



ANNUAL REPORT 2014

Alabama

PUBLIC SERVICE COMMISSION



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COMMISSION**

Electricity Policy Division
Public Affairs Section
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Since its creation over a century ago as the Railroad Commission of Alabama, the Alabama Public Service Commission (APSC) has remained committed to ensuring that the citizens of Alabama receive reliable and affordable utility and transportation services at rates that are fair and reasonable. The agency's role has evolved throughout the years from the regulation of railroad transportation services to the regulation of all facets of public utility and transportation services. The entities regulated by the APSC include privately owned corporations providing electric, gas and water service to the public, as well as select providers of telecommunications services. Additionally, railroads, buses, trucking companies and taxis operating outside police jurisdictions on a for-hire basis remain under the oversight of the APSC.

The APSC operates as a quasi-judicial body whose jurisdiction, powers and duties are statutory in nature. More specifically, the APSC derives its authority from the *Code of Alabama 1975*, as amended, Sections 24-1-28, 10-2B-15.13, 10-5-3, 10-5-4, 10-5-7, 11-50-268, 11-50-269, 11-50-270, 11-50A-25, 37-1-32, 37-2-3, 37-2-171, 37-3-7, 37-4-60, 37-4-82, 37-4-108, 37-8-8 and 37-9-9.

The APSC is governed by a president and two associate commissioners who are elected on a state-wide basis. Each commissioner is elected to serve a four-year term with the president's term staggered by two years from the terms of the associate commis-



From left, Commissioner Jeremy H. Oden, President Twinkle Andress Cavanaugh and Commissioner Terry L. Dunn

sioners. A complete listing and historical record of past commissioners is included at the end of this report. The list includes some of the men and women who have been chronicled among Alabama's most famous public servants.

In order to carry out its vast responsibilities, the Commission generates its principal funding from inspection and supervision fees received from companies regulated by the agency. Those funds are, however, appropriated by the Alabama Legislature. The work of the Commission is performed by a staff of approximately 79 competent and dedicated professionals who serve in the various divisions and offices of the Commission.

Presented in this report is a summary of the regulated activities, accomplishments and financial results for the APSC for the period of October 1, 2013, through September 30, 2014. Although not all inclusive, this report represents a good overview of the many services and functions provided by the Commission.



TWINKLE ANDRESS CAVANAUGH

Twinkle Andress Cavanaugh is called the “Working Commissioner” because she comes to work each day striving to keep Alabama’s utility rates some of the lowest in the nation. She has a three-pronged approach to regulating utilities. Twinkle insists on reasonable rates and reliable utilities for consumers, which facilitates recruiting jobs to our great state. During her time at the Commission, some of her notable accomplishments for the people of our state include:

- Sponsoring and passing an Ethics Policy setting the highest ethical standards for conducting business at the Alabama Public Service Commission;
- Began term as President by calling for open and transparent hearings for all three major utilities in the state. In an unprecedented move, she led the Commission through reviews of all three major utilities in a single year, resulting in lower utility rates for the citizens of Alabama while preserving the ability of these utilities to provide reliable service for their customers;
- Created a process that all interested individuals and groups could easily participate in utility hearings and refused to allow outside environmental groups to insert their anti-coal agenda and take over the process;
- Guiding the Commission to reduce expenses by \$2 million per year through the streamlining of operations and reduction of wasteful spending and demonstrating her commitment to reducing the size of government by reducing the size of the Commission by over 20% and concentrating talent within the agency by creating a standalone Electricity Policy Division;
- Renewal of lease agreement with RSA resulting in a \$400,000 per year reduction in lease costs by eliminating unused office space and reducing her office space by 60%;
- Passing time-of-use rates which allow customers an additional way to achieve savings in their utility bills;
- Actively working with Alabama’s farmers to keep their utility costs down; and
- Offering encouragement to residents of the devastating events that have occurred in Alabama.



PRESIDENT TWINKLE ANDRESS CAVANAUGH'S STAFF

From left, Vickie Kelly, Executive Secretary; Debbie Williams, Executive Assistant; and Jeff Johnston, Advisor for Regulatory/Research Analysis

Twinkle brings to the Alabama Public Service Commission a diverse background in public service, conservative policy-making, and small business. Twinkle has been active in public service for many years. She served in Governor Bob Riley's cabinet as Senior Advisor and also developed extensive experience in dealing with national issues while working for former Congressman Sonny Callahan. A deep-rooted commitment to conservative causes and policy is prevalent throughout Twinkle's work experience. She worked at the Republican National Committee in Washington, D.C. She served as Executive Director of the Alabama Republican Party and later became the first female Chairman of the Alabama Republican Party.

Twinkle also served as the State Director of Citizens for a Sound Economy (CSE), a national organization promoting lower taxes for American families. At CSE, she worked to push President George Bush's tax cuts through Congress. During her tenure at CSE, she also helped cities and towns across Alabama halt tax increases and fought for tougher tort reform laws. Having owned several small businesses, Twinkle understands the challenges facing small businesses and Alabama families.

Twinkle is a graduate of Auburn University. She and her husband have three children and one grandchild. They are active members of First Baptist Church in Montgomery and they are involved in numerous community organizations.



JEREMY H. ODEN

A native of the Vinemont/Eva area in Cullman County, Jeremy H. Oden was appointed to serve as the Commissioner for Place 1 on the Alabama Public Service Commission by Governor Robert Bentley beginning December 2012. After completing his first term, Commissioner Oden was elected by the people of Alabama in 2014 to continue serving the state through 2018. Commissioner Oden is a proven public servant evidenced through his 14 year tenure of service in the House of Representatives for District 11, covering portions of Cullman, Blount and Morgan Counties. Commissioner Oden brings to the Commission a diverse background in public service and conservative

policy-making that has already paid tremendous benefits for the people and businesses of Alabama.

Upon his appointment, Commissioner Oden committed to serving the public interest by ensuring that the regulated gas, electric, transportation and telecommunication industries of Alabama would provide safe, reliable and quality service at reasonable rates. Over the past year, Commissioner Oden has honored those commitments and has worked hand in hand with his counterparts to achieve those goals.

In July, Commissioner Oden served as an advocate against federal environmental mandates to increase energy rates on the citizens of Alabama during his testimony at the EPA hearings in Atlanta, GA. Commissioner Oden exhibited his dedication to keep utility rates low while voicing his concerns about how the EPA's Clean Power Plan would affect Alabama's energy generation. His concerns were validated shortly thereafter in a press

release from Alabama Power, as they memorialized how compliance with these mandates will impact their generation fleet. We now see the real effect of these environmental mandates, which will be a negative impact on reliability, fuel diversity and cost effective energy production in Alabama. Unfortunately, the Clean Power Plan is just one of these countless regulations aimed at the nation's power industry. Compliance with the Mercury and Air Toxics Standards (MATS) by 2016 and other proposed mandates will continue to have a devastating effect on our energy production, jobs and our economy. Commissioner Oden will continue to advocate against these environmental mandates to ensure Alabama utility rates remain affordable.

Commissioner Oden is married to Samantha Nelson Oden and they have one daughter. Commissioner Oden comes from a long line of small business owners. After attending Asbury University, he has owned and continues



COMMISSIONER JEREMY H. ODEN'S STAFF

From left, Blake Kinney, Executive Assistant; Aisha Smith, Executive Secretary; Commissioner Jeremy H. Oden; and Spears Griffin, Technical Assistant

to operate several businesses involved in construction, lumber, retail and farming. He also worked in the financial industry serving as branch manager and vice president of Eva Bank in Cullman County. He is an ordained minister and serves as an elder at Church 212 in Cullman, Alabama.

In an effort to demonstrate good government within the Commission, Commissioner Oden worked with his fellow Commissioners to successfully consolidate and reduce the square footage of the current APSC office space. These efforts also allowed for a restructuring of the organization to operate in a more efficient and effective manner. In 2014 Commissioner Oden served as a representative of Alabama's regulatory commission in the National Association of Regulatory Utility Commissioners (NARUC). He has initiated efforts to draft legislation to aid the State and the APSC in compliance with new federal requirements on pipeline safety infractions. He is involved in the Alabama Damage Prevention Alliance and the 811 Call Before You Dig program in the state and

his emphasis on pipeline safety awareness served as the catalyst of a collaborative panel of pipeline safety industry leaders. Commissioner Oden called for this collaborative group to evaluate the current public awareness protocols for gas leak recognition and reporting and draft a report that would outline the results of this review for the APSC Commissioners. The goal of this initiative is to increase the public awareness of proper gas leak protocol so that emergency response teams can more quickly respond to potential leaks, while those detecting the leaks will know how to better avoid dangerous situations.

With the help of Commissioner Oden's leadership in 2014, the APSC made significant efforts to keep utility rates stable and will continue to do so in the coming years. It is his intention to continue fighting against further damaging environmental mandates and to work alongside our public utility companies to measure the impact these rulings will have on our economy and the production of reliable, cost effective energy for Alabama's constituents.



TERRY L. DUNN

A native of Southside, Alabama, in Etowah County, Commissioner Dunn was elected to the Alabama Public Service Commission in November 2010, carrying 55% of the statewide vote. He is committed to serving the public interest by ensuring that financially sound electricity and natural gas companies provide safe, reliable and quality utility services at reasonable rates for Alabamians.

Commissioner Dunn is married to the former Alicia Horne, and they have one daughter, Andrea. He is the owner of Dunn Development Corporation and Dunn Investment Group, and has held a state license in municipal utilities contracting for the past 25 years.

Having started his general contracting and development firm with only \$500, Commissioner Dunn knows what it means to navigate the highs and lows of owning a small business. That experience taught him to make prudent financial decisions and enabled him to reach his goal of early retirement at age 45. Today, at 55, he is fully committed to serving the public interest.

Among other volunteer activities, Commissioner Dunn is co-chairman of the Alabama Institute for Deaf and Blind Board of Trustees. He has long been active in the Republican Party, serving on both the State and Etowah County Republican Executive Committees. He was a delegate to the Republican National Convention in 2004, 2008 and 2012.

Commissioner Dunn has successfully pushed through several initiatives since taking office in November 2010, including the following:

- Created an incentive rate package with Alabama Power Company to encourage job growth for small, medium and large companies. The Commissioner crafted his proposal to ensure the incentive rate would also encourage job growth by limiting the special discounts to new businesses or the expansion of existing businesses;
- Restructured the APSC's Energy Division by establishing the Electricity Policy Division, with no additional hiring;
- Pushed successfully for the appointment of a second assistant attorney general to represent utility customers before the Commission;
- Created an internship program with Auburn University's College of Engineering to bring electrical engineering students to the



COMMISSIONER TERRY L. DUNN'S STAFF

From left, Denise Harris, Executive Secretary; David Rountree, Chief of Staff; Hope Curry, Executive Assistant; and Commissioner Terry L. Dunn

APSC's Electricity Policy Division; and

- Voted to approve more stringent ethics rules for Commission members and employees.

Commissioner Dunn also was instrumental in the successful conclusion of contract negotiations between Alabama Power Company and the Goodyear Tire and Rubber Company manufacturing plant in Gadsden. Under the contract, Alabama Power Company will provide steam to the Goodyear plant for the next five years. The signing of a new contract, which Commissioner Dunn began working toward the week he took office, reassures the people of northeast Alabama that Goodyear – a key employer for the region – plans to stick around.

While fighting potential rate increases caused by federal regulations, Commissioner Dunn has been supportive of the power company's pilot projects in the area of renewable energy, including biofuels and wind energy. The Commissioner supports only those renewable projects in which the price of the electricity to be produced is the same or less than the power generated at conventional plants.



Commission Staff

Executive Director of the Commission/Legal Division

OFFICE OF THE EXECUTIVE DIRECTOR OF THE COMMISSION

John A. Garner,
Executive Director of the Commission

Personnel Section

Dorinda Kepler, Personnel Assistant III
Rozetta Parker,
Administrative Support Assistant III

Information Systems Services Section

Kay Oswald, IT Systems Specialist,
Senior
Debra Jackson, IT Systems Technician
Karen Gaston, Programmer/Analyst
Associate (Transferred 5/1/14)

State Legislative Affairs

Clarence Duncan,
Public Utility Analyst Manager

LEGAL DIVISION

John A. Garner,
Chief Administrative Law Judge
G. Scott Morris, Administrative Law
Judge

Suellen Young, Attorney III

Luke Bentley, Attorney II

Eileen M. Lawrence,
Departmental Operations Specialist

Motor Carrier Enforcement Section

John M. Brock,
Transportation Enforcement Area
Supervisor

Terry Shirley,
Transportation Enforcement Area
Supervisor (Retired 6/1/14)
Leo Sauls, Jr.,
Transportation Enforcement Officer
(Retired 3/1/14)
Samuel B. Peacock,
Transportation Enforcement Officer
(Retired 7/1/14)
Michael L. Lawson,
Transportation Enforcement Officer
Wade Brinson,
Transportation Enforcement Officer
Karen Rogers,
Administrative Support Assistant III

Administrative Division

Walter L. Thomas, Jr.,
Commission Secretary
Tashenma Lawrence,
Administrative Support Assistant III

Finance Section

Miles Gagner, Senior Accountant
Kimberly Holt, Senior Accountant
Ernestine Huffman, Staff Accountant
Kathleen McPherson, Account Clerk

Motor Carrier Records Section

Valerie Hogan,
Administrative Support Assistant III

Electricity Policy Division

John D. Free, Director
Electricity Section
Patricia W. Smith,
Public Utility Analyst III
Linda D. Gardner,
Public Utility Analyst II

Tanya Champion,
Public Utility Analyst I
Jerry Delancey,
Administrative Support Assistant II
A. Catherine Kouassi, Student Aide

Federal Affairs Section

John D. Free

Public Affairs Section

Angier S. Johnson,
Public Information Manager

Utility Services Division *created 2/14/14*

Darrell Baker, Director
Cynthia Allen,
Administrative Support Assistant I
Telecommunications Section
E. C. McArthur,
Public Utility Analyst III

Tom Jones, Public Utility Analyst III
Laneeta Roberts, Public Utility Analyst III
Bill Cook, Public Utility Analyst III
Janet Conway, Public Utility Analyst II
David Peeler, Public Utility Analyst
Manager

Doug Dillard, Public Utility Field
Technician
Linda Jones, Clerk Stenographer III
(Retired 7/1/14)

Consumer Services Section

Aquilla Spivey,
Consumer Services Manager



Utility Services Division *(continued)*

Wanda Patterson,
Consumer Services Specialist
(Transferred 3/1/14)

Stephanie Sweet,
Consumer Services Specialist
Kelly Mulero,
Executive Secretary
(Appointment expired 9/16/14)

Natural Gas Section

Robert E. Reed,
Public Utility Analyst Manager

Brenda P. Roberts,
Administrative Support Assistant III
Ira Joe Leverette,
Public Utility Analyst III
Donald C. Powell, CPA,
Public Utility Analyst III
Robert Taylor, III, Public Utility
Analyst III
Marquita D. Lennon, Public Utility
Analyst I
Tonya L. Williams, Accountant

Water and Wastewater Section

Stephen D. Bartelt,
Public Utility Analyst Manager
Leveika Z. Martin,
Administrative Support Assistant III
(Transferred 11/16/13)
J. Rick Cleckler,
Public Utility Technical Specialist,
Senior

Utility Enforcement Division *(created 2/14/14)*

Janice M. Hamilton,
Director

Gas Pipeline Safety Section

Wallace R. Jones, Sr.,
Gas Pipeline Safety Administrator
Felisa A. Webster,
Administrative Support Assistant III
Thomas W. Lancaster,
Pipeline Safety Investigations Supervisor
(Retired 10/1/13)
Judy D. Ramsey,
Pipeline Safety Investigations Supervisor
Gregory E. Meadows,
Pipeline Safety Investigations Supervisor
Daniel E. Trapp,
Pipeline Safety Investigator, Senior

Bryan C. Kichler,
Pipeline Safety Investigator, Senior
(Transferred 12/14/13)
Keith Blackwood, Jr.,
Pipeline Safety Investigator
(Transferred 9/20/14)
E. Clark Brown,
Pipeline Safety Investigator
Randall Hammond,
Pipeline Safety Investigator
Marcus Richburg,
Pipeline Safety Investigator
(Transferred 8/1/14)
Asia Stephens,
Pipeline Safety Investigator

John Paul Harris,
State Retiree (Part-Time)
(Appointment expired 8/1/14)

Field Services Section

Terry Jackson,
Public Utility Field Technician, Senior
Bobby Mobley,
Public Utility Field Technician, Senior
(Retired 5/1/14)
Gilbert Carlisle,
Public Utility Field Technician
(Retired 5/1/14)

Transportation Division

Britt Roberts, Director
Rita Grantham,
Clerk Stenographer III

Rates and Services Section

Donald Williamson,
Transportation Regulatory Manager

Insurance and Registration Section

Ron Hicks,
Transportation Regulatory Manager
Amanda Shehane, Senior Accountant
Jennifer Morgan, Account Clerk
Carolyn Gaylor,
Administrative Support Assistant III
Retha Bryant,
Administrative Support Assistant I

Railway Safety Section

John C. Longcrier,
Railway Safety Administrator
Danny Arledge,
Railway Safety Inspector
(Retired 7/1/14)



John A. Garner, Executive Director



In December 2010, the Commission created the position of Executive Director of the agency in order to facilitate more efficient day-to-day operations. Chief Administrative Law Judge John A. Garner was named as Executive Director and was delegated the responsibility for the overall management of the Commission's daily functions per the direction of the Commissioners. To that end, the Commission determined that the Executive Director would report directly to the Commissioners with each division director within the Commission reporting to the Executive Director.

In addition to being delegated the responsibility for managing the day-to-day administrative functions of the agency, the Executive Director was also given the responsibility of acting on all personnel matters brought before the Executive Director by the various divisions, except those involving the separation of employees from service through suspension or termination. The Executive Director was also charged with uniformly implementing and enforcing the administrative policies established in the Commission's Employee Guidelines and Procedures Manual as well as other policies recommended by the Commission. The Executive Director was further charged with recommending any policy changes appearing necessary for the betterment of the agency.

In order to assist the Executive Director in the fulfillment of all assigned responsibilities, the agency employees with responsibility in the areas of personnel matters, information technology services and state legislative affairs were assigned to report directly to the Executive Director. The functions performed by these personnel complement the primary areas of responsibility of the Executive Director and involve all divisions of the agency.



Personnel Section

The Personnel Section consists of Personnel Assistant III/Personnel Manager Dorinda Kepler and Administrative Support Assistant III Rozetta Parker who perform the many day-to-day functions that are necessary to implement the requirements of the State Merit System. Specifically, the Personnel Section is responsible for all actions affecting the employment status of Commission employees and maintaining all records of those actions.



PERSONNEL SECTION

Rozetta Parker and Dorinda Kepler

One of the Personnel Section's primary functions is to identify and implement changes in payroll expenditures resulting from appointments, resignations, promotions, terminations, etc., through the use of the Government Human Resource System, an automated payroll/personnel system.

The Personnel Section also oversees the in-processing and orientation of new employees and the out-processing of employees who separate from service at the Commission. As the source for state and departmental rules, regulations

and benefits that apply to employees, the Personnel Section provides information through the agency handbook, the State Personnel Department (SPD) Procedures Manual, and various manuals provided by the SPD Training Division. Requests to fill vacancies in the Commission are processed by Personnel with the coordination of division directors.

The Personnel Manager also acts as the liaison with SPD, checking to see that all personnel transactions are in line with state laws and SPD rules and regulations. Additionally, the Personnel Manager represents the Commission at meetings of the SPD Board and the Council of Personnel Administrators.

The Personnel Section also develops, or assists in the development, and updates job descriptions for Commission employees. This ensures appropriate classifications are selected for a particular job and may also be used as an indicator for change in classification and pay.

Information Systems Services Section

The Information Systems Services Section ("IT Section") is another important section organized under the Executive Director. IT Systems Specialist, Sr., Kay Oswald, is the supervisor of the IT Section. Along with Mrs. Oswald, Programmer Analyst Karen Gaston and IT Systems Technician Debra Jackson, provide a variety of information technology services to the agency, including the operation of a local area network which links the APSC divisions electronically to facilitate the sharing of data and information. Ms. Karen Gaston transferred from the IT Section to another state agency during the course of FY 2014.

The IT Section also operates a bank of servers, including the primary file server where users store information in secure folders that are backed up daily. This section is



also responsible for running virus protection software and following best practices procedures for information security and disaster preparedness.

There are several systems in place for consumer and users' needs which were established and are maintained by the IT Section. These include small-scale database applications tracking regulated motor carrier registrations, consumer complaints, information technology



INFORMATION SYSTEMS SERVICES SECTION

Karen Gaston, Kay Oswald and Debra Jackson

help desk requests, and some telecommunications data. The section also coordinates and oversees the maintenance of the agency's document imaging system with an outside vendor.

The Information Systems Services Section staff also establishes email and network user accounts and provides help desk support for hardware and software issues experienced by end users. Custom applications are also designed, primarily using Microsoft Access.

The Information Systems Services Section created and updates the APSC website which offers the func-

tionality of allowing consumers to file complaints online. Commission orders and filings in APSC proceedings can also be accessed through the agency's website. Similarly, the IT Section captures the video footage of each month's public meeting of the Commission and makes it available for viewing on the agency's website.

State Legislative Affairs Section

The State Legislative Affairs Section consists of Public Utility Analyst Manager, Clarence Duncan, whose responsibilities include researching and recommending changes in law deemed necessary to enable the Commission to effectively perform its duties and functions. The state legislative affairs liaison is also responsible for monitoring

all state legislative activity as it pertains to the Commission and keeping the Commission and its staff fully informed of the status of such matters in a timely manner. The state legislative affairs' liaison additionally produces and distributes documents that reflect the status of

legislation pending before the Alabama Legislature and performs assignments regarding matters of interest to the Commission as directed by the Commission's Executive Director.



LEGISLATIVE AFFAIRS

Clarence Duncan

John A. Garner, Chief Administrative Law Judge

The Legal Division consists of functions the Legal Division performs on a day-to-day basis. The Motor Carrier Enforcement Section currently has only three officers, who are scheduled to be transferred to the newly formed Alabama Law Enforcement Agency (“ALEA”) effective January 1, 2015.

The Legal Division’s Administrative Law Judges preside over all legal proceedings before the Commission and make recommendations for the disposition of the cases they hear. Those recommendations are presented at the monthly meetings of the Commission for a decision. The Commis-

Karen Rogers. In addition, the Motor Carrier Enforcement Section operates as part of the Legal Division due to the significant volume of motor carrier

Chief Administrative Law Judge John A. Garner, Administrative Law Judge Scott Morris, Senior Staff Attorney Suellen Young, Attorney II Luke Bentley, Departmental Operations Specialist Eileen Lawrence and Administrative Support Assistant III



LEGAL DIVISION

Seated from left, Aisha Smith and Karen Rogers

Standing from left, Suellen Young, John Garner, Luke Bentley and Scott Morris



sion can adopt the recommendations of the Administrative Law Judges in their entirety, or vote to effectuate other outcomes when supported by appropriate evidence. Once the Commissioners render a decision, the Administrative Law Judges typically draft the orders which reflect the decision of the Commission and are signed by the Commissioners.

In addition to hearing cases and making recommendations for the disposition of pending cases, the Legal Division's Administrative Law Judges and other attorneys provide legal advice and guidance to the Commissioners, staff, representatives of the utilities regulated by the Commission, and the general public on a daily basis. The Legal Division's Administrative

Law Judges and attorneys also handle any other legal responsibilities which arise. Such matters can range from representing the Commission in court cases and personnel proceedings to representing the agency in administrative proceedings conducted by other state agencies and federal agencies.

Motor Carrier Enforcement Section

The Motor Carrier Enforcement Section currently performs the field investigations necessary to effectively regulate the trucking industry in the State of Alabama. The section currently consists of Area Supervisor John Brock, and Enforcement Officers Wade Brinson and Michael Lawson.

Area Supervisor Terry Shirley and Officers Sam Peacock and Leo Sauls retired during the course of Fiscal Year 2014.

Pursuant to the Alabama Motor Carrier Act found at *Code of Alabama 1975, §37-3-1, et seq.*, the Commission regulates all for-hire carriers of passengers and property who are engaged in point-to-point service in the





ENFORCEMENT OFFICERS

From left, Michael Lawson, Sam Peacock, Wade Brinson and Leo Sauls

State of Alabama unless otherwise exempted by statute. The regulation of for-hire carriers of property is, however, confined to the enforcement of fairly minimal threshold entry requirements and to ensuring that carriers who are authorized to provide service do so in compliance with the Commission’s Motor Carrier Rules. Intrastate, for-hire carriers of passengers and household goods are more stringently regulated with respect to the rates and services they offer and/or provide. The Commission has approximately 1,627 regulated for-hire carriers of property, approximately 130 household goods movers and approximately 181 certificated passenger carriers.

The Motor Carrier Enforcement Section conducts and carries out the investigative, monitoring, and enforcement activities on behalf of the Commission to ensure compliance with the provisions of the Alabama Motor Carrier Act and related rules and regulations. The Motor

Carrier Enforcement Section further ensures compliance with the registration requirements associated with the Unified Carrier Registration Program. When motor carriers are found to be operating without proper authority or are conducting their operation in violation of established rules and regulations, steps are taken to require compliance. These steps often involve the issuance of citations and warning tickets. If conditions warrant, violators are arrested and prosecuted in the courts with proper jurisdiction.

As noted above, the APSC’s Motor Carrier Enforcement officers will be transferred to ALEA effective January 1, 2015, pursuant to statute. Those officers will presumably continue to perform all the functions they currently perform under the auspices of ALEA following their transfer.



Walter L. Thomas, Jr., Secretary

The Secretary's office receives all filings made to the Commission and distributes them to the appropriate division. The Secretary's office also assigns docket numbers to cases requiring public hearings and maintains an electronic file on cases so that information on the status of any case can be obtained quickly.

The Secretary's office takes and distributes the minutes of each monthly Commission meeting and attests to and files orders of the Commission and certifies copies of orders and other documents of record in the official files of the Commission. The Secretary's office files the Commission oaths of office, surety bonds covering each railway policeman appointed by the Governor, furnishing certification of the policeman's appointment along with the oath and bonding to the Secretary of State. The Secretary signs orders for the Commission to authorize transportation companies to place reduced rates into effect on less than statutory time, in order to meet an emergency. The Secretary's office also provides public officials, attorneys, transportation and utility executives, and other interested parties, with information on the operating polices of the Commission.

OFFICE OF THE COMMISSION'S SECRETARY

Commission Orders Issued	939
Public Hearings Held	44
Report and Recommended	
Orders Issued	3



The Secretary's office is responsible for the retention of all records of the Commission and coordinates the transfer of records to the Department of Archives and History, as well as destruction of records. The Secretary's office acknowledges receipt of filings advising parties of the requirements of the Rules of Practice and statutes governing proceedings in which they are involved and gives general procedural information and answers inquiries requiring research



ADMINISTRATIVE DIVISION

*Seated from left, Kathleen McPherson, Denise Harris and Kim Holt
Standing from left, Ernestine Huffman, Tashenma Lawrence, Walter Thomas, Jr.,
Miles Gagner and Valerie Hogan*

into Commission records. Lastly, the Secretary's office is responsible for the coordination of the parking deck cards and the departmental telecommunications services which entails ensuring that the telephone and data lines are working properly. A tabulation of the principal activities of the Secretary's office during FY-2014 is detailed in the chart at left.

Finance Section

The Finance Section plans, coordinates and directs the fiscal functions of the Commission, overseeing such activities as accounts, budgets, purchases, equipment and custodial care. Its responsibilities include maintaining the general books, consolidating operating budget requirements, and preparing budget requests and operations plans.

This section also prepares budgetary performance reports; monitors the budget for possible problems and makes any necessary corrections; verifies and processes invoices and expense reports for payment; coordinates payroll



and maintains payroll records; bills utilities for inspection and supervision fees; maintains records of fees collected; notifies the Legal Division of any delinquent companies; and conducts special studies or assignments as requested by the Commission.

This section maintains office supplies for the Commission; develops and administers internal accounting procedures and administers a centralized purchasing service of approved materials, supplies and equipment; and is responsible for maintaining property records and conducting an annual physical inventory.

Motor Carrier Records Section

The Motor Carrier Records Section is responsible for preserving the records of transportation companies. This includes maintaining a complex database and recordkeeping system on all motor carriers who are required to register with the Public Service Commission according to applicable state



and federal laws and motor carrier rules and regulations of the Commission. Records retained by this section include, but are not limited to, motor carrier applications, vehicle identifications, transfers, name changes, transcripts, revocation and reinstatement orders,



**ALABAMA
Public Service
Commission**

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Monitor Commission action
and view our meetings
on the web at:

www.psc.alabama.gov



**Alabama Public Service Commission Operating and Gas Pipeline Safety Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2013 and 2014**

	PSC Operating Fund	Gas Pipeline Safety Fund	Total Sept. 30, 2014	Total Sept. 30, 2013
Comptroller's Beg. Cash Balance:	\$ 2,526,708	\$ 778,380	\$ 3,305,088	\$ 3,946,039
Inspection & Supervision Fees -				
Utility/Water Companies	10,822,665	-	10,822,665	10,625,459
Telecommunications/Railroads	3,411,805	-	3,411,805	3,459,452
Motor Carrier Ins. & Reg. Fees	2,771,176	-	2,771,176	2,395,549
Gas Service Line Fees	-	533,185	533,185	529,921
Federal Dept. of Transportation	-	691,963	691,963	576,786
Alabama Dept. of Transportation	50,000	-	50,000	50,000
Miscellaneous Receipts	5,372	3,520	8,892	20,143
Total Receipts:	<u>17,061,018</u>	<u>1,228,668</u>	<u>18,289,686</u>	<u>17,657,310</u>
Total Cash Available:	<u>19,587,726</u>	<u>2,007,048</u>	<u>21,594,774</u>	<u>21,603,349</u>
 Disbursement of Encumbrances:				
Personnel Costs	-	-	-	-
Employee Benefits	6,212	-	6,212	805
Travel- In State	3,690	6,349	10,039	8,439
Travel- Out of State	19	7,903	7,922	6,199
Repairs & Maintenance	739	-	739	1,385
Rentals & Leases	17,140	2,628	19,768	19,921
Utilities & Communications	8,677	1,774	10,451	13,836
Professional Services	6,738	2,580	9,318	8,998
Supplies & Operating Expenses	5,949	931	6,880	5,809
Transportation Equipment Operations	7,982	8,012	15,994	20,872
Grants and Benefits	-	25	25	-
Transportation Equipment Purchases	-	-	-	-
Other Equipment Purchases	-	-	-	6,573
Transfer to State General Fund 100	-	-	-	-
Total Encumbrances:	<u>57,146</u>	<u>30,202</u>	<u>87,348</u>	<u>92,837</u>
 Disbursement of Operating Costs:				
Personnel Costs	4,815,981	678,968	5,494,949	5,635,205
Employee Benefits	1,623,062	238,093	1,861,155	1,800,445
Travel- In state	25,290	46,528	71,818	87,816
Travel- Out of State	7,549	30,179	37,728	51,539
Repairs & Maintenance	12,632	-	12,632	2,134
Rentals & Leases	1,052,153	47,327	1,099,480	1,185,802
Utilities & Communications	57,486	12,391	69,877	72,273
Professional Services	391,773	12,412	404,185	196,431
Supplies & Operating Expenses	226,715	26,569	253,284	255,278
Transportation Equipment Operations	32,359	32,382	64,741	81,022
Grants and Benefits	150	7,500	7,650	50
Transportation Equipment Purchases	-	19,946	19,946	-
Other Equipment Purchases	31,573	9,257	40,830	14,426
Total Operating Costs:	<u>8,276,723</u>	<u>1,161,552</u>	<u>9,438,275</u>	<u>9,382,421</u>
Transfer to General Fund	6,500,000	-	6,500,000	8,823,000
Transfer to General Fund: Prior year cash	-	-	-	-
Total Disbursements & Transfers:	<u>14,833,869</u>	<u>1,191,754</u>	<u>16,025,623</u>	<u>18,298,258</u>
Comptroller's Cash Balance, Ending:	4,753,857	815,294	5,569,151	3,305,091
Purchase Orders	10,683	1,502	12,185	82,828
Unencumbered Cash Balance, Ending	\$ 4,743,174	\$ 813,792	\$ 5,556,966	\$ 3,222,263



**Dual Party Relay Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2013 and 2014**

	<u>Total</u> <u>Sept. 30, 2014</u>	<u>Total</u> <u>Sept. 30, 2013</u>
Comptroller's Beg. Cash Balance :	\$ 3,079,642	\$ 2,003,056
Dual Party Relay	2,329,612	2,788,111
Total Cash Available:	<u>5,409,254</u>	<u>4,791,167</u>
 Disbursement of Encumbrances:		
Personnel Costs	-	-
Employee Benefits	-	-
Travel- In State	-	-
Travel- Out of State	-	-
Repairs & Maintenance	-	-
Rentals & Leases	-	-
Utilities & Communications	242,157	250,458
Professional Services	7,865	7,865
Supplies & Operating Expenses	-	-
Transportation Equipment Operations	-	-
Grants and Benefits	-	-
Transportation Equipment Purchases	-	-
Other Equipment Purchases	-	-
Transfer to State General Fund 100	-	-
Total Encumbrances:	<u>250,022</u>	<u>258,323</u>
 Disbursement of Operating Costs:		
Personnel Costs	-	-
Employee Benefits	-	-
Travel- In state	488	641
Travel- Out of State	-	-
Repairs & Maintenance	-	-
Rentals & Leases	-	-
Utilities & Communications	1,143,327	1,254,583
Professional Services	78,650	86,515
Supplies & Operating Expenses	-	-
Transportation Equipment Operations	-	-
Grants and Benefits	215,344	111,464
Transportation Equipment Purchases	-	-
Other Equipment Purchases	-	-
Miscellaneous	-	-
Total Operating Costs:	<u>1,437,809</u>	<u>1,453,203</u>
Transfer to General Fund	-	-
Transfer to General Fund: Prior year cash	-	-
Total Disbursements & Transfers:	<u>1,437,809</u>	<u>1,453,203</u>
Comptroller's Cash Balance, Ending:	3,721,423	3,079,641
Purchase Orders	456,673	313,282
Unencumbered Cash Balance, Ending	\$ 3,264,750	\$ 2,766,359



**PSC ARRA Stimulus Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2013 and 2014**

	<u>Total</u> <u>Sept. 30, 2014</u>	<u>Total</u> <u>Sept. 30, 2013</u>
Comptroller's Beg. Cash Balance:	\$ -	\$ 7,605
Federal Dept. of Energy	-	100,646
Miscellaneous Receipts	-	-
Total Receipts:	<u>-</u>	<u>100,646</u>
Total Cash Available:	<u>-</u>	<u>108,251</u>
Disbursement of Encumbrances:		
Personnel Costs	-	-
Employee Benefits	-	-
Travel- In State	-	-
Travel- Out of State	-	-
Repairs & Maintenance	-	-
Rentals & Leases	-	-
Utilities & Communications	-	-
Professional Services	-	-
Supplies & Operating Expenses	-	194
Transportation Equipment Operations	-	-
Grants and Benefits	-	-
Transportation Equipment Purchases	-	-
Other Equipment Purchases	-	-
Transfer to State General Fund 100	-	-
Total Encumbrances:	<u>0</u>	<u>194</u>
Disbursement of Operating Costs:		
Personnel Costs	-	56,868
Employee Benefits	-	25,110
Travel- In state	-	113
Travel- Out of State	-	4,114
Repairs & Maintenance	-	-
Rentals & Leases	-	19,208
Utilities & Communications	-	699
Professional Services	-	945
Supplies & Operating Expenses	-	915
Transportation Equipment Operations	-	85
Grants and Benefits	-	-
Transportation Equipment Purchases	-	-
Other Equipment Purchases	-	-
Total Operating Costs:	<u>-</u>	<u>108,057</u>
Transfer to General Fund	-	-
Transfer to General Fund: Prior year cash	-	-
Total Disbursements & Transfers:	<u>-</u>	<u>108,057</u>
Comptroller's Cash Balance, Ending:	-	-
Purchase Orders	-	-
Unencumbered Cash Balance, Ending	\$ -	\$ -

The Federal Department of Energy awarded the Alabama Public Service Commission the State Electricity Regulators Assistance grant through the American Recovery and Reinvestment Act of 2009.

John D. Free, Director

Additional details regarding the functions and activities of each section during FY-2014 are identified in the following pages.

The Electricity Policy Division is organized into three sections: 1) Electricity, 2) Federal Affairs, and 3) Public Affairs. The primary responsibilities of this division are to oversee the regulation of investor-owned electric utilities in Alabama, while also monitoring and participating in federal policy issues affecting the electric industry. In addition, the Electricity Policy Division is responsible for all duties surrounding the Public Affairs function of the Commission.

Electricity Section

The Electricity Section is responsible for regulatory oversight of the rates and services of investor-owned electric utilities (“IOUs”) in the state, as prescribed in Title 37, *Code of Alabama 1975*, as amended. In the State of Alabama, this jurisdiction is applicable to Alabama Power Company (“APC” or “the Company”), the only electric IOU in the state. In the execution of its duties, staff performs financial analyses, economic evaluations, and statistical data assimilation. In addition, staff performs management and technical inquiries to remain informed as to the manner and methods in which APC conducts its business.

This section also evaluates certain aspects of Southern Electric Generating Company (SEGCo), and the Alabama Municipal Electric Authority. SEGCo is jointly owned by APC and Georgia Power Company.



ELECTRICITY POLICY DIVISION

From left, Angier Johnson, Tanya Champion, Patricia Smith, Catherine Kouassi, Jerry Delancey, Linda Gardner and John Free

ALABAMA POWER COMPANY

Rate Stabilization and Equalization (RSE)

Rate RSE, the rate approved by the Commission under Docket numbers 18117 and 18416, was designed to lessen the impact, frequency and size of retail rate increase requests by permitting APC, through the operation of a formula rate that was filed and approved, to adjust its charges on a periodic basis to achieve the rate of return allowed by the rate order of the Commission. By provisions in the rate, the charges are increased if projections for the upcoming year show that the designated rate of return range will not be met and are decreased if such projections show that the designated rate of return range will be exceeded. Other provisions limit the impact of

course of its business and in a manner consistent with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts. If the resulting RRCE was less than 13.0% or more than 14.5% (13.0% – 14.5% being "the equity return range"), then monthly bills under the respective rate schedules subject to Rate RSE would be adjusted by amounts per kilowatt-hour (kWh) necessary, in total, to restore the RRCE to 13.75% (the "adjusting point" in the equity return range).

In February 2013, the Alabama Public Service Commission established a proceeding and set forth a schedule of public meetings to consider the need for any modifications to Rate RSE. As part of this proceeding, the Commission considered the extent to which the RSE mechanism was continuing to serve its intended purpose of ensuring stable, fair, and equitable rates, reliable service and enhanced

ELECTRICITY

any one adjustment (as well as the impact of any consecutive increases), and test whether actual results exceeded the return range. In that latter event, RSE provides that the amount by which the range is exceeded is returned to customers.

From December 1, 2006, through December 1, 2012, APC's rate of return on projected average common equity, separated to retail electric service ("RRCE"), was computed annually for the upcoming twelve-month period ending December 31 (such twelve-month period being the "rate year"). The RRCE was computed on the basis of cost estimates and budgets prepared by APC in the ordinary

monitoring activities by the Commission staff. As part of this overall evaluation of the RSE program, the Commission also sought to determine whether the existing allowed Retail Return on Common Equity range of 13.0% to 14.5%, as prescribed in the Rate RSE tariff, continued to be fair and reasonable.

The Commission held the public meetings on May 8, 2013, June 18, 2013 and July 17, 2013, with the June 18 meeting being comprised of two sessions. The Commission and its staff participated, together with representatives of the Attorney General's office and APC. Other participants included: Alabama Industrial Energy Consumers (AIEC),



AARP, Partnership for Affordable Clean Energy (PACE), JobKeeper Alliance, Generation America, Southern Environmental Law Center on behalf of GASP, Inc. and the Southern Alliance for Clean Energy (SACE), League of Women Voters of Alabama (LWVA), League of Women Voters of Mobile, Alabama Environmental Council (AEC), National Federation of Independent Businesses (NFIB), Manufacture Alabama, 60 Plus Association, United Mine Workers (UMW), American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), Arise Citizens' Policy Project (ACPP), Alabama Policy Institute (API), Prattville Tea Party, Southern Christian Leadership Conference (SCLC), NAACP-Birmingham, Alabama Coal Cooperative (ACC), and Eagle Forum.

After evaluating all information submitted by each of the participants during the course of the four public meetings conducted by the Commission, assessing the discussions with respect to that information, and considering the positions put forth by staff from the Electricity Policy Division, the Commission found that Alabama Power's Rate RSE mechanism and all the associated components continue to be just and reasonable to customers

and the Company. Nevertheless, the Commission recommended several modifications to APC's Rate RSE mechanism. Foremost among these was the replacement of the existing ROE range and the provision regarding capital structure with a range and set point based on Weighted Common Equity (WCE). The WCE range would be established at 5.75% to 6.21%, with an adjusting point of 5.98%. In addition, APC would be eligible to receive a performance-based adder of 7 basis points (0.07%) to the WCE adjusting point when, at the time of the annual Rate RSE filing, the Company possesses an "A" credit rating equivalent with at least one of the recognized rating agencies or the Company is in the top third of the customer value benchmark survey that is examined by staff as part of its most recent annual metrics review. Notably, the established WCE range represents a downward adjustment in terms of the company's allowed return range.

The Commission also set forth several augmentations to staff's ongoing oversight of Rate RSE. First, the Commission recommended the use of an objective, self-executing mechanism associated with the Company's allowed return. Using a baseline

interest rate equal to the 12-month average 30-year Treasury Bond as of a date specified, the potential for additional review would be triggered in the event the 30-year Treasury Bond rate increases by more than 350 basis points or decreases by more than 200 basis points. The established baseline rate will be tested against the most recent twelve month average of the same 30-year Treasury Bond on a quarterly basis. Upon the occurrence of a circumstance prompting additional review, staff will notify the Commission and report whether and to what extent staff believes the economic developments necessitate further examination of the range. Next, the Commission recommended that APC make biannual filings of its income statement and balance sheet. The first filing would include information for the most recent year, along with comparable information for the prior year. The second filing would include information for the most recent January through June period, along with comparable information from the prior year for the same period. These biannual filings would be made within a reasonable period after the corresponding release of this information and in accordance with applicable requirements of the Securities and Exchange Commission.

Finally, the Commission recommended that the financial and operational components of the Company be subject to a detailed examination every six years.

The form of examination should be comparable to the historical analysis presented by the Company in the proceedings and would evaluate all elements of the capital structure including the Company's WCE and overall return, as compared to a group of peer utilities derived through the cluster methodology. The time frame covered by this analysis would include at least the most recent five years for which the necessary data is publicly available. The Company also would be expected to include performance metrics demonstrating its operational performance as well as any additional information it deemed instructive to the analysis. Notwithstanding the Company's analysis, staff may also perform its own analysis for consideration before notifying the Commission whether or not, in staff's view, any further review or action is needed.

All of the recommendations of the Commission were promptly accepted by APC and incorporated into Rate RSE, the associated special rules and other affected rates and practices. In this regard, it should be noted that the expansion of staff's oversight under Rate RSE is in addi-

tion to, and not in lieu of, all the existing authority of the Commission, and will not impair the rights of the Company to make filings or petitions with the Commission as allowed by law.

On November 27, 2013, APC filed the *Information and Calculations Required by Appendix B to Rate RSE and the Special Rules Governing Operation of Rates RSE and CNP*, subject to the approved modifications (sixth revision) to RSE. Based on this filing, the projected WCE for the 12-months ending December 31, 2014 was 5.81%.

The Electricity Section examines APC's books and records on a monthly basis throughout the year to determine the WCE for the current 12-month period. The section's staff prepares a summary report of this information for presentation at each monthly Commission meeting. As of September 30, 2014, the re-projected WCE for the twelve-month period ending December 31, 2014 was 6.01%.

Energy Cost Recovery (Rate ECR)

Rate ECR, the rate approved by the Commission under Docket number 18148, is the mechanism used



to recover retail customers' portion of certain energy-related costs. Currently, the established ECR factor is 59.10 mills/kWh (5.910 cents/kWh). The rate has been adjusted for temporary periods of time to reduce the over/under collections accumulated in the energy cost recovery account. The Electricity Section evaluates the monthly filings by APC and prepares a summary report for the monthly Commission meetings. The report identifies the status of the Company's energy costs recovery, the accumulated over/under collections, and the ECR projection for December 31 of the current year.

In April 2002, the Commission approved Rate Rider RDF (Rate Differential Factors). This rate rider is applicable to Rate ECR and adjusts the ECR billing factor to reflect the seasonal patterns of fuel costs. The billing factor is increased during the months of June through September and decreased for the billing months of October through May.

By Commission Order dated December 3, 2013, the approved interim factor for the billing months of January 2014 through December 2014 is 26.81 mills/kWh (2.681 cents/kWh). As of September 30, 2014, the actual energy cost recovery balance was \$43,672,808 over-collected, with a re-projected energy cost recovery balance of \$30,175,984 over-recovered at December 31, 2014. The 2014 ECR budget projected a \$15,489,940 over-recovery at December 31, 2014.

Certificated New Plant (CNP)

Rate CNP – Part A was originally approved in 1982 in conjunction with Rate RSE, under Docket numbers 18117 and 18416. The original rate provided for the certification of generating facilities and rate recovery of the revenue requirement related to the capital cost of such

facilities. During FY-2014, Alabama Power Company did not file for an application for a Certificate of Public Convenience and Necessity related to generating facilities.

Rate CNP was modified in April 2000 to include a second provision, Rate CNP - Part B ("Part B"), that would allow for the certification of Purchase Power Agreements ("PPAs") and the recovery of the total costs (excluding fuel) associated with each agreement. Part B is also referred to as Rate CNP-PPA.

In accordance with the provisions of Rate CNP - Part B, APC filed with the Commission on January 31, 2014 certain information and calculations for the CNP Purchase Factor associated with the Company's certificated purchase power agreements. Although the filing reflected a projected under-recovery of costs associated with certificated purchase power agreements that normally would be recoverable during the cost year April 1, 2014 - March 31, 2015, APC consented to leave the current Rate CNP - Part B factor in effect for the 2014-2015 period. At this time, APC has five PPAs that have been certified for purposes of Part B, which are detailed as follows:

By Commission Order dated November 7, 2000, under Docket number 27785, the Commission authorized APC, for a term to expire May 31, 2011, to acquire the rights and assume payment obligations under a PPA with Calhoun Power Company, LLC, involving 630 MW of combustion turbine capacity. In April 2009 the PPA was further extended an additional eleven (11) years, continuing through December 31, 2022.

By Commission Order dated October 22, 2010, under Docket number 31301, the Commission authorized APC, for a term of ten (10) calendar years, to acquire the rights and assume payment obligations under a PPA with Westervelt Renewable Energy, LLC, involving

approximately 7.5 MW of electric capacity from a small-scale renewable energy (“biomass”) generating facility operated by Westervelt.

By Commission Order dated July 12, 2011, under Docket number 31301, the Commission authorized APC, for a term of five (5) calendar years, to acquire the rights and assume payment obligations under a PPA with Resolute Forest Products (formerly AbiBow US, Inc.), involving up to 15 MW of electric capacity and energy from a renewable energy (“black liquor”) generating resource.

By Commission Order dated September 9, 2011, under Docket number 31653, the Commission authorized APC, for a term of twenty (20) calendar years, to acquire the rights and assume payment obligations under a PPA with Chisholm View Wind Project, LLC, involving 202 MW of wind energy supplied from a wind farm being developed by Chisholm View in Grant and Garfield Counties, Oklahoma.

By Commission Order dated September 17, 2012, under Docket number 31859, the Commission authorized APC, for a term of twenty (20) calendar years, to acquire the rights and assume payment obligations under



a PPA with Buffalo Dunes Wind Project, LLC, involving 202 MW of wind energy supplied from a wind farm being developed by Buffalo Dunes in Grant, Haskell and Finney Counties, Kansas.

It should be noted that under the described PPAs associated with renewable generation, the Company has obtained rights to the environmental attributes, including Renewable Energy Credits (RECs) associated with the energy. Under the terms of those PPAs, APC retains the flexibility to retire RECs and serve its customers with renewable energy or to sell RECs, either bundled with energy or separately, to third parties.

Rate CNP was further modified in October 2004 to include a third provision, Rate CNP - Part C (“Part C”) that would provide a mechanism to recover compliance costs associated with “environmental mandates.” Part C is also referred to as Rate CNP-ECP (“Environmental Compliance Plan”). Beginning in December 2004, and each December thereafter, Alabama Power is required to file its annual Environmental Compliance Plan subject to Part C. The first rate adjustment under the Part C provision went into effect in January 2005.

By Commission Order, dated August 13, 2013, the Commission approved APC’s petition seeking approval of proposed revisions to Part C. In 2004, when Part C was developed and filed, the Company had already spent approximately \$500 million dollars over the prior two decades in response



to environmental laws, regulations and other mandates. Primarily for ease of implementation, Part C did not include environmental-related capital additions placed in service before its effective date (“pre-2005 capital”). The revisions consolidated all such cost recovery under Part C, to facilitate consistency in cost recovery and make the Company’s total cost of environmental compliance more readily ascertainable. Since both Rate RSE and Part C are forward-looking in terms of the costs they are designed to recover, the revisions also modified the allocation formula for the CNP Environmental Factor to reflect projected base rate revenues and kilowatt-hour sales for the upcoming environmental cost year, similar to Rate RSE.

In accordance with the provisions of Rate CNP - Part C, APC filed with the Commission on November 21, 2013 the calculations associated with its cost of complying with environmental mandates. Although the filing reflected a projected under-recovery of costs associated with such environmental compliance that normally would be recoverable in the billing months of January 2014 through December 2014, APC consented to leave the current factors associated with its environmental compliance costs under Rate CNP - Part C for the year 2013 in effect for the year 2014.

Natural Disaster Reserve (NDR)

By Commission Order, dated October 3, 1994, the Commission granted APC authority to establish a Natural Disaster Reserve (“NDR” or “the Reserve”) of \$32 million against which extraordinary operation and maintenance expenses, resulting from natural disasters, would be charged. The Reserve was established to help mitigate the disruptive effects of significant natural disasters occurring in APC’s service territory.

The Commission has, from time to time, made modifications to the Reserve to deal with negative balances resulting from extraordinary disasters. In December 1995, the Commission authorized APC to make additional accruals, without further order by the Commission, above the normal monthly amount of \$250,000 whenever the balance in the Reserve declines below \$22.4 million. Accruals above normal monthly amounts could continue until the Reserve was restored.

By Commission Order, dated December 6, 2005, under Docket number U-3556, the Commission approved Rate Rider NDR, and increased the authorized disaster reserve balance from \$32 million to \$75 million, effective January 2006. Rate Rider NDR was designed to address a negative balance in the Reserve and to re-establish a reserve balance sufficient to address potential costs associated with future natural disasters. In order to accomplish this, Rate Rider NDR places a small monthly charge to each account served under the Company’s retail rate schedules until the approved balance is restored.

By Commission Order, dated August 20, 2010, APC was authorized to make discretionary accruals to the Reserve above the existing authorized limit (\$75 million) and to include reliability related expenditures among the category of costs that can be charged against the Reserve.

On July 12, 2011, the Commission approved the elimination of the income tax adjustment applicable to Rate T, effective October 2011, to, among other things, fund certain costs resulting from the April 2011 tornadoes.

In 2014, as a result of storm damages, APC incurred additional



Proceedings held by the Commission have encouraged the attendance and participation of the public.

operation and maintenance costs of \$11,554,447, while charges to the Reserve totaled \$11,652,657. The difference between the additional operation and maintenance costs and the expenditures charged to the Reserve was due to charges related to storm damages from 2013 of \$98,210. As of September 30, 2014, the Reserve had a positive balance of \$86,583,620.

Other Activities

By way of Commission Orders in Dockets U-5017 and U-5016, the Commission approved and extended Rate Riders EDI (Economic Development Incentive) and CRI (Community Redevelopment Incentive). Both rate

riders provide potential customers with a discount for meeting requirements defined within such rates, and the Commission continues to monitor their progress.

By Commission Order, dated May 6, 2014, under Docket number 18005, the Commission approved the 35th revision to Rate PAE (Purchase of Alternate Energy). The charges and payments under this rate were revised to reflect updated avoided costs for the Company.

By Commission Order, dated August 5, 2014, under Docket number U-5128, the Commission approved an order authorizing regulatory accounting treatment to provide for the continued

recovery from customers an amount equal to the prior fee (1.0 mill per kilowatt-hour of electricity produced and sold from the Company's nuclear generating units) established by the Department of Energy and to record the amounts in a regulatory liability account. The balance in the regulatory liability account would be available for the future costs responsibility associated with the permanent disposal of nuclear waste from the operation of the Joseph M. Farley Nuclear Plant ("Plant Farley").

Financing

The Electricity Section staff reviews all financing petitions filed



by APC and Southern Electric Generating Company (“SEGCo”). SEGCo is a corporation owned, in equal shares, by APC and Georgia Power Company. SEGCo has electric generating facilities located in Wilsonville, Alabama. SEGCo’s financing petitions are generally filed with the Commission to request approval to engage in the issuance of securities or to assume obligations pursuant to other types of debt instruments. Upon analysis and evaluation, the staff makes recommendations to the Commission pertaining to these types of petitions.

By Commission Order, dated October 10, 2013, under Docket number U-5105, the Commission granted APC the authority through December 31, 2015: (i) to issue and sell preferred stock, preference stock, and promissory notes, subordinated debentures, and other debt instruments and incur obligations in connection with the issuance of industrial development revenue bonds with an aggregate principal amount or stated value of such preferred stock, preference stock, industrial development revenue bonds, and subordinated debentures, promissory notes, and other debt instruments not exceeding \$2,000,000,000 at times and in amounts deemed by it to be appropriate; and (ii) to borrow upon the issuance of promissory notes and to issue and sell commercial paper notes from time to time and to be renewed from time to time in an aggregate principal amount not to exceed \$2,000,000,000 at any one time outstanding and having maturity dates of not more than ten years after the date of issue.

By Commission Order, dated October 10, 2013, under Docket number U-5106, the Commission granted SEGCo the authority through December 31, 2015: (i) to issue and sell and incur obligations in connection with the issuance of not more than \$150,000,000 in aggregate principal amount of promissory notes, subordinated debentures and

other debt instruments and industrial development revenue bonds, (ii) to borrow upon the issuance of promissory notes and to issue and sell commercial paper notes to third-party lenders and to Alabama Power and Georgia Power Company from time to time and to be renewed from time to time in aggregate principal amount not to exceed \$150,000,000 at any one time outstanding and (iii) to assume obligations in connection with the issuance of promissory notes, subordinated debentures and other debt instruments. Neither APC or SEGCo filed for additional financing authority during FY 2014.

Auditing

The Electricity Section’s analysts conduct monthly analytical reviews and/or audits to test the completeness and accuracy of financial statements, economic models and/or other data submitted by APC. For this activity, staff’s monthly fuel audit is particularly important because the Company’s fuel-related costs are a major portion of total operation and maintenance (O&M) expense. During the monthly fuel audits, the accounting records for fuel (coal) purchases and burns are reviewed at the corporate office and at the respective generating facilities. Fuel audits at each fossil-fuel generating facility are performed on a rotating basis, allowing the analyst two visits per year at each plant. At the same time that the fuel audit is performed, a site visit is also performed. During the site visit, other analysts meet with APC representatives where APC staff presents a plant overview, which includes an update on environmental and non-environmental capital projects and environmental-related and non-environmental-related operations and maintenance projects. After the presentations are completed, the staff accompanies APC personnel on a tour of the plant.

In addition to the fuel audit, staff also engages in a detailed audit of APC's compliance activities with environmental regulations. This involves the audit of both the CNP Environmental Factor and the Environmental Compliance Plan. APC, in accordance with Rate CNP-Part C, files with the Commission, by December 1 of each year, the CNP Environmental Factor for each affected rate to be applied to each kilowatt-hour, along with appropriate supporting documents. Staff completes an analytical review of the environmental factors filed for the upcoming rate year to provide reasonable assurance of the accuracy of the amounts reported in the filing. In addition, APC files, at least thirty (30) days prior to the December 1 deadline for filing the CNP Environmental Factors, a preliminary draft of the Environmental Compliance Plan for the next five (5) years, along with the estimated cost associated with the implementation of that plan. Staff engages in meetings and interviews with APC staff to discuss pending environmental laws, regulations or other mandates relevant to APC's environmental compliance activities. Staff also performs a detailed audit of relevant documents and records to: 1) verify the reasonableness of amounts

reported in the environmental factor filing; 2) ensure compliance with Rate CNP-Part C; 3) request and review explanations for significant budget variances; 4) confirm that reported expenses are qualifying environmental expenses; 5) identify and discuss any changes in policies or procedures; and 6) request and review any additional supporting documentation, as needed, for a complete and thorough analysis of the filing.

In addition, staff performs two other annual compliance audits related to: 1) Rate CNP-Part B ("Purchase Power Agreement"), which is filed annually by February 1; and 2) the Jurisdictional Allocation Study (also referred to as the "Cost of Service Study"), which is filed annually by May 1. Other auditing responsibilities include the testing of various accounts and activities to trace and verify reported revenues and expenses, to review APC's compliance with the FERC Uniform System of Accounts, and to investigate significant variances identified during monthly monitoring and analytical processes. Also, staff performs annual random billing audits to test APC's compliance with approved tariffs.

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

Pursuant to the provisions of Section 11-50A-25, *Code of Alabama, 1975*, as amended, the Commission reviews and approves certain activities of the Alabama Municipal Electric Authority ("the Authority").

By Commission Order dated November 5, 2013, under Docket number U-3013, the Commission authorized Amendment No. 1 to the Amended and Restated Power Supply Agreement between APC and the Authority. Amendment No. 1 provides for certain pricing and designated resource adjustments, as well as further extensions of the supply term that would allow the agreement to continue beyond 2025.

By Commission Order dated November 5, 2013, under Docket number U-5110, the Commission authorized a Supplemental Power Supply System Revenue Bond Resolution. The Supplemental Resolution authorizes the issuance of the Authority's \$37,590,000 principal amount 2013 Series A Bonds to refund and retire all of the authority's presently outstanding 2003 Series A Bonds.

FEDERAL AFFAIRS

The Federal Affairs Section monitors the activities of various federal agencies and other industry groups such as: the Federal Energy Regulatory Commission (FERC), the Environmental Protection Agency (EPA), the Nuclear Regulatory Commission (NRC) and the Department of Energy (DOE).

The Federal Affairs Section, in conjunction with the Commission's Legal Division, also reviews federal court appeals and decisions on electric utility issues and, if appropriate, makes recommendations to the Commission regarding appropriate actions to be taken. In addition, this section reviews proposed federal legislation affecting the electric industry and Alabama electric consumers and prepares summary documentation for the Commission's review as needed. The Federal Affairs Section also monitors and reports to the Commission the various positions taken by other state commissions and NARUC (National Association of Regulatory Utility Commissions) on issues affecting electric utility regulation in Alabama.

In an effort to remain informed of these matters, the Federal Affairs staff conducts research, monitors news briefings, participates in conference calls and attends various industry conferences/meetings such as the NARUC meetings. In some cases, the appropriate action involves filing comments, on behalf of the Commission, in a particular federal proceeding.

Public Affairs

The Public Affairs Section performs the public information duties of the Commission. The responsibility of the section entails distributing information to the news media, the public, and other state, governmental and regulatory agencies.

The Public Affairs staff also produces informational materials such as the APSC's Annual Report, brochures, presentation aids, and other graphic materials. This section also provides information to be posted to the Commission's website, attends Commission hearings and meetings and monitors related media coverage.



Darrell Baker, Director



With the Commission's reorganization effective March 1, 2014, the Gas Section and Water/Wastewater Section from the former Energy Division, together with the Consumer Services Section from the Administrative Division, were combined with the existing Telecommunications Division to form the Commission's new Utility Services Division.

The Utility Services Division is responsible for regulation of telecommunications, natural gas, water and waste water utilities in Alabama. Additionally, the Division receives and attempts to resolve consumer complaints, disputes, and inquiries for telecommunications, electricity, natural gas, water and waste water utilities in Alabama.

Consumer Services Section

The Consumer Services Section assists the public in resolving utility related inquiries made to the Commission. This section mediates disputes between consumers and the utilities regulated by the Commission. This section also responds to general questions about utility regulation. Staff in this section consult with the various utility service providers and other divisions within the Commission to mediate disputes, clarify action taken by the utility and respond to general and complex inquiries made regarding a utility and/or the Commission's rules. In addition, the Consumer Services Section seeks to educate consumers on utility related matters.

Consumer Services' primary responsibility is to investigate consumer inquiries received by the Commission. Staff in this section gather information from the consumer to document the issue. The matter is then referred to the utility to research and respond to the Commission. After



CONSUMER SERVICES SECTION

Stephanie Sweet and Aquilla Spivey

the matter has been reviewed the consumer is contacted and advised of the Commission's opinion or the utility's response. Staff uses the Commission's rules, the utility-specific rules and industry practices to address these inquiries.

GOT ISSUES?

We've got Answers! APSC CONSUMER SERVICES @ 1-800-392-8050

This workgroup is generally the initial point of contact for consumers to the Commission. General inquiries and complaints are received by telephone, website and mail. This office also handles referrals from the U. S. Congress, the Federal Communications Commission (FCC), the Governor's Office, the Alabama State Legislature and the Alabama Attorney General's Office.

The Consumer Services Section additionally serves as an opinion forum for the general public to share its viewpoints and observations regarding matters concerning the Commission. Written records are created for most inquiries that are made. These records result in a series of reports each month that become official records of the Commission. The primary report that is produced from these records identifies the utility, the character of each inquiry and the total number of referrals made to the utility. This report is a snapshot of issues experienced in a given month.

This section also responds to Do Not Call inquiries made to the Commission. The Alabama State Legislature authorized the Commission to establish and maintain a listing of Alabama residents who do not wish to receive telemarketing offers. Alabama maintains its registry through a collaborative effort between the FCC and this Commission. Consumers who contact the Commission on this issue receive advice on how to register their phone numbers. This section also advises consumers how to report violations and address other unwanted calls.

Natural Gas

The Natural Gas Section is responsible for the regulation of all publicly-owned natural gas distribution, transportation, storage, and intrastate natural gas and oil pipelines in Alabama, and the monitoring of the Rate Stabilization

and Equalization and related programs for Alabama Gas Corporation and Mobile Gas Service Corporation.

Rate Stabilization and Equalization

The Commission regulates the rates for the two largest investor-owned gas utilities in the state under a Rate Stabilization and Equalization (Rate RSE) plan. Rate RSE has been in use for 31 years as a method of keeping rates as low as possible while assuring quality service.



Alabama Gas Corporation

Each month, this section examines the books and records of Alabama Gas Corporation (Alagasco), determines the return on average common equity for the preceding 12-month period, and reports the financial and operational results of the previous month, including the return on average common equity, to the Commission. It also graphically summarizes Alagasco's recent operating history.

In FY-2014, the Commission concluded a series of informal public hearings and issued an order regarding the extension and modification of the terms of Alagasco's RSE mechanism. The section participated fully in this process, including extensive discussions with the company, evaluation of potential tariff revisions, and the

development and analysis of detailed financial models. The section produced a complete recommendation and recommended order, which were adopted extensively. The Commission approved modifications to RSE, adjusted some operating parameters and financial metrics, but did not fundamentally alter the basic premise and mechanics of RSE.

Under the RSE plan, the only time Alagasco can increase its base rates is December 1. The Commission

lowered the allowed return on average common equity to 10.50 – 10.95 percent (with an adjusting point of 10.8) effective January 1, 2014. However, as this was within the RSE rate year, the Commission authorized a transition range for FY-2014. Under this transition range, if the projected return, based on the budget approved by the utility’s board of directors, was less than 11.16 percent, rates were increased December 1 to bring the return at the end of the rate year to 11.45 percent (the adjusting point

of the authorized return range). If the projected return was more than 11.63 percent, rates would be decreased to bring the return to 11.45 percent. If the projected return was between the transition year range of 11.16 and 11.63 percent, inclusive, no adjustment was made. Subsequent points of test, based on the projected return at September 30, could yield only decreases or no change during the rate year. The Natural Gas Section evaluated four RSE filings by Alagasco during FY-2014.

Alagasco also has an incentive program, the Cost Control Measure, under which it must keep growth in operation and maintenance expenses below a specified range, or face penalties. The utility also has a temperature tracker that follows the effect of abnormally high or low temperatures on the recovery of non-gas costs. The section monitors both of these programs to ensure that they are conducted in accordance with the approved tariff.



NATURAL GAS SECTION

Seated from left, Marquita Lennon, Brenda Roberts, and Tonya Williams - Standing from left, Robert Taylor, III, Donald Powell, Robert Reed and Joe Leverette



ALAGASCO

<u>Effective Date</u>	<u>Increase (Decrease)</u>
December 1, 2013	\$6,337,412
January 1, 2014	(\$8,512,139)
July 1, 2014	\$0
October 1, 2014	(\$19,250,792)

Mobile Gas Service Corporation

Each month, this section examines the books and records of Mobile Gas, determines the return on average common equity for the preceding 12-month period, and reports the financial and operational results of the previous month, including the return on average common equity, to the Commission. It also graphically summarizes Mobile Gas' recent operating history.

Under the RSE plan, the only time Mobile Gas can increase its base rates is December 1. If the projected return, based on the budget approved by the utility's board of directors, is less than 10.45 percent, rates are increased December 1 to bring the return at the end of the rate year to 10.80 percent (the adjusting point of the authorized return range). If the projected return is more than 10.95 percent, rates are decreased to bring the return to 10.80 percent. If the projected return is between 10.45 and 10.95 percent, inclusive, no adjustment is made. Subsequent points of test, based on the projected return at September 30, the end of Mobile Gas' rate year, can yield only decreases or no change, effective April 1, July 1, and October 1. The Natural Gas Section evaluated four RSE filings by Mobile Gas during FY-2014.

Mobile Gas also has an incentive program, the Cost Control Measure, under which it must keep growth in operation and maintenance expenses below a specified range, or face penalties. The utility also has a temperature

adjustment that tracks the effect of abnormally high or low temperatures on the recovery of non-gas costs. The section monitors both of these programs to ensure that they are conducted in accordance with the approved tariff.

MOBILE GAS

<u>Effective Date</u>	<u>Increase (Decrease)</u>
December 1, 2013	\$958,638
April 1, 2014	\$0
July 1, 2014	\$0
October 1, 2014	\$0

LOCAL DISTRIBUTION COMPANIES

Another function of the Natural Gas Section is to maintain statistical data and keep the Commission informed on all facets of the gas utilities' operations. Under that function, the following reports are prepared regularly:

- Revenue and Expense Analysis
- Competitive Fuel Clause
- Gas Supply/Purchased Gas Adjustment
- Return on Average Common Equity

During FY-2014, the Natural Gas Section was responsible for evaluating and making recommendations to the Commission on all matters relating to the following local distribution companies:

Alabama Gas Corporation

Mobile Gas Service Corporation

Wheeler Basin Natural Gas Company

The section conducts its own investigations requiring examination of work papers, financial reports and other records. The findings are documented and evaluated in written reports, and, when appropriate, meetings with



officials of the respective gas companies are held to discuss the results. For matters requiring Commission approval, the section presents them, with recommendation, to the Commission.

Alabama Gas Corporation

Regarding Alabama Gas Corporation, the section:

- Monitored the company's gas purchases, hedging, and storage activities;
- Examined the company's research and development expenditures;
- Participated in Consumer Roundtable meetings;
- Evaluated Gas Supply Adjustment filings;
- Worked with the Commission's Consumer Services Section to review changes in the company's policies regarding disconnects, reconnects, and collecting arrearages;
- Reviewed the Negative Salvage Reserve filing for RY-2014;
- Reviewed the Rate Stabilization and Equalization filing for RY-2014;
- Reviewed the company's Cost Control Measure for RY-2014;
- Reviewed the performance of the company's special contracts with industrial customers;
- Participated in the informal public hearing to consider the renewal of the company's RSE tariff and produced a summary of the positions taken by each party; and
- Reviewed the company's annual report and requested and received clarification of certain portions of the report.

Mobile Gas Service Corporation

Regarding Mobile Gas Service Corporation, the section:

- Monitored the company's gas purchases, hedging, and storage activities;
- Met with the company to discuss the purchase of Willmut Gas Company by Mobile Gas' parent, EnergySouth;
- Met with the company concerning corporate allocations;
- Attended a presentation concerning the company's gas purchasing practices and plans for the future;
- Worked extensively with the company regarding a mercaptan odor in Eight Mile;
- Evaluated a Cast Iron Main Replacement (CIMR) Factor filing;
- Evaluated a Cost Control Measurement filing;
- Evaluated a Weather Impact Normalization filing;
- Evaluated Purchased Gas Adjustment filings;
- Evaluated an application to establish a Self-Insurance Reserve;
- Evaluated an application for a Depreciation Rate for its plant accounting and budgeting software system;
- Evaluated a Firm Storage Agreement with Bay Gas Storage; and
- Worked with the company to revise its CIMR factor and the accompanying tariff language.

Wheeler Basin Natural Gas Company

Regarding Wheeler Basin Natural Gas Company, the section:

- Met with the company to explore a potential arbitrage opportunity;
- Evaluated a special contract for a firm and inter-



ruptible transportation agreement for Magnolia Investments of Alabama dba Jack Daniels Cooperage; and

- Reviewed the company's annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Intrastate Storage and Pipeline Companies

During FY-2014, the Natural Gas Section was responsible for evaluating and making recommendations to the Commission on matters pertaining to the following intrastate pipeline and storage companies:

American Midstream (Alabama Gathering) LLC

American Midstream (Alabama Intrastate) LLC

American Midstream (Bamagas Intrastate) LLC

American Midstream (Tennessee River) LLC

Arapaho Communications

Bay Gas Storage Company, Inc.

Genesis Pipeline, LLC

Pine Energies, Inc.

Southcross Alabama Gathering System, L.P.,

Southcross Alabama Pipeline LLC,

Southern Gas Transmission Company

American Midstream (Alabama Gathering) LLC

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

American Midstream (Alabama Intrastate) LLC

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

American Midstream (Bamagas Intrastate) LLC

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

American Midstream (Tennessee River) LLC

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Arapaho Communications

The section:

- Met with the company's personnel to discuss various matters;
- Coordinated with Legal Division concerning Arapaho's petition to be released from Commission jurisdiction for rates and services;
- Corresponded with the US Bureau of Prisons (BOP) to ascertain whether or not they had a position regarding Arapaho's request; and
- Reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Bay Gas Storage Company, Inc.

The section:

- Evaluated a firm storage agreement with Mobile Gas;
- Evaluated an amended and restated Intercompany Revolving Credit Agreement with Semptra Energy;
- Reviewed the company's annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders; and
- Evaluated a special contract with Alabama Power.

Genesis Pipeline, LLC

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Pine Energies, Inc.

The section:

- Evaluated the company's annual reporting requirements; and
- Reviewed the company's annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Southcross Alabama Gathering System, L.P.

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Southcross Alabama Pipeline LLC

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Southern Gas Transmission Company

The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

Support of Commission Offices

The section:

- Coordinated extensively with the Gas Pipeline Safety Section on matters of mutual interest;
- Briefed Commissioners Cavanaugh, Oden, and Dunn and their assistants about natural gas issues on numerous occasions;
- Prepared letter responses and documents concerning natural gas issues; and
- Assisted the Consumer Services Section with various complaints.

Interagency Activities

Various section members:

- Served as Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Staff Subcommittee on Gas, presiding over meetings in Washington, DC, Orlando, FL, and Dallas, TX and conducted the Subcommittee's monthly conference calls;
- Met with the Deputy Assistant Secretary for Oil and Natural Gas in the Office of Fossil Energy of the U.S. Department of Energy regarding liquefied natural gas;
- Served as Secretary for the NARUC Gas Committee at meetings in Washington, DC, Orlando, FL, and Dallas, TX and monthly conference calls;
- Served as Vice Chairman of the Alabama Liquefied Petroleum Gas Board as President Cavanaugh's

designee, investigated numerous alleged violations of law for the Board and made recommendations to the Board, all of which were accepted;

- Toured the Coosada Liquefied Natural Gas (LNG) Plant;
- Visited a shale gas fracturing site;
- Participated in the monthly conference calls to discuss the Federal Energy Regulatory Commission (FERC) Southeastern Snapshot Report and other energy items of interest;
- Served as a member of the Research Advisory Committee of the National Regulatory Research Institute; and
- Served on the Alabama Department of Economic and Community Affairs' Weatherization Advisory Policy Council.

Training Activities

Section representatives:

- Participated in numerous webinars, conference calls and teleseminars.

Miscellaneous

The section:

- Evaluated approximately 30 FERC filings pertaining to Alabama entities to determine their relevance to this Commission; and
- Investigated requests for gas service, and responded to hundreds of requests by the general public for rate information, financial data, tariff sheets, and other information.





TELECOMMUNICATIONS SECTION

*From left, David Peeler, Laneeta Roberts, E.C. McArthur, Janet Conway,
Tom Jones, Cynthia Allen and Doug Dillard*

Telecommunications Section

The Alabama Legislature grants the Commission regulatory authority for intrastate landline (also known as wireline) communications. The Commission does not exercise authority for cable television, Internet Service, Voice-Over-Internet-Protocol phone service (VoIP), or wireless telephone service. Telecommunication providers subject to the Commission's jurisdiction include:

- Incumbent Local Exchange Carriers (ILEC) - traditional providers of local telephone service;
- Competitive Local Exchange Carriers (CLEC);
- Interexchange Carriers (IXC);
- Long Distance Service Resellers;
- Payphone Service Providers (PSP);
- Inmate Calling Service Providers (ICS); and

- Shared Tenant Telephone Service Providers (STS).

The Legislature's Communications Reform Act of 2005 ("the Act") curtailed the Commission's authority over pricing for most retail telecommunication services. For those providers electing regulation under the Act, the Commission's pricing jurisdiction was eliminated for bundled service offerings, services offered under contract, broadband internet services, and most retail telecommunications services. The Commission retained pricing jurisdiction for stand-alone basic service, optional telephone features, emergency telephone (911) services billing, consumer complaints, Federal Universal Service Fund (USF) administration, and all wholesale service pricing. As of September 30, 2014, eight (8) independent telephone companies in Alabama have not opted for



regulation under the Act. Pricing for the services offered by those carriers remain wholly within the Commission's regulatory jurisdiction.

In 2009, the Legislature amended the Communications Reform Act to eliminate the Commission's pricing jurisdiction over stand-alone basic service and optional telephone features for BellSouth, CenturyLink, and any rural telephone company agreeing to surrender their rural exemption from competition. As of September 30, 2014, only Windstream Communications and Frontier Telephone Companies have agreed to end their rural exemption claim while twenty-five (25) incumbent telephone companies remain regulated under either the 2005 Act or the Commission's price regulation plan that existed prior to its passage.

In 2014, the Legislature amended the Communications Reform Act to eliminate the Commission's complaint and dispute jurisdiction. Carriers no longer desiring to remain under the Commission's complaint and dispute jurisdiction have to make their election known to the Commission. As of September 30, 2014, twelve (12) ILECs and sixteen (16) CLECs have elected not to be under the Commission's complaint and dispute jurisdiction.

The Telecommunications Section's responsibilities include, but are not limited to:

- Participation in certification hearings for new telecommunications service providers;
- Regulation of all services for the ILECs and CLECs who did not choose to be regulated under the Act;
- Regulation of wholesale landline service and some retail services for the remainder of providers;
- Analysis of telecommunications retail tariffs and intercompany wholesale agreements;
- Review and analysis of carrier petitions for Eligible Telecommunications Carrier (ETC) designation;
- Review and analysis for ETC utilization of USF high-cost allocations, and implementation of the Lifeline Program rules under the USF;
- Investigation of consumer and utility billing and service inquiries;
- Intrastate numbering resources management;
- Regulation of Inmate Calling Service, Payphone Service, and Shared Tenant Service; and

- Monitoring Federal Communications Commission (FCC) rulemaking procedures, and reviewing federal and state legislation for purposes of recommending telecommunications policy and rule revisions.

The Telecommunications Section is organized into two (2) groups, the Economic Compliance Group and the Service Compliance Group.

The Economic Compliance Group of the Telecommunications Section reviews financial and rate information filed by telecommunication companies with the Commission and provides telecommunication policy and rule recommendations to the Commission.

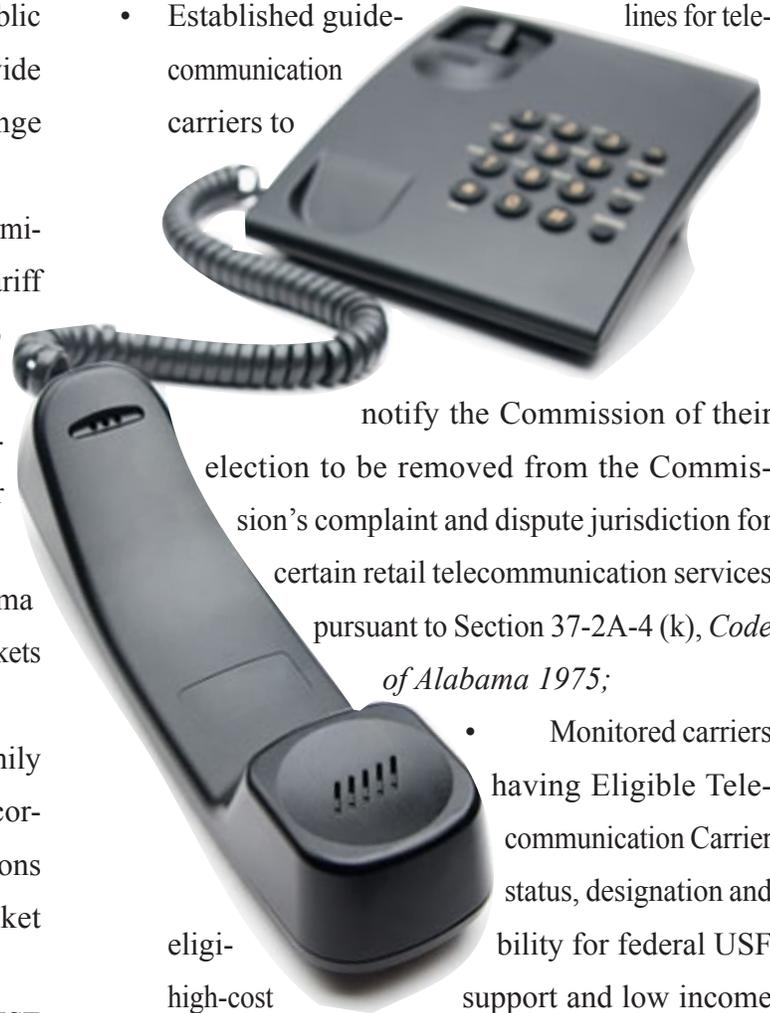
The Service Compliance Section, in coordination with the North American Numbering Plan Administrator (NANPA), is responsible for intrastate telephone numbering resources management. The Service Compliance Section also monitors and inspects the quality of service and rates charged by Customer-Owned Coin-Operated Telephone (COCOT) providers, Inmate Calling Service, Shared Tenant Service providers, and Hotels/Motels.

Section Activities

During FY-2014, various section members:

- Processed 130 tariff filings, 8 name changes, 17 cancellations, and 29 interconnection, resale, and collocation agreements for CLECs, wireless providers, and ILECs;
- Processed 8 applications for Certificates of Public Convenience and Necessity (CPCN) to provide toll resale and/or competitive local exchange service in Alabama;
- Reviewed and verified accuracy of intrastate terminating access rate reductions and associated tariff filings for local exchange carriers (LEC) to insure the filings are in compliance with the FCC comprehensive reform and modernization of the universal service and inter-carrier compensation systems;
- Reviewed and verified accuracy of the Alabama Transition Service Fund in accordance with Dockets 28642 and 31816;
- Received and reviewed LEC toll carriers Family Violence Shelter Confidentiality plans in accordance with the *Code of Alabama 1975*, Sections 37-2A-4 and 30-6-1 and Commission Docket 29878;
- In accordance with Docket 25980 and FCC USF rules and regulations, conducted financial analysis of ILEC and CLEC plans supporting the utilization of rural and non-rural USF high cost fund allocations;
- Participated with the Legal and Administrative Divisions to ensure that telecommunications companies are compliant with required submission of Inspection and Supervision (I&S) fees;

- Participated in Show Cause proceedings and processed Commission Orders for revoking CPCNs, for dismissal of companies from revocation proceedings, and for reinstating revoked CPCNs of companies that subsequently complied with the I&S submission requirements;
- Established guide- lines for telecommunication carriers to



- notify the Commission of their election to be removed from the Commission's complaint and dispute jurisdiction for certain retail telecommunication services pursuant to Section 37-2A-4 (k), *Code of Alabama 1975*;
- Monitored carriers having Eligible Telecommunication Carrier status, designation and eligibility for federal USF high-cost support and low income support;
- Maintained a database of approximately 574 third-party service providers approved by the Commission for LEC billing of their services;
- Staff investigated and resolved 641 consumer inquiries associated with telephone service and/or billing;
- Participated in the Inmate Calling Services APSC



Rulemaking Docket 15957. This Group continues to collaborate with the Federal Communications Commission as well as Public Service/Utility Commissions in sister states in matters relevant to the FCC ICS proceeding under WC Docket No. 12-375, Inmate Calling Service Report and Order and Further Notice of Proposed Rulemaking;

- Approved 2 ICS provider certificates. Cancelled 3 COCOT certificates;
- Conducted 16 ICS on-site inspections at confinement facilities;
- Investigated 3 petitions from ILECs requesting the Commission overturn denials by NANPA for the issuance of additional numbering resources. One petition was approved, 1 was ultimately withdrawn based on staff investigation and 1 remains pending at the time of this report;
- Prepared 12 monthly code and block reports to Neustar/NANPA; and
- Reviewed results of investigations made by the Utility Enforcement Division regarding on-site inspections of USF high cost construction projects within the following service districts: AT&T-Gulf, AT&T-North Alabama, CenturyLink-Southern, and CenturyLink-Northern.

UTILITY SERVICES DIVISION

Water and Wastewater Section

The Water and Wastewater Section reviews and evaluates several types of applications and petitions submitted by water utilities and wastewater Management Entities (ME).

The duties of the Water and Wastewater Section include analyzing rate, financing and service petitions, making periodic reviews of the plant facilities, reviewing company books and records, working with the Alabama Public Health Department and Alabama Department of Environmental Management's staff, assisting the APSC's Consumer Services Section in addressing customer complaints, preparing reports as a result of audits and site visits, keeping abreast of and reporting congressional, legislative and regulatory issues affecting water and wastewater utilities and conducting compliance and accounting audits.



WATER AND WASTEWATER

Rick Cleckler and Steve Bartelt



Water Systems

The Water Section is responsible for regulating nine investor-owned water systems including four that are located out-of-state but have authority to operate in Alabama. During FY-2014, one company (Water Works, Inc.) changed owners and one company (Escambia Community Utilities, LLC) came under the regulatory authority of the Commission. The jurisdictional water utilities are:

- Central Water Works, Inc. (FL)
- East Lowndes Water Association (MS)
- Escambia Community Utilities, LLC
- Hiwannee Water Association, Inc. (MS)
- Integra Water Creola, LLC
- Lakeside Leisure, LLC
- Plantation Water System
- Tishomingo County Water District (MS)
- Water Works, Inc.

The Commission also approves the rates each company charges for wastewater service, and establishes Rules and Regulations for their operations.

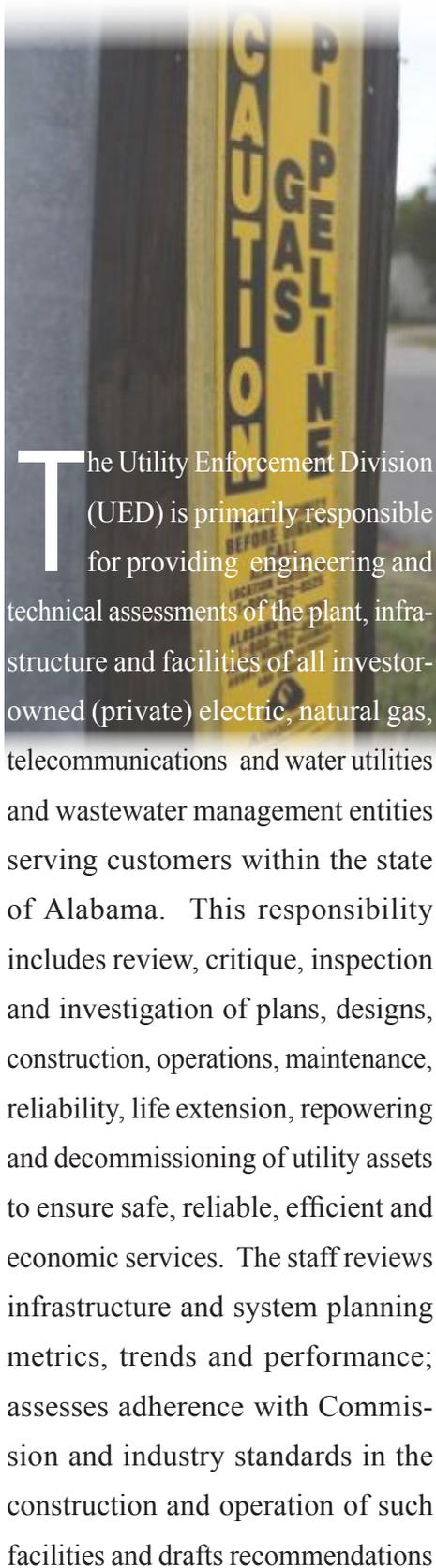
Wastewater Management Entities

The APSC has jurisdiction over eight companies that operate decentralized wastewater systems in Alabama. The Commission issues Certificates of Financial Viability to these companies in order for them to legally operate in the state. The Commission also approves the rates each company charges for wastewater service, and establishes rules and regulations for their operations. The jurisdictional wastewater Management Entities are:

- Alabama Wastewater Systems, Inc.
- Arbor Utility Management, LLC
- Bio-Flow, Inc.
- Canaan Systems, Inc.
- Integra Watersound, LLC
- Integrated Wastewater Management, Inc.
- O'Brien Environmental Service, LLC
- Utility Management, LLC

During FY-2014, the section assisted the Legal Division in finalizing the Wastewater Management Entity Rules of the Alabama Public Service Commission (Docket 31164). Also, one Certificate of Financial Viability Modification application was evaluated for Utility Management, LLC, and one for Alabama Wastewater Systems, Inc. Certificate Renewal applications were evaluated for Arbor Utility Management, LLC, and Integrated Wastewater Management, Inc. During FY-2014 Tariff Revision Petitions were evaluated for Utility Management, LLC, Canaan Systems, Inc., and Alabama Wastewater Systems, Inc. The Tariff Revision Petitions for Canaan Systems, Inc., and Alabama Wastewater Systems, Inc., will extend into FY-2015.

Janice M. Hamilton, Director



The Utility Enforcement Division (UED) is primarily responsible for providing engineering and technical assessments of the plant, infrastructure and facilities of all investor-owned (private) electric, natural gas, telecommunications and water utilities and wastewater management entities serving customers within the state of Alabama. This responsibility includes review, critique, inspection and investigation of plans, designs, construction, operations, maintenance, reliability, life extension, repowering and decommissioning of utility assets to ensure safe, reliable, efficient and economic services. The staff reviews infrastructure and system planning metrics, trends and performance; assesses adherence with Commission and industry standards in the construction and operation of such facilities and drafts recommendations

for improvements when necessary.

Safety oversight of all intrastate natural gas and hazardous liquid pipeline systems in Alabama is included within the scope of the UED through the Gas Pipeline Safety Section's (GPS) enforcement of the applicable federal safety regulations. Underground utility damage prevention and public awareness of natural gas safety measures are primary goals of GPS.

Verification of telecommunications projects constructed to provide Internet service to rural and underserved areas of the state using Universal Service Funds (USF) is also performed by the Field Services Section (FSS) staff.

The UED staff monitors national regulatory, congressional and legislative issues that concern infrastructure of energy and telecommunications companies. The division also has the responsibility of assisting with state-wide energy emergency coordination activities.

The subsequent paragraphs discuss each section's significant regulatory policies, duties and major activities that occurred during fiscal year 2014.

Gas Pipeline Safety Section

During Fiscal Year 2014, the Gas Pipeline Safety Section conducted and carried out the inspection and monitoring activities of all natural gas and hazardous liquid intrastate pipeline systems operating in Alabama, including offshore in state waters. The responsibility was given to the Public Service Commission by the Alabama Legislature to assure and obtain compliance with the Minimum Federal Gas Pipeline Safety Standards adopted by the United States Department of Transportation (USDOT) pursuant to the Natural Gas Pipeline Safety Act of 1968.

The personnel charged with this responsibility must meet all the training requirements set forth by the USDOT's Pipeline and Hazardous Materials Safety Administration (PHMSA). Over the course of FY-2014, GPS Investigators and the Administrator attended 16 resident courses and completed 33 Web-Based Training (WBT) courses in an effort to become and remain qualified to conduct gas and hazardous liquid system inspections.

Several of the Investigators attended refresher and other courses to maintain their qualifications. With the incorporation of Distribution Integrity



GAS PIPELINE SAFETY SECTION

*Front row from left, Asia Stephens, Felisa Webster, Judy Ramsey
Back row from left, Wallace Jones, Daniel Trapp,
Randall Hammond, and Gregory Meadows*

Management Programs (DIMP), Public Awareness Program Effectiveness Evaluations (PAPEE) and Control Room Management (CRM) into the inspection process, additional classes will be required of the investigators over the course of the next several years.

In addition to attending classes for maintaining excellent skills and knowledge levels, GPS sponsored training by hosting the 26th Annual PHMSA Gas Pipeline Safety Seminar in early December 2013. Topics for this seminar, presented by instructors from the PHMSA Training and Qualifications Center (T&Q) in Oklahoma City, covered updates to federal guidelines and the Minimum Federal Safety Standards that GPS enforces. Over 300 natural gas and hazardous liquid system operators were in attendance. There were over 40 vendors attending that displayed and demonstrated equipment to be used in natural gas and hazardous liquid applications. GPS also co-hosted the Pipeline Safety Conference that was conducted in New Orleans, LA in July 2014. The topics for this seminar, also presented by instructors from the

PHMSA Training and Qualifications Center in Oklahoma City, covered updates to federal guidelines and the Minimum Federal Safety Standards for natural gas and hazardous liquids. Over 500 natural gas and hazardous liquid operators attended the conference. More than 50 vendors set up displays and demonstrated the most modern equipment used in the natural gas and hazardous liquids industry. In addition to Alabama's GPS personnel, the states of Mississippi, Arkansas, Texas and New Mexico also assisted the Louisiana pipeline safety personnel with this conference.

GPS staff ended FY-2014 consisting of one Administrator; one Administrative Support Assistant III; two Pipeline Safety Investigations Supervisors; one Gas Pipeline Safety Investigator, Senior; three Gas Pipeline Safety Investigators; one vacant Training Coordinator position and two vacant Gas Pipeline Safety Investigator positions. One retired Pipeline Safety Investigations Supervisor continued in part-time duty status by assisting with training new Investigators through July.

At the end of FY-2014, the Commission regulated, for natural gas systems safety matters, 74 intrastate natural gas distribution systems, 24 intrastate

natural gas transmission systems, one liquefied natural gas (LNG) system, two intrastate natural gas gathering systems, two intrastate hydrogen transmission systems, three offshore natural gas transmission systems, and 28 master meter systems. The Commission regulated, for safety matters, five on-shore hazardous liquid transmission systems, one on-shore hazardous liquid gathering system, one off-shore hazardous liquid transmission system and one intrastate carbon dioxide transmission system. When conducting an inspection on these operators' facilities and a system was found to be in noncompliance, immediate corrective action was taken.

Other areas of involvement for GPS included attendance at Alabama Public Awareness Cooperative Training (APACT) sessions that were held at various locations across the state. These sessions were conducted by Alabama 811 and sponsored and hosted by the gas system operators to supplement their existing Public Awareness Programs.

Underground utility damage prevention continued to be a major concern of GPS. Involvement of GPS staff in the Alabama Damage Prevention Alliance (ADPA) helped to steer the state towards a more aggressive posture in the area of damage prevention. New legislation was formulated to address the entity exemptions in the current law, and talks continued in order to determine the appropriate authority to coordinate the enforcement of the damage prevention law. This enforcement authority would eventually be used to penalize violators of the damage prevention law.

Due to increased pressure from PHMSA to use civil penalties for violations of *Title 49, Code of Federal Regulations (CFR)*, Part 192 (natural gas) and Part 195 (hazardous liquids), GPS re-evaluated its procedures which allowed the APSC to administer its first civil penalty to



Utility Enforcement Staff conduct routine inspection on Internet Protocol Digital Subscriber Line Access Multiplexers (IPDSLAM).

a repeat offender, an operator that did not timely make the necessary revisions to their operations to address safety concerns that were reported during the course of system investigations.

The amount of civil penalties to be levied was also addressed in the State Legislature. PHMSA has required states to increase their civil penalty limits to align with the federal limits. This would require a change to the *Code of Alabama, 1975*. This proposed change was introduced in the 2014 Legislative session, but did not garner enough support to pass. This will be re-introduced in the 2015 Legislative session.

GPS staff also continued to be very involved with the National Association of Pipeline Safety Representatives (NAPSR). Alabama was represented on several NAPSR and PHMSA task forces and committees during FY-2014. This helps to keep Alabama current with changes to federal regulations and involved in making decisions that impact pipeline safety, not only in Alabama, but throughout the Southeast and the country, as a whole.



GOVERNOR PROMOTES SAFE DIGGING - *Standing left to right, Bram Fuller, Alabama 811 Board and USIC Locating Services, Inc.; Bob Gardner, Alagasco; Janice Hamilton; Annette Reburn, Alabama 811; Commissioner Jeremy Oden; Ed Guy, Alabama 811 Board and Alagasco; Elizabeth Lawlor; Norfolk Southern Corporation; Governor Robert Bentley; Senator Gerald Allen; Commission President Twinkle Andress Cavanaugh; Commissioner Terry Dunn; Wallace Jones; and Robert Patterson, Alabama Board 811 and Alabama Power*

Utility Enforcement Work Activities	
Standard Inspections	488.5 Person-Days
Construction Inspections	170.0 Person-Days
Integrity Management Inspections	43.5 Person-Days
Operator Qualification Field Inspections	43.0 Person-Days
Incident/Accident Investigations	19.0 Person-Days
Public Awareness Inspections	45.5 Person-Days
Follow-Up Inspections	168.5 Person-Days
Operator Training	104.0 Person-Days
Investigator Training	200.0 Person-Days

Note: One incident was reported to PHMSA during FY-2014 - an explosion and subsequent fire at the Gate City Housing Authority in Birmingham on December 17, 2013. Thirteen incidents were investigated after telephonic notification and were determined to be non-reportable.

An important function of this section has always been accident prevention. The Gas Pipeline Safety Section developed and presented programs to promote safe operations by natural gas transmission and distribution systems. Some of these training opportunities included natural gas firefighting techniques and procedures, and polyethylene (PE) plastic fusion qualification classes.

A tabulation of the section’s work activities for FY-2014 is reflected in chart at left (*these figures represent “person-days” that were expended in the inspection/ education processes*).



FIELD SERVICES SECTION

Terry Jackson

Field Services Section

The Field Services Section is responsible for providing many of the engineering and technical assessments which are necessary for the Commission to fulfill its statutory responsibilities. Some of those assessments include but are not limited to, the inspection, oversight and monitoring of all regulated, investor-owned electric, telecommunications, water and wastewater utility plant, facilities and infrastructure operations, maintenance, construction and reliability. This section also oversees technical, non-safety related areas of regulated natural gas utilities that are not under the purview of the Gas Pipeline Safety section.

During the first half of the year, staff in this section, working as part

of the Telecommunications Division, addressed complaints involving AT&T customer's service quality in Fairhope, Hope Hull, Pittsville, and Davenport. These complaints were worked through AT&T's Office of the President with some help from local managers to resolve each issue to the customer's satisfaction.

Charter Communications repaired the service of one customer in Alexander City but failed to get his line off the ground. After several attempts to get Charter to return to the premises to repair the service, the customer called the APSC. The Commission staff contacted Charter on the customer's behalf convincing Charter that they should take care of this minor anomaly.

In March 2014, after being assigned to the newly established Field Services Section of the Utility Enforcement Division, the scope of responsibility of these personnel changed significantly. Originally manned with three employees, two of the section's staff members retired from State service at the end of April 2014.

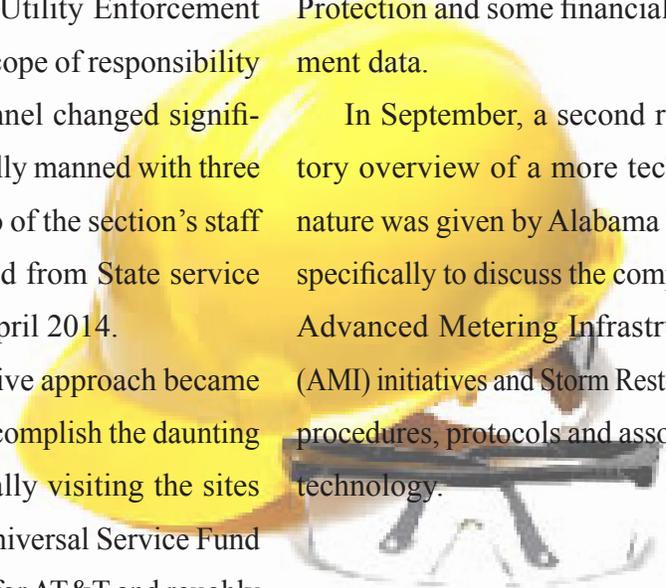
An aggressive approach became necessary to accomplish the daunting task of physically visiting the sites of about 200 Universal Service Fund (USF) projects for AT&T and roughly 30 CenturyLink USF projects, in

addition to attending two Alabama Power presentations and site visits of three electric steam generating plants (Gorgas, Miller and Greene County).

Each USF project involved the placement of equipment necessary to provide and/or enhance the ability to extend quality telecommunications service to customers located in rural and other underserved areas in Alabama. Most projects were in direct support of the Federal Communication Commission's initiative to provide Digital Subscriber Line (DSL) service to rural America.

Alabama Power hosted two informational briefings for APSC staff during FY-2014. In July, the first forum covered Carbon Capture and Sequestration, the Jurisdictional Separation Study, Critical Infrastructure Protection and some financial statement data.

In September, a second regulatory overview of a more technical nature was given by Alabama Power specifically to discuss the company's Advanced Metering Infrastructure (AMI) initiatives and Storm Restoration procedures, protocols and associated technology.





TRANSPORTATION DIVISION

Seated from left, Jennifer Morgan, Carolyn Gaylor, Rita Grantham - Standing from left, Amanda Shehane, Donald Williamson, Britt Roberts, Ron Hicks and Retha Bryant - Not Shown, Danny Arledge and Chris Longcrier

The Transportation Division consists of three sections: Insurance and Registration, Railway Safety, and Rates and Services. As provided by law, the Transportation Division is responsible for the supervision and regulation of air, motor, and rail carriers.

Insurance and Registration Section

The Insurance and Registration Section performs three separate but

interrelated functions. First, it registers for-hire transportation companies that are not exempted by law. It also registers commercial motor carriers, motor private carriers, freight forwarders, and brokers from the United States, Canada, and Mexico under the Unified Carrier Registration Act.

Secondly, it requires such intrastate carriers to file verifiable forms of liability insurance, cargo insurance, bonds and self-insurance.

Thirdly, it issues intrastate for-hire motor carrier vehicle identification numbers and issues to all qualified Alabama based interstate companies the Unified Carrier Registration receipts. It also collects, accounts for, and processes the monies to be deposited into the State Treasury or a federal depository. It is responsible for maintaining journals, ledgers, receipts and various other records and reports of monies received and deposited.



This section requires all intrastate motor carriers to have verifiable insurance on file before credentials to operate are issued. It also processes orders of revocation for failure to maintain proof of insurance and orders of reinstatement after proof has been received as prescribed by law.

In addition to the above-mentioned regulations of motor carriers, the Insurance and Registration Section is called upon to provide information to the general public, permitting services, attorneys, insurance companies, transportation companies and other state and federal agencies concerning regulatory matters. The APSC website provides Transportation Division information including application forms for registration and non-fee based annual report forms for motor and rail carriers. A tabulation of the section's activities is reflected in the table at upper right.

Railway Safety Section

The Railway Safety Section conducts safety compliance inspections on all railroad common carriers' track and equipment in Alabama in accordance with state and federal standards. These inspections also monitor compliance with regulations for Railroad Workplace Safety.

This section investigates railroad accidents and derailments to determine causes and to recommend action to prevent recurrence. Federally certified inspectors are called upon by the Federal Railway Administration (FRA) and the National Transportation Safety Board (NTSB) to assist in major accident investigations. This

INSURANCE AND REGISTRATION SECTION	
INSURANCE FILINGS	
Self-Insurance, bonds for liability and cargo, certificates for liability and cargo, bonds for brokers	5,882
Insurance correspondence	180
REGISTRATION	
Applications Processed	3,011
Intrastate Registered	395
Motor Carrier Vehicle Identification	555
UCR Registration	9,761
UCR Audits	
Alabama Carriers Audited	2,189
Companies Paid In Wrong Bracket	146
Companies Received Further Action	52
REVOCATIONS AND REINSTATEMENT OF AUTHORITY	
Revoked for no insurance	342
Reinstated after compliance	205

section also handles complaints from railroads, railroad employees, labor unions, other governmental agencies, and the general public in all matters pertaining to railway safety. The following table provides a breakdown of the activities of the Railway Safety Section during the period covering October 2013 through September 2014:

RAILWAY SAFETY SECTION	
Total Miles of Railway Track Inspected	863
Total Railway Accidents	6
Total Units of Rolling Stock Inspected (<i>Railway Cars</i>)	3,547
Total Locomotives Inspected	78
Total Railroad Records Inspected	396
Total Complaints	5



Inspections are also conducted on railroad rehabilitative projects administered by the Alabama Department of Transportation. Agreements between the railroads and ALDOT typically specify adherence to FRA Class II standards and encompass a 10-year time frame. Members of the Railway Safety Section participate in Operation Lifesaver as fully certified program presenters. Operation Lifesaver is a national public education and awareness program that seeks to reduce the number of crashes at highway-rail grade crossings. Target groups include school bus drivers, driver's education students, professional drivers, emergency response personnel (police, ambulance, and fire), as well as the general public.

Rates and Services Section

The Rates and Services Section advises the Commission on matters pertaining to the rates, fares, charges, services, and facilities of all regulated modes of intrastate transportation.

This section maintains a file of all tariffs setting forth rates, fares, charges, classification, rules and regulations for intrastate transportation companies. Staff

members check issued, re-issued and supplements filed to ensure compliance with the Commission's rules and regulations. They also analyze tariff changes to determine the effected outcome to the public. The revised tariffs and supplements are either permitted to become effective on the proposed effective date or they are suspended and investigated by the Commission.

When the Commission institutes a formal investigation, a public hearing is held. When the record is complete, the examiner and other members of the staff study and analyze the evidence of record and make recommendations to the Commission. After a Commission decision is made, an order of the Commission is prepared for signatures.



The Rates and Services Section receives and maintains motor and rail carrier annual reports that are required to be filed by April 30 of each year covering the previous calendar year of operation. The section also handles requests for verification of rates, fares, and charges of passengers and household goods. It also verifies rates and services provided by motor carriers through field audits of carriers' facilities and records.

Lastly, this section handles and resolves transportation complaints filed by the public and industry representatives.



The Alabama Public Service Commission was designated as such in 1915 by the Alabama Legislature. The Commission evolved from the Railroad Commission of Alabama, which was created in 1881 to regulate railroads. The Commission has always been composed of three elected members: a president and two associate commissioners.

Between 1881 and 1915, the Legislature extended the Railroad Commission's jurisdiction to include express companies, sleeping car companies, railroad depots and terminal stations. In addition, the Commission's jurisdiction was broadened to include the regulation of telephone and telegraph companies, transportation companies operating as common carriers over water and operators of toll bridges, toll ferries, and toll roads. The Commission was also charged with the regulation of utilities providing electricity, gas, water, and steam, companies operating streets or inter-urban railways, as well as rail and communication companies already subject to regulation by the former Railroad Commission. The newly constituted agency thus became known as the Alabama Public Service Commission. The Commission's authority was extended to approving the sale or lease of utility property or franchises and was broadened again in 1920 when the Legislature made the Commission responsible for regulating utility rates.

As Alabama's highway system developed in the late 1920s, the operation of trucks and buses as common carriers increased. In 1927, the Legislature placed all motor transportation companies operating as common carriers of freight and/or passengers over regular routes on Alabama highways under the Commission's regulatory authority. The Legislature broadened the Commission's authority over transportation companies in 1931 and 1932 by including motor carriers not operating over regular routes. Intrastate air carriers were made subject to the Commission's jurisdiction in 1945. Natural gas transmission and distribution systems were placed under the Commission's jurisdiction for safety purposes in 1968. Additionally the Minimum Safety Standards outlined in the Natural Gas Pipeline Safety Act were adopted.





In 1971, the Commission's authority over motor carriers was broadened yet again as transportation enforcement officers were empowered to enforce the rules and regulations of the Commission. Similarly, the Commission's safety jurisdiction was extended to include railroad tracks and equipment in 1976 under the State Participation Program of the Federal Railroad Safety Act of 1970.

In 1977, the Legislature recognized the need to have an advocate charged exclusively with representing utility consumers before the Commission. The Legislature accordingly empowered the office of the Attorney General of Alabama to represent consumers and the state in proceedings before the Commission during the 1977 legislative session. In recent years, sweeping federal and state statutory changes have significantly altered the Commission's jurisdiction and authority over transportation and telecommunications utilities. Title IV in the Federal Aviation Administration Act of 1994 provides for federal preemption of the states in matters of motor carrier pricing, routes, and services for all but household goods carriers. As a result, Commission certification and tariff approval is no longer required for those motor carriers whose state Commissions are federally preempted from regulating beyond minimal initial requirements. The Commission continues to regulate carriers of passengers and household goods, ensures all motor carriers maintain appropriate cargo and liability insurance, and ensures that all regulated carriers comply with applicable safety standards.

With the passage of the Telecommunications Act of 1996, Congress opened up the local exchange telephone markets to competition. Large incumbent local exchange companies (ILECs) such as BellSouth and CenturyTel, who previously operated as the only local carrier within their Commission certified service areas, must now make their services available for resale and lease components of their embedded network to new entrants. New entrants into the local telephone market may also petition the Commission to open independent telephone company local service areas to competition. The introduction of local competition forced the Commission to set utility prices for retail telecommunication services using market based rather than cost based methodology. In 2005, the Alabama Legislature passed the Communications Reform Act. That Act, citing the competition that exists in the local telephone market, eliminated much of the Commission's authority over retail telecommunication services. Additionally, Commission jurisdiction was eliminated for all broadband services used for Internet delivery. The Commission did, however, retain full jurisdiction over wholesale telecommunications services and matters concerning Universal Service.



PRESIDENT

Walter L. Bragg:
February 1881 – February 1885
Henry R. Shorter:
February 1885 – February 1897
James Crook:
February 1897 – February 1901
*John V. Smith:
March 1901 – March 1905
B.B. Comer:
March 1905 – January 1907
Charles Henderson:
January 1907 – January 1915
Samuel P. Kennedy:
June 1915 – January 1923
*A.G. Patterson:
January 1923 – January 1927
Hugh White:
January 1927 – January 1945
Gordon Persons:
January 1945 – January 1951
C.C. (Jack) Owen:
January 1951 – January 1965
Eugene (Bull) Conner:
January 1965 – January 1973
Kenneth A. Hammond:
January 1973 – December 1975
C.C. Whatley:
December 1975 – January 1977
Juanita W. McDaniel:
January 1977 – February 1980
William J. Samford, Jr.:
February 1980 – January 1981
Billy Joe Camp:
January 1981 – January 1983
*Jim Sullivan:
February 1983 – November 2008
Lucy Baxley:
November 2008 – November 2012

***Twinkle Andress Cavanaugh:
November 2012 – Present***

COMMISSIONER, Place 1

James Crook:
February 1881 – January 1885
Levi W. Lawler:
February 1885 – September 1892
Gen. James T. Holtzclaw
February 1893 - July 1893
Willis G. Clark:
August 1893 – February 1899
A.E. Caffee:
February 1899 – February 1903
William T. Sanders:
April 1903 – January 1907
Charles Sanders:
January 1907 – February 1907
W. D. Nesbitt:
March 1907 – January 1911
Leon McCord:
January 1911 – January 1915
B. H. Cooper:
January 1915 – January 1923
Fitzhugh Lee:
January 1923 – January 1943
Gordon Persons:
January 1943 – January 1945
James Perdue
May 1945 – January 1947
James Hitchcock:
January 1947 – June 1959
Ralph Smith, Jr.:
August 1959 – August 1960
Joe Foster:
August 1960 – January 1963
Ed Pepper:
January 1963 – January 1967
C.C. (Jack) Owen:
January 1967 – January 1975
Jim Zeigler:
January 1975 – January 1979
Pete Matthews:
January 1979 – March 1981
Lynn Greer:
March 1981 – November 1990
Jan Cook:
November 1990 – November 2010
Twinkle Andress Cavanaugh:
November 2010 – November 2012

***Jeremy H. Oden:
December 2012 – Present***

COMMISSIONER, Place 2

Colonel Charles P. Ball:
February 1881 – February 1885
Wiley C. Tunstall:
February 1885 – February 1895
Ross C. Smith:
February 1895 – February 1899
Osceola Kyle:
February 1899 – December 1900
Wiley C. Tunstall:
December 1900 – January 1907
John G. Harris
January 1907 – July 1908
John A. Lusk:
August 1908 – January 1911
Frank N. Julian:
January 1911 – January 1915
S.P. Gaillard:
January 1915 – January 1923
*Frank P. Morgan:
January 1923 – May 1936
W.C. Harrison:
June 1936 – January 1947
C.C. (Jack) Owen:
January 1947 – January 1951
T.O. Walker:
January 1951 – January 1955
Sibyl Pool:
January 1955 – January 1971
Juanita W. McDaniel:
January 1971 – January 1977
C.C. Whatley:
January 1977 – January 1979
Jim Folsom, Jr.:
January 1979 – November 1986
Charles B. Martin:
November 1986 – November 1998
George C. Wallace, Jr.:
November 1998 – November 2006
**Susan D. Parker, PhD.:
November 2006 – November 2010

***Terry L. Dunn:
November 2010 – Present***

Also served as President of the National Association of Regulatory Utility Commissioners (NARUC)Also served as President of the Southeastern Association of Regulatory Utility Commissioners, and Second Vice-President of NARUC*



DO YOU HAVE A QUESTION REGARDING
A UTILITY?

Call APSC Consumer Services

Toll-Free Complaints Hotline:

1-800-392-8050