

Legislation for AGL could increase gas bills

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Just weeks after they approved Gov. Sonny Perdue's modest sales tax cut on Georgia's high winter heating bills, state lawmakers are rushing legislation through the General Assembly that could make those bills grow.

The legislation, which would expand access to liquid natural gas at the Elba Island terminal near Savannah, is backed by some of the heaviest hitters in the Georgia House and promoted as a way to bring natural gas prices down in the state over the longer term.

Critics say the measure will raise consumers' bills and deliver no matching savings.

They say it could stick Georgia's residential consumers with yet another surcharge on their monthly heating bills and would set a disastrous regulatory precedent, in the name of allowing Atlanta Gas Light to build up to \$300 million in new pipeline capacity that Georgia doesn't need.

The legislation, HB 1325, is moving fast. It passed the House utilities committee easily on Wednesday after lawmakers gave critics a markedly hostile audience Tuesday afternoon.

Lawmakers say they're looking ahead.

HB 1325 essentially would create a road map by which Atlanta Gas Light can get Public Service Commission approval to build major new pipelines and then charge the cost back to residential and many business customers through a new monthly fee on their gas marketer bills.

It would establish a streamlined process for getting that PSC approval, with a fraction of the hoops required of, for instance, Georgia Power when it wants to build new capital plant.

The proposed surcharge would further insulate AGL's projects from regulator scrutiny or control by removing the spending from the in-depth investigation routinely done of utility base rates.

"We know that there is an adequate gas supply in Georgia today," said Rep. Jeff Lewis (R-White), who is the legislation's sponsor and chairman of the House utilities panel. "What we are trying to do is take care of 10, 20, 50 years from now. We are trying to be visionary."

Pipeline not needed?

The big problem, according to critics: The bill is designed to support a pipeline that isn't needed.

Lawmakers met repeatedly in the summer and fall to review the state's gas supply infrastructure in general and alleged problems getting natural gas from Elba Island in particular.

They were told that the state had more than adequate pipeline capacity to get the gas from Elba to Atlanta. Southern Natural Gas, of Houston, had 300 million cubic feet of pipeline available for that purpose, for a region that uses an average of 400 million cubic feet per day.

And that was before that company — which owns the Elba facilities — announced a new pipeline to run across North Georgia. "I do want to say that I think the market works pretty well, and we're working with the market to build infrastructure into Atlanta and into Georgia, and we're not asking for a tax or surcharge to pay for it," said Southern Natural Gas Vice President Norman Holmes.

A spokesman for British Gas, one of Elba's two suppliers, said the new Southern Natural Gas pipeline announced in December, along with another pipeline being built toward the south, largely solved any problem getting the liquid natural gas that arrives at Elba delivered out of Elba.

AGL said Southern Natural Gas doesn't want competition and that the AGL pipeline will create that.

"Anything that creates competition causes them to have to sharpen their game," said AGL President Suzanne Sitherwood.

AGL and lawmakers say competition between pipelines would bring down prices.

But as Public Service Commissioner Robert Baker said in a contentious subcommittee meeting Tuesday, the portion of a gas bill that pays for pipeline transportation is small.

Baker and others also suggested other changes to the legislation, most of which addressed language that limited the PSC's options.

Industrial customers would not have to pay the surcharge, but Georgia Textile Manufacturers Association lobbyist Roy Bowen told lawmakers Tuesday that they are concerned about the precedent that would be set by the legislation.

"This is major precedent," said Bowen, adding that Georgia Power — which has been inching steadily toward building a nuclear plant — could ask for the same looser regulatory process.

"We're talking about maybe \$300 million or \$400 million here," Bowen said. "But a nuclear plant, that would be several billion dollars."

Georgia Power spokesman John Sell said the company was satisfied with its current regulatory structure and would not ask lawmakers to change it.