pay for the expansion's costs.

Low-Income Assistance

As discussed on page 5, the USF can assist low-income consumers during times of emergency. PSC has discretion to determine what constitutes an emergency and how assistance is provided. In recent years, PSC has chosen to provide annual disbursements to nonprofit programs that requested ongoing assistance, which have totaled $5.5 million (see **Exhibit 8**). PSC indicated the programs also benefit AGL and marketers by preventing customers from "dropping off" the gas system due to insufficient funds for bills or home repairs.

Exhibit 8
Nonprofit Programs Have Assisted Thousands with USF Funds, AGL FY 2018-2022



Source: PSC documents

Between 2018 and 2022, low-income assistance funding was provided to three nonprofits that manage home energy programs. These programs have assisted an average of 1,300 low-income households each year.

- **HopeWorks** – Approximately $3.3 million was disbursed to HopeWorks, which assists low-income senior households by replacing gas furnaces and water heaters. The program assisted more than 800 households, with USF funding limited to $6,000 per household annually.

- **Heating Emergency Assistance Team** (HEAT) – Approximately $1.6 million was disbursed to HEAT, which assists low-income households with their natural gas bills to prevent disconnection or to help reestablish service. The program has assisted more than 3,400 households, with USF funding limited to $350 per household annually.
- **Salvation Army** – Approximately $577,000 was disbursed to the Salvation Army. Similar to HEAT, the funds have assisted low-income households with their natural gas bills to prevent disconnection or to help reestablish service. The program assisted more than 2,300 households, with USF funding limited to $500 per household annually.

Regulated Provider

USF funds can be used to address bad debt, which refers to an account with a past due balance that a customer is unable to pay.

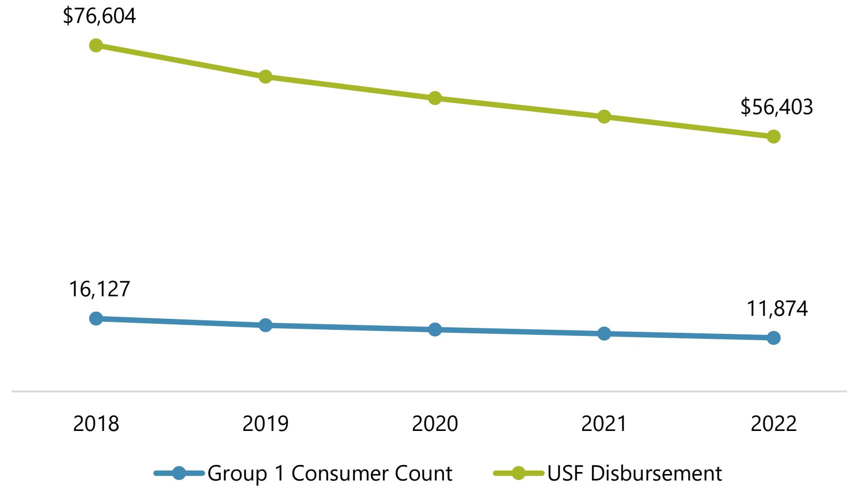
As discussed on pages 5-6, the regulated provider receives USF disbursements to address uncollectible accounts (i.e., bad debt) for its low-income consumers. Between fiscal years 2018 and 2022, $4 million in disbursements were made to the regulated provider for bad debt recovery, though payments have decreased in recent years.

Established in 2002, the regulated provider is a marketer that sells rate regulated gas to low-income consumers (Group 1)[8] and consumers who are unable to obtain service from other marketers (Group 2). The regulated provider receives reimbursement from the USF to address bad debt arising from its Group 1 consumers.

When selecting the regulated provider, PSC sets a recovery rate at which the provider will be reimbursed. The recovery rate is a monthly dollar amount per consumer, intended to estimate a reasonable amount of bad debt for Group 1. Over the period reviewed, the recovery rate was $4.75 per Group 1 consumer. The regulated provider files monthly requests for disbursements and provides the number of Group 1 consumers being served, which has decreased in recent years. As shown in **Exhibit 9** on the next page, average monthly disbursements decreased from $76,604 in 2018 to $56,403 due to fewer Group 1 consumers.

[8] *Group 1 consumers are those that qualify for the federally funded Low-Income Home Energy Assistance Program (LIHEAP).*

Exhibit 9
Fewer Low-Income Consumers Resulted in Lower Reimbursements to the Regulated Provider, FY 2018-2022[1]



[1]The graph displays monthly averages for each year.
Source: PSC documents

PSC's Response: *PSC agreed with this finding.*

Finding 3: While the USF ending account balance has increased, most of the funds have already been committed to planned expansion projects.

Over the last five years, the USF end-of-year balance[9] increased by just over 60%. However, this increase is primarily due to a carryover of funds that PSC has approved for AGL expansion projects but have not yet been spent. While state law allows PSC to issue customer refunds when the end-of-year balance exceeds $3 million, PSC indicated the available balance would not provide significant individual refunds.

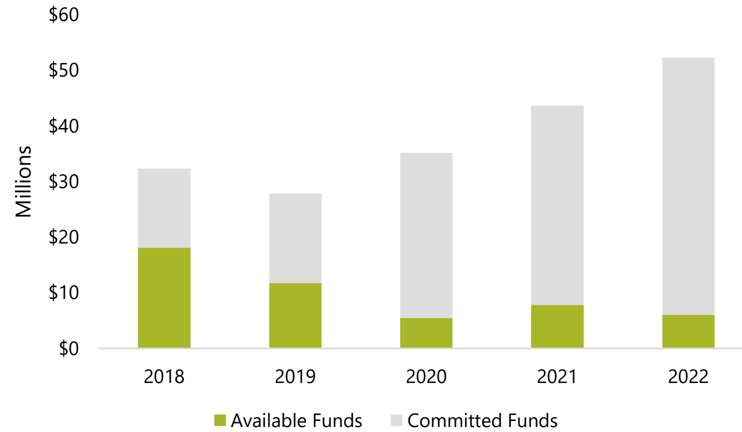
Most of the USF balance are funds that have been set aside for a specific purpose by a PSC order (committed funds).

As shown in **Exhibit 10** on the next page, the end-of-year balance has increased in recent years because of an increase in funds committed to planned expenditures, which have carried over to future years. Between fiscal years 2018 and 2022,[10] the USF end-of-year balance increased by 62%—from $32.3 million to $52.3 million. Over this period, committed funds[11] increased by 226% (from

[9] As discussed in this finding, the term "balance" refers to the cash balance in the USF bank account, which may differ from the term "fund balance" used for accounting purposes. It should be noted that the USF does not receive any state funds.
[10] AGL's fiscal year is January 1 to December 31.
[11] Once PSC commits funds for a specific purpose (e.g., an expansion project), these funds remain in the total balance until a disbursement is made.

$14.2 million to $46.3 million), while the available balance decreased by 67% (from $18.1 million to $6.0 million). In fiscal year 2022, committed funds ($46.3 million) accounted for nearly 90% of the end-of-year USF balance ($52.3 million).[12]

Exhibit 10
While the End-Of-Year Balance Has Increased in Recent Years, the Available Balance Has Decreased, AGL FY 2018-2022[1]



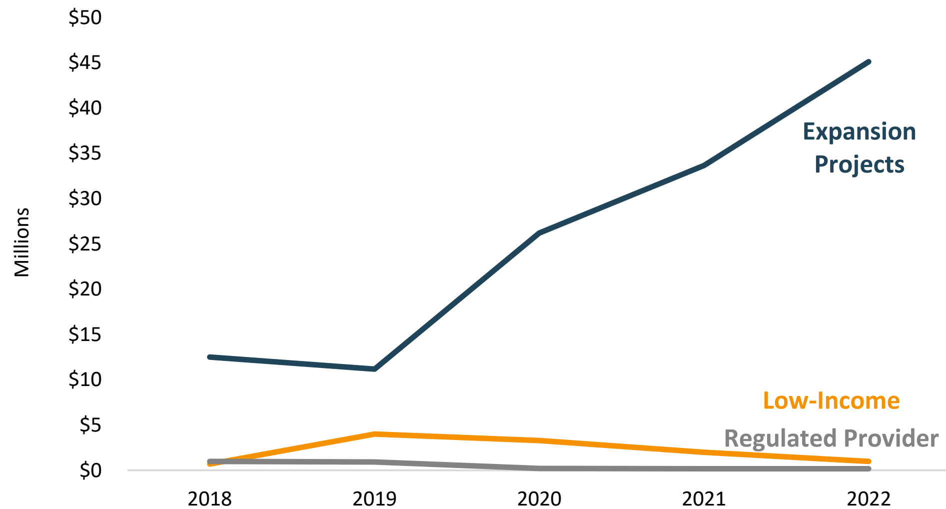
[1]The 2018 available balance was higher due to a delay with the 2019 Project Plan. Funds are typically committed by the end of the year once PSC approves the plan for the upcoming year. However, the 2019 plan was not approved until January 2019, so funds were committed at that time.
Source: PSC documents

Most funds are committed for expansion projects, while a smaller portion are for funding low-income assistance programs or reimbursing the regulated provider for low-income consumers' bad debt.

- **Expansion Projects** – Between fiscal years 2018 and 2022, funds committed for expansion projects increased by 261%—from $12.5 million in 2018 to $45.1 million in 2022, as shown in **Exhibit 11** on the next page. Funds committed for expansion projects account for most of the recent increase in the end-of-year balance.

[12] *According to PSC, as of October 2023, 45% of the USF account balance was committed to planned expenditures—$27.8 million for expansion projects, $1.0 million for low-income assistance, and $100,000 for the regulated provider.*

Exhibit 11
Funds Committed for Expansion Projects Have Increased Significantly, AGL FY 2018-2022



Source: PSC documents

According to PSC, committed funds increased primarily because of longer project timelines during the pandemic era. When PSC approves an expansion project, it commits funds based on the project's estimated cost. However, the disbursement typically occurs after the project is completed, which may take multiple years, and after AGL submits all required documentation. COVID-era issues led to supply chain and labor shortages, which caused delays in both project completion and documentation submission.

- **Low-Income Assistance** – Between fiscal years 2018 and 2022, funds committed for low-income assistance increased by 43%—from $701,000 in 2018 to $1.0 million in 2022. These funds fluctuate annually because of variation in the amount and timing of agreements with the nonprofits. As discussed on page 5, once commissioners approve the agreement, PSC commits funds for the approved amount and time period. If PSC approves a larger amount or a longer agreement with a nonprofit, the amount of committed funds will grow.

- **Regulated Provider** – Between fiscal years 2018 and 2022, funds committed for bad debt recovery for the regulated provider decreased by 82%—from $1.0 million to $183,000. This decrease occurred due to changes in PSC's methodology for calculating the amount of committed funds. PSC currently commits funds once the regulated provider has requested the monthly disbursement.

State law provides that PSC may issue customer refunds when the USF's end-of-year balance exceeds $3 million. PSC indicated customer refunds have not been

issued because the available balance would not produce significant individual refunds. For example, if a refund had been issued at the end of 2022, each customer would have received approximately $4.00.[13] PSC staff stated the USF provides a greater benefit to the public if used for future expansion projects instead of customer refunds.

PSC's Response: *PSC agreed with this finding.*

Finding 4: Consumer rate revenue typically funds expansion projects, but other funding options exist.

Although AGL is the only entity with a USF, the gas providers without a USF that we interviewed indicated they do not experience funding challenges for expansion projects. Consumer rate revenue often funds expansion projects, and other options also support growth. Other states have implemented programs in statute that the General Assembly could consider if a need is identified.

Across the industry—in Georgia and other states—consumer rates provide revenue for expansion projects. Under the typical scenario, project costs are allocated to the consumers' rates if it is determined[14] the costs will not unduly burden consumers (i.e., consumers only pay for costs related to their service).

Georgia's gas providers indicated other funding options are used in conjunction with consumer rate revenue when the need arises. Generally, this occurs when an expansion project has a revenue shortfall (i.e., the upfront costs for an expansion project exceed the anticipated revenue earned from a customer over a set period of time). Additionally, other states have included statutory language to further facilitate expansion, particularly when projects have a revenue shortfall. These are discussed below.

Existing Funding Options in Georgia

To assess mechanisms for funding expansion in Georgia, we interviewed Georgia's two investor-owned gas companies and seven municipally owned gas providers.[15] Providers without a USF indicated they have not experienced funding challenges when expanding because they use business revenue in conjunction with other funding options, as described below. AGL also uses other funding mechanisms in addition to the USF. It should be noted that gas providers

[13] PSC staff stated customer refunds have been issued in the past for other utilities, and when refunds are for a small sum of money, customers may respond negatively.
[14] For investor-owned gas companies, PSC determines to what extent project costs are recoverable through rates. Municipally owned gas providers make this determination through the local government.
[15] The municipally owned gas providers included Albany, Buford, Claxton, Douglas, Lawrenceville, Toccoa, and Warner Robins.

identified other challenges, such as interstate supply constraints, as barriers to expansion (see the text box on page 20).

When an applicant requests natural gas service, the provider's capital budget covers all expansion project costs unless there is a revenue shortfall resulting in excess costs. A capital budget is money allocated for natural gas expansion and other capital investments. Sources vary based on provider type.

- **Investor-Owned Gas Providers** – For investor-owned distribution companies, the capital budget is made up of business revenue, debt, and equity securities (e.g., stocks). For AGL, the USF provides up to 5% of its capital budget annually, according to state law.
- **Municipal Gas Providers** – For municipally owned gas providers, the capital budget structure can vary and may include a mixture of natural gas revenue, private lending, and *municipal bonds*.

  Additionally, 66 of Georgia's 78 municipal gas providers are members of the Municipal Gas Authority of Georgia (MGAG), which may issue bonds on behalf of the provider for expansion projects.[16] MGAG leases the project to the municipal provider until the lease payments have fully paid back the bond, at which point, ownership is transferred.

The Municipal Gas Authority of Georgia (MGAG) may issue bonds on behalf of municipal gas providers. A bond is an obligation to repay borrowed money.

When an expansion project has excess costs that would not be covered by anticipated project revenues, the applicant is typically expected to cover all or a portion of the difference—referred to as a contribution in aid of construction (CIAC). Gas providers request a CIAC because incorporating excess costs into the *rate base* could unduly burden other consumers. (USF-funded projects also can be partially funded with a CIAC.) Local development authorities have also covered excess costs with a CIAC for projects that offer economic development benefits.[17]

We did not identify grants as a source of revenue for expansion projects in Georgia. While a few gas providers indicated they have sought federal grants for pipeline safety, none were aware of any federal or state grants for expansion projects. During the 2023 legislative session, Georgia decision makers did consider using a state grant to help fund expansion projects.

Other States' Policies

Similar to Georgia, other states' gas providers use rate revenue to fund expansion projects. We reviewed laws in other southeastern states,[18] none of which establish a USF or fund grants for expansion projects. However, two states' laws help

[16] Established in 1987, MGAG is a nonprofit with statutory authority to issue bonds for natural gas facility expansion and capital improvement.
[17] Local development authorities may use state grant funding and/or local funding for development projects.
[18] These states included Alabama, Arkansas, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virgina.

facilitate expansion for economically infeasible projects (where the costs would not be covered by anticipated project revenues).

- **Dedicated Project Fund** – Under statute in North Carolina, the utility commission can order a distribution company to create a special project fund using revenue from interstate supplier refunds, service surcharges, and other sources as ordered by the commission. The project fund can then be used for projects determined by the commission to be economically infeasible.
- **Economic Development** – In Virginia, statute establishes a method of recovering project costs in future rates if the natural gas utility determines the project is economically infeasible but offers economic development benefits.[19] This policy differs from typical cost allocation, where consumer rates are only made up of costs related to their service.

PSC's Response: *PSC agreed with this finding.*

Additional Challenges to Natural Gas Expansion

Industry representatives identified additional challenges that impact their ability to expand natural gas service.

- **Proximity to Interstate Pipelines** – Expansion may not be economical for areas that are farther from interstate pipelines because of increased costs associated with constructing additional miles of pipeline.
- **Infrastructure Capacity** – The pipeline infrastructure determines how much gas can be supplied locally and thus whether expansion can occur. One gas provider indicated expansion of their distribution system is restricted because the existing pipelines transmitting gas from the interstate pipeline do not have the capacity to support additional growth.
- **Federal Regulations** – Changes in federal regulations can impact the national supply of natural gas. Federal changes have resulted in reduced domestic production and an increase in international exports, which could impact local supply and prices. Two gas providers expressed concern that national supply will affect their ability to serve new customers.
- **Economic Development** – Expansion may not occur when other factors affect economic development decisions. Factors such as a skilled workforce and the availability of other utilities impact prospective customers.

[19] *In addition to southeastern states, we also reviewed laws in states known to have recently passed legislation to help facilitate natural gas expansion. Minnesota and Nebraska laws have similar provisions for economic development projects.*

Appendix A: Table of Findings and Recommendations

	Agree, Partial Agree, Disagree
Finding 1: State law establishes a Universal Service Fund for each gas distribution company that elects to deregulate. (p. 9)	**Agree**
No recommendations included	N/A
Finding 2: Most USF expenditures have been for gas expansion projects, with a smaller portion going toward other allowable uses. (p. 11)	**Agree**
No recommendations included	N/A
Finding 3: While the USF ending account balance has increased, most of the funds have already been committed to planned expansion projects. (p. 15)	**Agree**
No recommendations included	N/A
Finding 4: Consumer rate revenue typically funds expansion projects, but other funding options exist. (p. 18)	**Agree**
No recommendations included	N/A

Appendix B: Objectives, Scope, and Methodology

Objectives

This report examines the Universal Service Fund administered by the Georgia Public Service Commission (PSC). Specifically, our examination set out to determine the following:

1. What factors determine whether an entity can utilize a Universal Service Fund?
2. What were the expenditures for the Universal Service Fund?
3. What factors have contributed to changes in the fund balance?
4. What policy options could help fund the expansion of natural gas services?

Scope

This special examination generally covered activity related to the Universal Service Fund (USF) that occurred during the 2018-2022 calendar years, with consideration of earlier or later periods when relevant. Information used in this report was obtained by reviewing relevant laws, rules, and regulations; reviewing agency documents, websites, and industry publications; and analyzing PSC's financial data for the USF. We also interviewed officials and staff from PSC, Atlanta Gas Light (AGL), Liberty Utilities, the Municipal Gas Authority of Georgia (MGAG), and nine Georgia cities. We also conducted a review of statutory provisions for natural gas expansion in 10 southeastern states.

Government auditing standards require that we also report the scope of our work on internal control that is significant within the context of the audit objectives. We did not identify any internal control work significant to our objectives.

Methodology

To identify factors that determine whether an entity can utilize a Universal Service Fund, we interviewed PSC staff regarding the number of natural gas providers in Georgia, the types of providers (i.e., investor-owned or municipal), and their eligibility for a USF. We obtained additional information on Georgia's natural gas providers from the PSC website and PSC documents. To identify legal provisions for establishing a USF, we reviewed state law related to the USF and PSC rules and regulations. To identify benefits or barriers for a company to deregulate and obtain a USF, we interviewed AGL and Liberty Utilities staff.

To determine the expenditures for the Universal Service Fund, we reviewed relevant provisions within state law and PSC rules and regulations. To determine the process for PSC to review and approve disbursement requests from different entities, we interviewed PSC staff and reviewed PSC rules and regulations and other documents. We also obtained information on expansion project proposals by interviewing AGL staff.

To determine the amount of disbursements made for each statutorily allowable purpose, we analyzed PSC's financial data for the USF. The USF bank account is held by AGL, and PSC staff use bank statements and information from AGL to administer the USF. We used account tracking data provided by PSC staff for deposit and disbursement information. We analyzed this financial data according to the categories and limits allowed by statute. We also reviewed AGL's 2023 published tariffs and PSC orders for information such as expansion project location and public benefits.

We assessed the controls over data used for this examination and determined that the data used were sufficiently reliable for our analyses. However, we did not independently verify the data.

To identify factors that contributed to changes in the USF account balance, we reviewed PSC financial data for USF funds that have been committed but not yet disbursed. We analyzed annual fluctuations in USF deposits and disbursements and assessed how these impact the end-of-year balance. For each project or program with funding that had been approved but not yet disbursed, we categorized it according to the statutorily allowed purpose. To identify each category's impact on the USF end-of-year balance, we reviewed PSC financial data and compared the data with PSC orders. We also interviewed PSC staff regarding fluctuations and PSC policy regarding issuing customer refunds.

To identify policy options that could help fund natural gas expansion, we reviewed laws, regulatory agency websites, and news articles for 10 southeastern states (Alabama, Arkansas, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia). We also reviewed an industry publication from the National Regulatory Research Institute that identifies a sample of line extension policy considerations in the United States. The states reviewed in the publication include Delaware, Minnesota, Nebraska, New York, Pennsylvania, and Vermont. To identify additional policy options, we reviewed laws in those states. We also interviewed representatives from PSC, AGL, and Liberty Utilities to determine whether they were aware of funding mechanisms used in other states.

To identify how entities in Georgia without a USF fund expansion projects, we interviewed Liberty Utilities and seven municipally owned gas providers. The municipally owned gas providers included staff from the cities of Albany, Buford, Claxton, Douglas, Lawrenceville, Toccoa, and Warner Robins. While we selected municipal providers of varying size and location, we did not select a statistically significant random sample; therefore, the results are not generalizable. To better understand the type of funding assistance provided by the Municipal Gas Authority of Georgia (MGAG) and determine whether its municipal members experience funding challenges, we interviewed MGAG staff.

To determine whether there are federal grants for expansion projects, we searched online for grants related to natural gas offered by the U.S. Department of Agriculture or listed on a federally managed grant advertising webpage.

To understand how AGL funds expansion projects that are not funded through the USF, we interviewed staff from PSC and AGL and reviewed AGL's 2023 published tariffs.

To identify barriers to natural gas expansion in unserved areas of Georgia, we interviewed staff from PSC and two local governments in areas identified by stakeholders because there is no natural gas infrastructure (city of Butler in Taylor County and city of Nahunta in Brantley County). We also contacted four other cities without natural gas but did not receive a response.

We treated this review as a performance audit. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

If an auditee offers comments that are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, auditing standards require us to evaluate the validity of those comments. In cases when agency comments are deemed valid and are supported by sufficient, appropriate evidence, we edit the report accordingly. In cases when such evidence is not provided or comments are not deemed valid, we do not edit the report and consider on a case-by-case basis whether to offer a response to agency comments.

Appendix C: Glossary

Bad Debt – An uncollectible balance on a consumer account from nonpayment.

Compressed Natural Gas (CNG) – Natural gas that has been compressed to less than 1% of its volume and is used to fuel motor vehicles.

Deregulation – The unbundling of transportation and distribution services (i.e., delivery) from the commodity sale of natural gas. Passed in 1997, Senate Bill 215 authorized deregulation of natural gas in Georgia. To deregulate, an electing distribution company (EDC) must file an application that is approved by PSC, and at least five marketers must be certified by PSC to perform the commodity sale of natural gas on behalf of the EDC.

Distribution Service – Delivery of natural gas via intrastate facilities.

- **Firm Distribution Service** – Delivery of a high priority load that must be served on days with the highest demand for natural gas (i.e., peak days). Residential and commercial consumers have firm service.

- **Interruptible Distribution Service** – Service that is subject to being interrupted (i.e., restricted) during periods ordered by the distribution company to ensure an adequate gas supply for firm service. Industrial consumers may have interruptible service.

Electing Distribution Company (EDC) – An investor-owned distribution company that is engaged in the transportation and distribution of natural gas to consumers but does not sell gas directly to consumers. To become an EDC (i.e., deregulated gas company), a company must file an application that is approved by PSC.

Expansion Project – A project to extend, construct, or increase the capacity of a main distribution line (i.e., a pipeline that delivers gas to groups of consumers) or service line (i.e., a pipeline connected to an individual consumer). Additionally, USF-eligible expansion projects include installing natural gas fueling infrastructure, CNG stations, or LNG facilities.

Interstate – Transportation of natural gas across state boundaries. Interstate sales are subject to oversight by the Federal Energy Regulatory Commission.

Intrastate – Transportation of natural gas within a single state. In Georgia, intrastate sales are subject to oversight by PSC.

Liquefied Natural Gas (LNG) – Natural gas that has been cooled into a liquid form for shipping and storage through a process known as liquefaction. LNG is approximately 600 times less voluminous than natural gas in its gaseous state. LNG can also be used to fuel medium and heavy duty vehicles.

Local Distribution Company (LDC) – An investor-owned company engaged in the transportation, distribution, and commodity sale of natural gas to its consumers.

Marketer – A PSC-certified entity that sells gas delivered by an EDC and manages customer accounts (e.g., billing) and service (e.g., disconnection or reconnection).

Municipal Bond – A debt issued by a municipality to fund public projects. Investors purchase the bond to provide funding, and the municipality is obligated to repay the debt.

Rate – The authorized charges per unit of natural gas consumption for a specified time period.

Rate base – The value of property upon which a utility is permitted to earn a specified rate of return (i.e., profit percentage) as established by a regulatory agency. The rate base includes the amount of money—reduced by depreciation—a utility has invested in land, buildings, pipes, valves, and other equipment that ensures service to consumers.

Regulated Provider – In Georgia, a marketer that sells rate regulated gas to Group 1 and Group 2 consumers.

- **Group 1 Consumer** – Low-income residential consumers that purchase natural gas through the regulated provider. Group 1 consumers are those eligible for the federally funded Low-Income Home Energy Assistance Program.

- **Group 2 Consumer** – Firm consumers that purchase natural gas through the regulated provider who have a history of nonpayment or have been unable to secure service with other marketers.

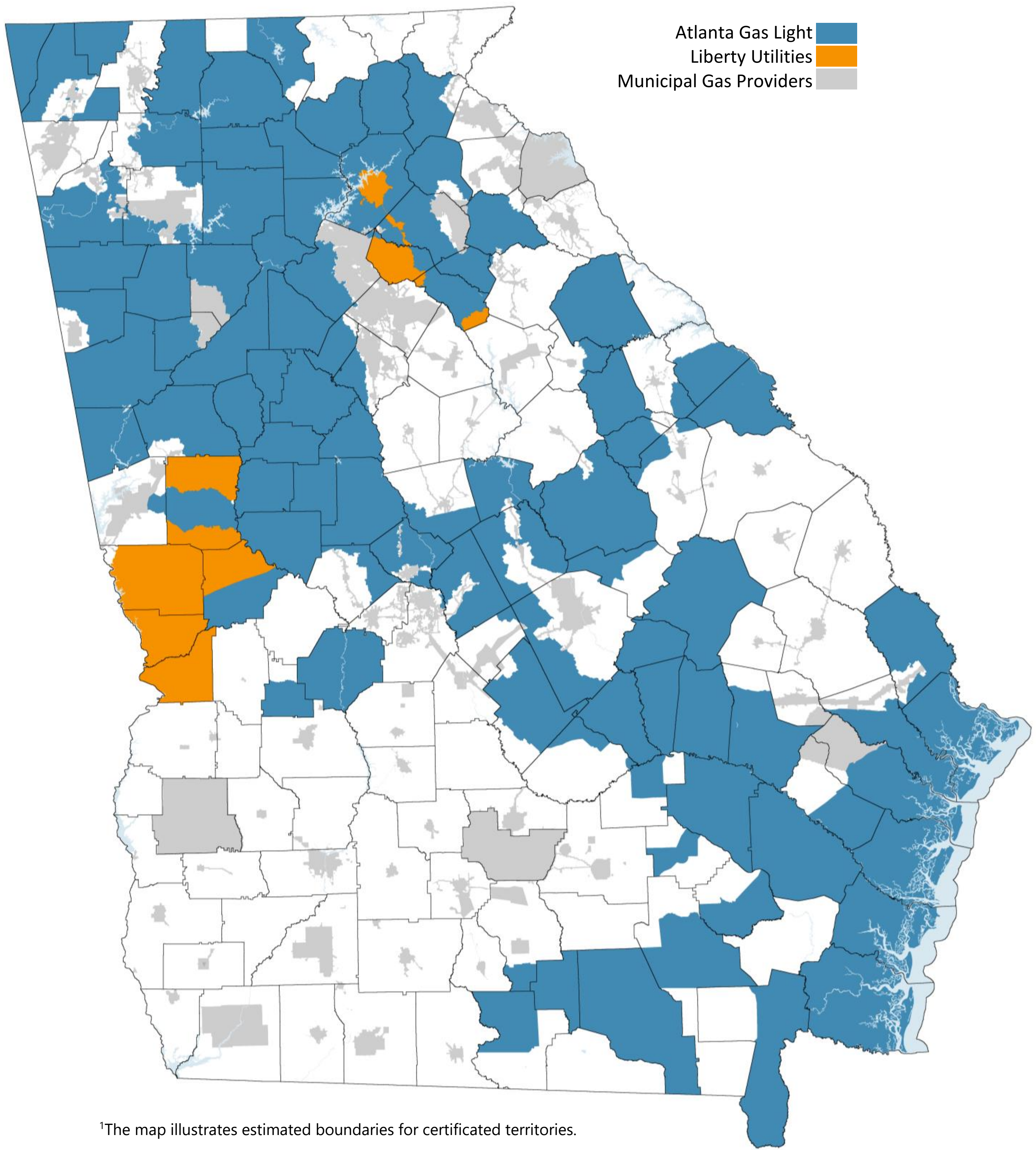
Tariff – A compilation of all effective rates, provisions of service, and general terms and conditions for each service agreement. AGL has four tariffs to help fund expansion projects.

- **Economic Development (Econ-1)** – AGL's Econ-1 tariff offers up to $25 million in capital budget funding each year to qualified applicants seeking natural gas service or pressure improvement. Qualified applicants are customers making a minimum capital investment to expand facilities while increasing the gas load, customers adding at least 10 jobs, or agricultural customers. PSC must approve projects funded with this tariff.

- **Georgia SEED Program (E-1)** – AGL's E-1 tariff offers special rates and services to qualified applicants to support the retention and expansion of businesses in Georgia and to promote environmentally beneficial initiatives. These customers are billed a "SEED charge" that allows AGL to recover costs of serving the customer. PSC must approve projects funded with this tariff.

- **Rule 7 and Rule 8** – AGL's Rule 7 tariff applies to costs for main distribution and service lines necessary for applicants seeking residential service, while the Rule 8 tariff applies to costs for nonresidential service. AGL's allowable investment covers project costs that do not exceed the estimated annual revenue generated by the expansion. Additionally, AGL covers costs for the first 125 feet of service line. Excess costs are to be paid by the applicant. These line extensions do not require PSC approval.

Appendix D: Natural Gas Coverage[1]



[1]The map illustrates estimated boundaries for certificated territories.

Source: Documents from PSC and utility companies

Appendix E: USF-Funded Expansion Projects (AGL FY 2018-2023)

Location	USF Funding[1]	Community Impact[2]	AGL Fiscal Year[3]
Montgomery County	$16,904,062	Increase gas capacity	2023 (In progress)
Wheeler County	$10,935,849	Increase gas capacity	2022 (In progress)
Floyd County	$10,648,623	Increase gas capacity	2019
Banks County	$7,707,018	Other	2020
Schley County	$7,507,724	Increase gas capacity	2018
Toombs County	$4,207,468	Increase gas capacity	2019
Lumpkin County	$3,017,028	Economic development	2021
Appling County	$2,104,287	Economic development	2020
Columbia County	$272,558	Increase gas capacity	2018
Madison County	$229,578	Increase gas capacity	2018
Murray County	$182,476	Economic development	2019
Hall County	$178,234	Increase gas capacity	2021
Gordon County	$144,491	Increase gas capacity	2022
Hall County	$132,329	Other	2020
Floyd County	$122,971	Increase gas capacity	2021

[1]Actual costs are shown for completed projects. Estimates are shown for projects still in progress.
[2]Using information from the PSC order, we placed each project into one of three categories. Economic development projects are ones that PSC determined to have public benefits for the local economy by creating jobs and/or through a customer's capital investment in the area. Projects that increase gas capacity are ones that allow the distribution system to support additional customers or loads in a specific area. All other projects serve a specific customer (e.g., CNG station), but offer fewer direct benefits to the public.
[3]The fiscal year (January 1 to December 31) is the year for which PSC authorized project construction and spending to begin. The total of these projects differs from other totals in the report (which focus on 2018-2022) because the Banks and Gordon County projects were completed in 2023, and a project planned for Chatham County was withdrawn.

Source: Agency documents

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