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ALABAMA

Public Service Commission



ANNUAL REPORT

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STATE OF ALABAMA
PUBLIC SERVICE COMMISSION
P.O. BOX 304260
MONTGOMERY, ALABAMA 36130

TWINKLE ADDRESS CAVANAUGH, PRESIDENT

JOHN A. GARNER, EXECUTIVE DIRECTOR

JEREMY H. ODEN, ASSOCIATE COMMISSIONER

January 11, 2021

CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

The Honorable Kay Ivey
Governor of Alabama
600 Dexter Avenue
Montgomery, Alabama 36130

Dear Governor Ivey:

Attached for your review is the Annual Report of the Alabama Public Service Commission (the "APSC" or the "Commission") for the fiscal year commencing October 1, 2019, and ending September 30, 2020. Said Annual Report details the operations of the APSC for the noted period as required by the provisions of the *Code of Alabama*, 1975, §37-1-41.

Additional copies are available and will be hand delivered upon request. The report may also be accessed as a PDF file on the APSC's website at www.psc.alabama.gov.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me at (334)242-5200.

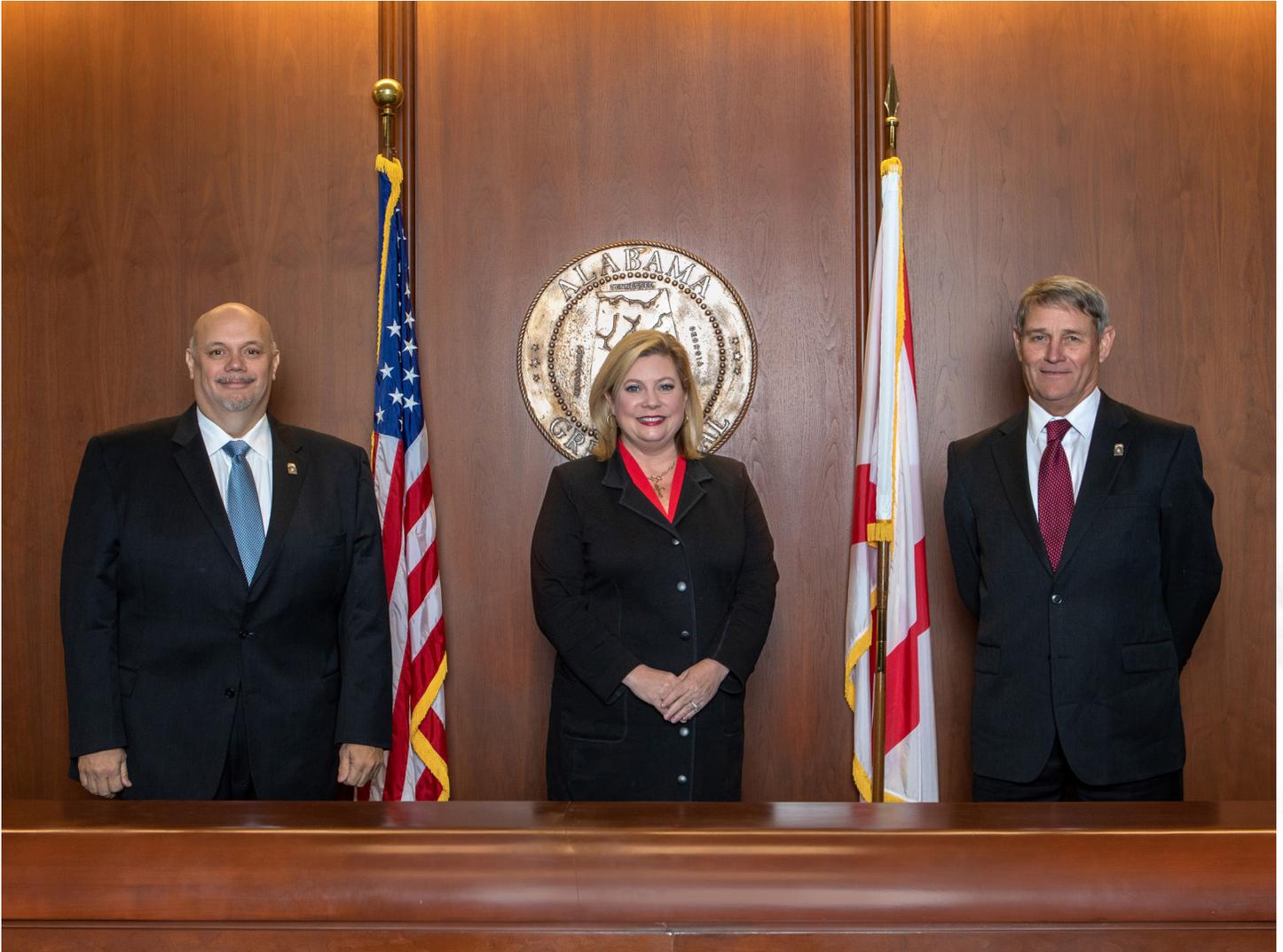
Sincerely,

A handwritten signature in black ink, appearing to be "John A. Garner", written over a horizontal line.

John A. Garner
Executive Director

JAG:klr
Attachment

Introduction To The Commission



Twinkle Andress Cavanaugh **President**

Jeremy H. Oden

Chris "Chip" Beeker, Jr.

Commissioner, Place 1

Commissioner, Place 2



To provide a balance between regulated companies and consumers in order to provide consumers with safe, adequate and reliable services at affordable rates.

Since its creation over a century ago as the Railroad Commission of Alabama, the Alabama Public Service Commission (“APSC” or “the Commission”) 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 regulating 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 and wastewater services. Additionally, railroads, buses, trucking companies, and taxis operating outside police jurisdictions on a for-hire basis remain under the oversight of the APSC. Effective July 1, 2018, Transportation Network Companies were placed under the jurisdiction of the APSC pursuant to Alabama Legislative Act 2018-127.

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 22-25B-6, 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 statewide basis. Each commissioner is elected to serve a four-year term, with the president’s term staggered by two years from the associate commissioner’s terms. A complete listing and historical record of past commissioners are 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.

The APSC generates its principal funding from inspection and supervision fees received from companies regulated by the agency to carry out its vast responsibilities. Those funds are, however, appropriated by the Alabama Legislature. The work of the Commission is performed by a staff of approximately 66 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, 2019, through September 30, 2020 (FY-2020). Although not all-inclusive, this report represents a good overview of the many services and functions provided by the Commission.

Twinkle Andress CAVANAUGH



As President of the Alabama Public Service Commission, Twinkle Andress Cavanaugh is humbled and honored to serve Alabama's citizens. Her hard work and dedication are grounded in an overarching mission for reliable utility services at reasonable rates. This in turn promotes a better quality of life for all Alabama consumers. Her approach also facilitates economic development within the state, creating

more jobs for Alabama citizens. During her ten years of dedicated service, Twinkle has achieved many significant accomplishments for Alabama consumers. Some of these 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 of the Commission by calling for open and transparent hearings for all three major utilities in the state, resulting in lower utility rates statewide while preserving the ability of these utilities to provide reliable service for their customers. The process adopted for the informal hearings provided for participation from the general public and various interest groups. However, outside environmental groups were not allowed to insert their anti-coal agenda and take over the process;*
- *Each utility has undergone additional reviews since 2013, which again resulted in the lowering of the return the utilities can earn and reducing the burden on customers;*
- *Guiding the Commission to reduce expenses by \$3.0 million per year through the streamlining of operations and decreasing the Commission Staff's size by over 39%. These actions support*

her commitment to reduce the size of government at all levels. Through these savings, the Commission has sent \$71.5 million to the State General Fund since 2010;

- Negotiated the renewal of the agency's lease agreement with RSA which resulted in a \$420,000 per year reduction in lease costs by eliminating unused office space and reducing her own office space by 67%;*
- Actively working with Alabama's farmers to keep their utility costs as low as possible, including a special project with Spire Alabama to extend natural gas service to certain areas of the state for the benefit of the poultry industry; and*
- Emphasizing rapid power restoration during devastating weather events and offering encouragement to residents during such difficult times.*

Twinkle brings to the APSC a diverse background in public service, conservative policy-making, and small business. Prior to joining the APSC in 2010, she served in the Governor's cabinet as Senior Advisor and 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 career. She worked at the Republican National Committee in Washington, D.C. She has 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 W. 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.

She is a graduate of Auburn University. She is married to Jeff Cavanaugh and they have three children and two grandchildren. Twinkle and her family attend First Baptist Church in Montgomery and are involved in numerous community organizations.



PRESIDENT TWINKLE CAVANAUGH'S STAFF

From left: Rachel Archer, Jeff Johnston, and
Debbie Williams

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 (APSC) beginning December 2012. Commissioner Oden was first elected by the people of Alabama in 2014 and again in 2018, allowing him to continue serving the state through 2022.

Over the past year, Commissioner Oden served in

active roles on the National Association of Regulatory Utility Commissioners (NARUC). There he serves as a member of the Board of Directors and on the Electricity Committee leadership team. Also, he is the Chairman of the Subcommittee on Clean Coal and Carbon Management. Commissioner Oden was appointed by President Trump's Department of Energy Secretary to serve as a member of the National Coal Council.

At the onset of the Covid-19 outbreak in the spring of 2020, Commissioner Oden stayed in close contact with key individuals at the regulated utility companies. To ensure that no customers would be disconnected due to pandemic layoffs, Commissioner Oden and his fellow commissioners requested that extended grace periods be offered to protect those most vulnerable. The Commissioners were assured by the utilities that disconnections due to Covid-19 related non-payment would not occur and that additional leniency would be provided through extended payment options.

In February, Commissioner Oden traveled to Washington D.C. to participate in NARUC's Winter Policy Summit. He met with commissioners from across the nation to discuss a broad spectrum of



COMMISSIONER JEREMY H. ODEN AND STAFF

From left: Aisha Smith, Shane Alexander, Jeremy H. Oden, and Spears Griffin

industry issues. Following the national lockdown in the spring, all trade agencies and national organizations hosted meetings virtually or rescheduled them for later dates. In March, Commissioner Oden attended Alabama Power Company’s hearing requesting a certificate for new generation capacity. Due to the significant size and cost associated with this request, the historic hearings were well attended by the public and allowed ample time for intervenors and PSC staff to question the company as to the necessity and type of generation sought. The hearings were held over a three-day period and were widely praised as being thorough and fair.

In November, Commissioner Oden participated virtually as the speaker during the Electric Utility Consultants (EUCI) annual conference. His presentation focused on Formula Rate Design and the operation of Rate RSE in Alabama. Fellow commissioners and industry leaders from across the United States were eager to know more about the design of formula rates and how the State of Alabama uses them so effectively.

Most Alabamians would agree that 2020 has been a difficult and trying year. Throughout various stay at home orders and virtual meetings, Commissioner Oden and his staff continued to show their willingness to serve constituents on both the national and local levels in 2020. Even through uncertain times, he vows to continue fighting for fuel diversity in power generation and promoting safety along Alabama’s roads, pipelines, and railways.

Chris “Chip” BEEKER, JR.



A native of Greene County, Alabama, Commissioner Chris “Chip” Beeker, Jr., was elected to the Alabama Public Service Commission in November 2014. He received nearly 60 percent of the vote in the primary runoff and was unopposed in the general election. Commissioner Beeker was again elected in 2018, allowing him to continue serving the state through 2022.

Commissioner Beeker brings a lifelong commitment to

service and a successful business record to the Commission. Following graduation from Greene County High School, Commissioner Beeker served in the National Guard for eight years. He attended the University of West Alabama, where he was a member of Phi Kappa Phi, and graduated with a degree in Commerce and Business. After graduation, he worked at the James M. Barry Steam Plant and the William Crawford Gorgas Electric Generating Plant. Working at these plants allowed Commissioner Beeker the opportunity to see first-hand how vital reliable energy is to our state’s economy.

After working for a couple of companies in the timber industry, Commissioner Beeker started the Beeker Timber Company, which managed, bought, and sold timber. Additionally, he oversaw and owned three logging crews. He also founded Beeker Catfish and the Beeker Cattle Company. His farms received national acclaim for achieving high standards of quality.

From 1986 through 2006, Commissioner Beeker served as a member of the Greene County Commission, serving as chairman for the last ten years. During Commissioner Beeker’s tenure, the Greene County Commission achieved great success in economic development.

In addition to serving on the county commission,



COMMISSIONER CHRIS "CHIP" BEEKER, JR. AND STAFF

From left: MaryCaitlyn Montgomery, Chris "Chip" Beeker, Jr., and Valerie Hogan (not pictured)

Commissioner Beeker has been an integral part of his community over the years. He served on numerous advisory boards throughout the area and was the head junior varsity coach in basketball and head varsity coach in baseball at Warrior Academy. In 2012, The Community Foundation of West Alabama selected Commissioner Beeker as a Pillar of West Alabama.

Commissioner Beeker received a degree from the New Covenant School of Ministry. He currently serves as an elder at the First Presbyterian Church in Eutaw, where he also teaches Sunday School and has served in both of those roles for over 30 years. Commissioner Beeker began and serves in a prison ministry at the Greene County Jail.

He has been married to Teresa Beeker for more than 40 years. They have three children: Diana Beeker Browning (Brandon), Inge Beeker (Elizabeth),

and Chris Beeker, III (Carlley). Commissioner and Mrs. Beeker have been blessed with 11 grandchildren.

When he campaigned for his current position, Commissioner Beeker promised to oppose crippling federal mandates, and he has consistently lived up to that commitment. During his time on the Commission, he has established a conservative voting record, promoted and protected industries, and worked to ensure that Alabama citizens do not pay excessive amounts for their utility services. Commissioner Beeker will continue to work to not only oppose the federal government's reckless environmental agenda but also make sure that Alabamians receive the most reliable and affordable energy possible.



Commissioner Beeker listens attentively as APSC President Cavanaugh addresses the audience during a monthly commission meeting.

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 Oswalt, IT Systems Specialist,
Senior
Debra Jackson, IT Systems Technician,
Senior
Chalandra Tolliver, IT Systems Technician

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 III
Karen Rogers, Administrative
Support Assistant III
Ann Titus, Administrative
Support Assistant II

Administrative Division

Walter L. Thomas, Jr.,
Commission Secretary

Tashenna Lawrence,
Administrative Support Assistant III

Finance Section

Miles Gagner, Senior Accountant
Kimberly Holt, Senior Accountant

Ernestine Huffman, Staff Accountant
Kathleen McPherson, Administrative
Support Assistant III

Motor Carrier Records Section

Vacant

Electricity Policy Division

John D. Free, Director
Jerry Delancey,
Administrative Support Assistant III

Electricity Section

Patricia W. Smith,
Public Utility Analyst Manager

Tanya Champion,
Public Utility Analyst II
Chad Mason, Attorney II

Federal Affairs Section

John D. Free, Director
Chad Mason, Attorney II

Public Affairs Section

Angier S. Johnson,
Public Information Manager (*retired
2/29/20)

Utility Services Division

Darrell Baker, Director

Telecommunications Section

Tom Jones, Public Utility Analyst
Manager

Laneeta Roberts, Public Utility
Analyst Manager (*retired 10/01/2019)
Janet Conway, Public Utility Analyst III
Dee Newman, Public Utility Analyst I

Cynthia Allen, Administrative Support
Assistant I (*retired 01/01/2020)

Commission Staff

Utility Services Division

Services Section

David Peeler, Public Utility
Analyst Manager
Aquilla Spivey, Consumer Services
Manager

Stephanie Sweet, Consumer Services
Specialist

Marquita D. Lennon, Public Utility
Analyst II
Tonya L. Williams, Staff Accountant

Natural Gas Section

Donald C. Powell, Public Utility
Analyst Manager

Utility Enforcement Division

Janice M. Hamilton, Director and
State Rail Safety Program Manager
Monica J. White, Administrative Support
Assistant II

Field Services Section

H. Terry Jackson,
Public Utility Field Technician, Senior

Motor Carrier Services Section

Amanda D. Shehane, Transportation
Regulatory Manager
Devon D. Beaty, Public Utility Analyst I
Jennifer S. Morgan, Account Clerk
Retha K. Bryant, Administrative Support
Assistant I

Railway Safety Section

Chris W. Hester, Railway Safety
Administrator
J. Eddie Nix, Railway Safety Inspector
Heath G. Thompson, Railway Safety
Inspector

Gas Pipeline Safety Division

Wallace R. Jones, Director
Felisa A. Webster,
Administrative Support Assistant III

Gas Pipeline Safety Section

Gregory E. Meadows,
Pipeline Safety Investigations Supervisor
Judy D. Sutton,
Pipeline Safety Investigations Supervisor
(*retired 7/01/2020)

Daniel E. Trapp,
Pipeline Safety Investigations Supervisor
Jamar F. Robinson, Pipeline Safety
Engineer
Asia D. Skillman, Pipeline Safety
Engineer
Randall D. Hand, Pipeline Safety
Investigator, Senior

Randall H. Hammond,
Pipeline Safety Investigator, Senior
Jonathan M. Kimbril, Pipeline Safety
Investigator, Senior

Executive Director Of The Commission

John A. Garner
EXECUTIVE DIRECTOR



In December 2010, the Commission created the position of Executive Director of the Commission 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 agency’s administrative functions, the Executive Director is also responsible for 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 is also charged with uniformly implementing and enforcing the administrative policies established in the Commission’s Employee Guidelines and Procedures Manual and other policies recommended by the Commission. The Executive Director was further charged with recommending any policy changes appearing necessary for the agency’s betterment.

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 necessary to implement the requirements of the State Merit System. Specifically, the Personnel Section is responsible for all actions affecting Commission employees’ employment

status and maintaining all records of those actions. 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

Executive Director Of The Commission



PERSONNEL SECTION

From left: Rozetta Parker and Dorinda Kepler

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. Personnel processes requests to fill vacancies in the Commission with the coordination of division directors.

The Personnel Manager also acts as the liaison with SPD, ensuring that all personnel transactions align with state laws and SPD rules and regulations. Additionally, the Personnel Manager represents the Commission at the SPD Board meetings and the Council of Personnel Administrators. The Personnel Section also develops and assists in developing and updating job descriptions for Commission employees when necessary. 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, IT Systems Technician, Chalandra Tolliver, and IT Systems Technician, Senior, 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.

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 for information



INFORMATION SYSTEMS SERVICES SECTION

From left: Debra Jackson, Kay Oswald and Chalandra Tolliver

Executive Director Of The Commission

security and disaster preparedness.

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



Judge Garner delivers a presentation during a monthly Commission meeting.

State Legislative Affairs Section



LEGISLATIVE AFFAIRS
Clarence Duncan

Clarence Duncan, Manager of the State Legislative Affairs Section, is responsible for researching and recommending changes in law deemed necessary to enable the Commission to effectively perform its duties and functions. The state legislative affairs liason 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 liason 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.



Alabama State House

Legal Division

John A. Garner
CHIEF ADMINISTRATIVE LAW JUDGE



Standing from left: Suellen Young, Luke Bentley, John A. Garner, G. Scott Morris, Karen Rogers, and Ann Titus

The Legal Division consists of Chief Administrative Law Judge John A. Garner, Administrative Law Judge Scott Morris, Senior Staff Attorney Suellen Young, Attorney III Luke Bentley, Administrative Support Assistant III Karen Rogers, and Administrative Support Assistant II Ann Titus. 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 Commission 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, Commission staff, representatives of the utilities regulated by the Commission, and the general public. 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.

Administrative Division

Walter Thomas, Jr.
SECRETARY

The Administrative Division 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.

This 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. They file the Commission oaths of office, surety bonds covering each railway police officer 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 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 policies of the Commission.



ADMINISTRATIVE DIVISION

Front from left: Kim Holt, Kathleen McPherson, and Walter Thomas, Jr.

Back row from left: Miles Gagner, Tashenma Lawrence, and Ernestine Huffman

Administrative Division

The Administrative Division is responsible for the retention of all records of the Commission and coordinates the transfer of records to the Department of Archives and History and the destruction of records, according to records retention policies. 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 into Commission records. Lastly, the Secretary's office is responsible for coordinating 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 during FY-2020 is set forth in the table on the right.

OFFICE OF THE COMMISSION'S SECRETARY

Commission Orders Issued	770
Public Hearings Held	28
Report and Recommended Orders Issued	3

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 the 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; collects Transportation Network Company (TNC) local assessment fees and distributes a portion of this fee to the jurisdiction where the TNC ride originated; and conducts special studies or assignments as requested by the Commission.

This section also 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 inspection.

Motor Carrier Section

The Motor Carrier Records Section is responsible for preserving the records of transportation companies. This includes maintaining a complex database and record-keeping 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, and insurance filings on both active and inactive motor carriers.

Administrative Division

**Dual Party Relay Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2019 and 2020**

	<u>Total</u> <u>Sept. 30, 2020</u>	<u>Total</u> <u>Sept. 30, 2019</u>
Comptroller's Beg. Cash Balance :	\$ 7,003,852	\$ 6,736,012
Dual Party Relay	34,521	936,846
Total Cash Available:	<u>7,038,373</u>	<u>7,672,858</u>
 Disbursement of Encumbrances:		
Utilities & Communications	30,864	48,115
Grants and Benefits	-	-
Total Encumbrances:	<u>30,864</u>	<u>48,115</u>
 Disbursement of Operating Costs:		
Travel In-State	-	-
Utilities & Communications	345,053	417,156
Grants and Benefits	-	203,735
Total Operating Costs:	<u>345,053</u>	<u>620,891</u>
Transfer to General Fund	-	-
Transfer to General Fund: Prior year cash	-	-
Total Disbursements & Transfers:	<u>375,917</u>	<u>669,006</u>
Comptroller's Cash Balance, Ending:	6,662,456	7,003,852
Purchase Orders	79,947	52,844
Unencumbered Cash Balance, Ending	<u>\$ 6,582,509</u>	<u>\$ 6,951,008</u>

Administrative Division

**Alabama Public Service Commission Operating Fund and Gas Pipeline Safety Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2019 and 2020**

	PSC Operating Fund	Gas Pipeline Safety Fund	Total Sept. 30, 2020	Total Sept. 30, 2019
Comptroller's Beg. Cash Balance:	\$ 4,724,842	\$ 1,226,157	\$ 5,950,999	\$ 5,028,062
Inspection & Supervision Fees -				
Utility/Water Companies	11,668,196	-	11,668,196	11,533,556
Telecommunications/Railroads	1,477,049	-	1,477,049	2,203,011
Motor Carrier Ins. & Reg. Fees	2,451,080	-	2,451,080	2,451,990
Gas Service Line Fees	-	551,636	551,636	543,694
Federal Dept. of Transportation	-	831,375	831,375	925,061
Alabama Dept. of Transportation	50,000	-	50,000	50,000
TNC Local Assessment Fees	237,083	-	237,083	233,616
Miscellaneous Receipts	9,960	500	10,460	14,286
Total Receipts:	<u>15,893,368</u>	<u>1,383,511</u>	<u>17,276,879</u>	<u>17,955,214</u>
Total Cash Available:	<u>20,618,210</u>	<u>2,609,668</u>	<u>23,227,878</u>	<u>22,983,276</u>
Disbursement of Encumbrances:				
Personnel Costs	75	-	75	-
Employee Benefits	43	-	43	-
Travel- In State	2,173	5,786	7,959	9,199
Travel- Out of State	2,567	9,183	11,750	1,813
Repairs & Maintenance	864	-	864	199
Rentals & Leases	12,563	245	12,808	18,074
Utilities & Communications	7,910	2,033	9,943	6,353
Professional Services	6,164	2,885	9,049	6,574
Supplies & Operating Expenses	3,287	1,980	5,267	2,225
Transportation Equipment Operations	3,206	4,865	8,071	3,629
Grants and Benefits	50	2,525	2,575	2,500
Transportation Equipment Purchases	-	-	-	-
Other Equipment Purchases	115	-	115	-
Transfer to State General Fund 100	-	-	-	-
Total Encumbrances:	<u>39,017</u>	<u>29,502</u>	<u>68,519</u>	<u>50,566</u>
Disbursement of Operating Costs:				
Personnel Costs	3,853,166	805,587	4,658,753	4,675,000
Employee Benefits	1,398,366	295,261	1,693,627	1,711,751
Travel- In state	15,380	24,759	40,139	71,447
Travel- Out of State	10,462	1,529	11,991	43,949
Repairs & Maintenance	4,116	80	4,196	4,309
Rentals & Leases	761,886	58,839	820,725	810,990
Utilities & Communications	102,878	23,811	126,689	105,907
Professional Services	217,082	10,872	227,954	226,243
Supplies & Operating Expenses	168,353	17,892	186,245	193,468
Transportation Equipment Operations	13,744	13,368	27,112	47,745
Grants and Benefits	25	25	50	-
Transportation Equipment Purchases	-	-	-	44,386
Other Equipment Purchases	86,992	3,526	90,518	46,516
Total Operating Costs:	<u>6,632,450</u>	<u>1,255,549</u>	<u>7,887,999</u>	<u>7,981,711</u>
Transfer to General Fund / Other Agencies	10,000,000	-	10,000,000	9,000,000
Transfer to General Fund: Prior year cash	-	-	-	-
Total Disbursements & Transfers:	<u>16,671,467</u>	<u>1,285,051</u>	<u>17,956,518</u>	<u>17,032,277</u>
Comptroller's Cash Balance, Ending:	3,946,743	1,324,617	5,271,360	5,950,999
Purchase Orders	101,907	60,290	162,197	26,775
Unencumbered Cash Balance, Ending	<u>\$ 3,844,836</u>	<u>\$ 1,264,327</u>	<u>\$ 5,109,163</u>	<u>\$ 5,924,224</u>

Electricity Policy Division

John D. Free
DIRECTOR

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 (“IOU”) 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. Additional details regarding the functions and activities of each section during FY-2020 are identified in the following pages.

Electricity Section

The Electricity Section is responsible for regulatory oversight of the rates and services of electric IOUs in the state, as prescribed in Title 37, *Code of Alabama 1975*, as amended. In the State of Alabama, this jurisdiction applies to Alabama Power Company (“APC” or “the Company”), the only electric IOU in the state. In the



ELECTRICITY POLICY DIVISION

Standing from left: Chad Mason, Tanya Champion, John Free,
Angier Johnson, Patricia Smith, and Jerry Delancey

Electricity Policy Division

execution of its duties, the Staff performs financial analyses, economic evaluations, and statistical data assimilation. In addition, the Staff presents financial, operational, and management-related inquiries to remain informed as to the manner and methods in which the Company conducts its business.

This section also evaluates certain aspects of Southern Electric Generating Company (“SEGCo”) and the Alabama Municipal Electric Authority (“AMEA” or “the Authority”). APC and Georgia Power Company jointly own SEGCo.

ALABAMA POWER COMPANY Rate Stabilization and Equalization (Rate RSE)

Rate RSE, the rate approved by the Commission under Dockets 18117 and 18416, is 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 periodically to provide a reasonable opportunity 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 any one adjustment (as well as the impact of any consecutive increases) and test whether actual results exceed the return range. In the latter event, RSE provides for the calculation of the amount that 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” being the Retail Return on Common Equity), was computed annually for the upcoming 12-month period ending December 31 (such 12-month period being the “rate year”). The RRCE was computed based on cost estimates and budgets prepared by APC in the ordinary 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 were 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 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 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 RRCE range of 13.0% to 14.5%, as prescribed in the Rate RSE tariff, continued to be fair and reasonable.

Photo courtesy of Alabama Power

Electricity Policy Division

The Commission held public meetings on May 8, 2013, June 18, 2013, and July 17, 2013, with the June 18 meeting comprising two sessions. The Commission and its Staff participated, together with representatives of the Attorney General's office, APC, and other interested agencies/organizations. After evaluating the participants' information submitted during the four public meetings, the Commission found that APC's Rate RSE mechanism and all the associated components continue to be just and reasonable to customers and the Company. Nevertheless, the Commission recommended, in the Report and Order dated August 21, 2013, several modifications to APC's Rate RSE mechanism. Foremost among these was the replacement of the existing Return on Equity (ROE)

range and the provision regarding capital structure with a range and setpoint based on Weighted Return on Average Retail Common Equity ("WRRCE"). The WRRCE range was established at 5.75% to 6.21%, with an adjusting point of 5.98%. In addition, APC is eligible to receive a performance-based adder of 7 basis points (0.07%) to the WRRCE 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 the Staff as part of its most recent annual metrics review. Notably, the established WRRCE range represented a downward adjustment in

terms of the Company's allowed return.

The Commission also set forth several augmentations to the Staff's ongoing oversight of Rate RSE. First, the Commission recommended using 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 is 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 is tested against the most recent 12-month average of the same 30-year Treasury Bond every quarter. Upon the occurrence of a circumstance

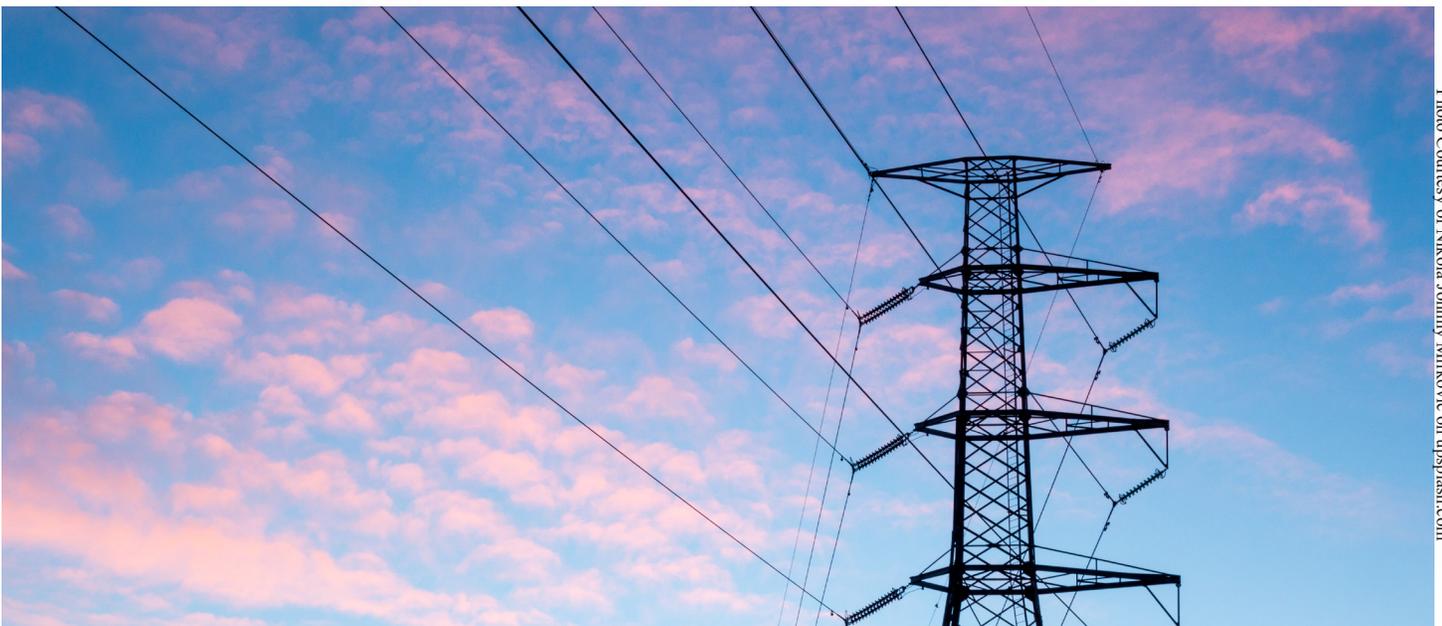


Photo Courtesy of Nikola Johnny Mirkovic on upsplash.com

Electricity Policy Division

prompting additional review, the Staff will notify the Commission and report whether and to what extent the Staff believes the economic developments necessitate further examination of the WRRCE 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 includes information for the most recent January through June period, along with comparable information from the prior year for the same period. These biannual filings are made within a reasonable period after the corresponding release of this information and in accordance with applicable requirements of the Securities and Exchange Commission (“SEC”). Finally, the Commission recommended that the financial and operational components of the Company be subject to detailed examination every six years.

All the recommendations of the Commission were accepted by APC and incorporated into Rate RSE, the associated Special Rules Governing Operation of Rates RSE and CNP

(“Special Rules”), and other affected rates and practices. In this regard, it should be noted that the expansion of the Staff’s oversight under Rate RSE is in addition to, and not in lieu of, all the existing authority of the Commission, and the Company’s right to make filings or petitions with the Commission, as allowed by law, are in no way impaired.

On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act of 2017 (“TCJA”), with most provisions taking effect January 1, 2018. The TCJA reduced the federal income tax rate from 35% to 21%, effective January 1, 2018. Because the TCJA became effective after the Company filed its annual information and calculations under Rate RSE, the Company applied an Income Tax Adjustment Percentage (“ITAP”) to customer billings, in accordance with Rate T (Tax Adjustment) under Docket 18148. The ITAP resulted in a credit of approximately \$267 million. This adjustment commenced with July 2018 billings and terminated after December 2018 billings.

On April 17, 2018, APC submitted several proposed revisions to Rate

RSE. The purpose of the revisions was to enable the Company to mitigate the credit quality impacts resulting from the passage of the TCJA while preserving rate stability for customers. The changes retain the opportunity for customers to realize an immediate benefit associated with revenues exceeding the top of the designated weighted equity return range, while also enabling a portion to be used for their longer-term benefit through the protection of the Company’s credit quality. In this way, the Company would be able to reduce growth in its total debt by increasing its equity, with corresponding reductions in debt issuances, thereby countering the impact of reduced cash flows and improving its Funds From Operations-to-Debt Ratio (or “FFO-to-Debt Ratio”).

The changes and other provisions approved by the Commission by Order dated May 7, 2018, under Dockets 18117 and 18416 included the following:

- Lowered the top of the weighted equity return range from 6.21% to 6.15%.
- Revised the refund mechanism related to prior year actual results by allowing a portion of

Electricity Policy Division

future refunds to be used to increase the Company's equity component and thereby improve its credit metrics. There are restrictions in place for any cost year in which there is an upward adjustment under Rate RSE, along with a ceiling on the amounts the Company will be allowed to utilize for protection of its credit quality.

- Made various ministerial revisions to clarify existing provisions of the rate and specify certain additional accounts to be reflected in the determinations under the formula rate.
- All revisions became effective June 1, 2018, for application to January 2019 billings and thereafter.
- In conjunction with the described modifications to Rate RSE, the Company committed to a moratorium on any upward adjustments under Rate RSE for 2019 and 2020.
- Lastly, the Company issued \$50 million in bill credits to customers in 2019.

By Order dated May 1, 2018, under Docket U-5266, the Commission authorized APC to establish a regulatory liability for the flow back of excess federal deferred income taxes for the calendar year ending December 31, 2018. The excess deferred income taxes resulted from the TCJA and were estimated to be \$30 to \$50 million. See the Rate ECR and Natural Disaster Reserve sections for additional details.

On October 3, 2019, and in accordance with the Report and Order dated August 21, 2013, and Rule 13 of the Special Rules, APC met with Staff and representatives of the Office of the Attorney General to discuss the results of the first six-year examination related to the operation and utilization of Rate RSE. Consistent with Rule 13, the review covered the financial and operational considerations of Alabama Power, including all elements of the capital structure and overall return, compared to peer utilities, as well as metrics regarding customer service, operational performance, and other matters.

On November 27, 2019, APC filed the 2020 Information and Calculations

Required by Appendix B to Rate RSE and the Special Rules, which included the approved modifications (sixth revision) to Rate RSE. Based on this filing, the projected WRRCE for the 12-months ending December 31, 2020, was 5.95%.

Actual results for 2019 indicated that Alabama Power's WRRCE exceeded the top of the RSE range. Accordingly, APC established a regulatory liability of \$53 million for Rate RSE refunds, which were distributed to customers through bill credits issued in April 2020. See the Natural Disaster Reserve section for additional details.

The Staff in the Electricity Section examines APC's books and records monthly to determine the WRRCE for the current 12-month period. The Staff prepares a summary report of this information for presentation at each monthly Commission meeting. As of September 30, 2020, the re-projected WRRCE for the twelve-month period ending December 31, 2020, was 6.68%. This is informational only and does not represent a point-of-test. The point-of-test for Rate RSE is December 31 of each year.

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Because this is a fiscal year report, the most current and available return is provided as of September 30.

Energy Cost Recovery (Rate ECR)

Rate ECR, the rate approved by the Commission under Docket 18148, is the mechanism used to recover retail customers' portion of certain energy-related costs. The ECR factor is 59.10 mills/kWh (5.910 cents/kWh), as established under the Commission's Order dated October 8, 2008. With the Company's consent, the factor has been adjusted for temporary periods of time to reduce the over/under collections accumulated in the energy cost recovery account. The Electricity Section staff evaluates the monthly Rate ECR reports filed by APC and prepares a summary report for the monthly Commission meetings.

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.



Photo courtesy of Alabama Power

By Order dated December 1, 2015, under Docket U-5128, the Commission approved APC's petition for approval to cease the accounting treatment of recording a regulatory liability account associated with the spent nuclear fuel and transfer such balance back to the liability account recorded under Rate ECR. By Order dated February 17, 2017, under Docket U-5208, the Commission authorized APC to create a regulatory asset with a balance of up to \$142

million. As part of the authorization granted in this docket, the Commission approved the use of approximately \$36 million of that regulatory asset to reduce the under-collected balance in Rate ECR, which in turn, reduced costs pressures on customers.

By Order dated March 7, 2017, in Docket 18148, the Commission approved a revision to Rate ECR to implement the Commission's Order dated February 14, 2017, in Dockets 31653 and 31859. In the February 14 Order, the Commission authorized APC to use Rate ECR to capture all PPA-related costs and benefits associated with the transmission arrangements and those associated with the energy delivered under two PPAs ("power purchase arrangements" or "purchased power agreements") certified in the referenced dockets (Chisholm View and Buffalo Dunes). Prior to the February and March 2017 Orders, cost recovery for each of these wind PPAs was bifurcated under Rate ECR and Rate CNP, Part B. To better align cost recovery with the intended purposes of the two PPAs (i.e., potentially lower energy costs), the Commission approved the

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Company's request to consolidate such cost recovery under Rate ECR. See the Rate CNP, Part B section for more information on the referenced dockets.

As previously noted in the Rate RSE section, in Order dated May 1, 2018, under Docket U-5266, APC was authorized to defer the benefits of federal excess deferred income taxes associated with the TCJA for the year ended December 31, 2018, as a regulatory liability. APC was further authorized to create a regulatory asset to record up to \$30 million of the under-recovered balance that would otherwise be included in the calculation of Rate ECR, thereby reducing the under-recovered balance in Rate ECR. The final excess deferred tax liability for the year ended December 31, 2018, totaled approximately \$69 million, of which \$30 million was used to offset the Rate ECR under recovered balance. See the Natural Disaster Reserve section for additional details.

By Consent Order dated December 3, 2019, the Commission lowered the interim ECR factor of 23.53 mills/kWh (2.353 cents/kWh), which was previously established by Commission Consent Order dated

December 4, 2018, to 21.60 mills/kWh (2.160 cents/kWh) for the billing months of January 2020 through December 2020. For the billing months beginning January 2021 and thereafter, the ECR factor of 59.10 mills/kWh (5.910 cents/kWh) would apply unless a further change is agreed to sooner as a result of monitoring of operations or until changed by Commission order pursuant to Rate ECR and applicable rules and regulations.

By Order dated August 7, 2020, under Docket U-5344, the Commission approved APC's petition for accounting authorization to use \$100 million of the balance in the regulatory liability under Rate ECR to provide for customer refunds, on an expedited basis, through bill credits distributed in October 2020. This authorization resulted from the over-collected balance in Rate ECR and provided some relief to customers facing economic challenges attributable to the COVID-19 pandemic.

As part of its routine oversight, the Staff performs a monthly review of the over and under-recovery of APC's energy-related costs. On September 30, 2020, the accumulated energy cost balance was approximately \$123 million over-recovered.

Certificated New Plant (Rate CNP)

Rate CNP, Part A

Rate CNP, Part A ("Part A") was established in 1982 in conjunction with Rate RSE, under Dockets 18117 and 18416. The original rate provided for the certification of newly-constructed generating facilities and rate recovery of the revenue requirement related to the capital cost of such facilities. On March 9, 2017, under Dockets 18117 and 18416, the Commission approved certain revisions to Part A. The modifications include: (i) the addition of plant acquisitions (as opposed to only self-build projects) to the scope of facilities eligible for rate treatment under Part A; (ii) incorporating 12-month projections for capital, O&M, and depreciation expenses in the development of the rate factor; and (iii) adding the option to apply either an energy-based or revenue-based allocation to the revenue requirement incorporated in the rate factor, as deemed appropriate by the Commission.

Electricity Policy Division

On May 2, 2017, under Dockets 18117 and 18416, the Commission approved APC's petition concerning the operation of Rate CNP, Part A for the Fort Rucker Army Solar Project and the Anniston Army Depot Solar Project (both projects under Docket 32382). The Fort Rucker Solar Project was placed in service on April 1, 2017, and the Anniston Army Depot Solar Project was placed in service on July 14, 2017. At the Commission's request, APC considered and determined that it would be feasible to forego the operation of Part A for these two solar projects. Accordingly, no Plant Factor Filing was made for either of these projects. However, all costs related to both projects are included in APC's retail cost of service for all other purposes.

See the Certificates of Convenience and Necessity section for additional details related to new generating facilities.

Rate CNP, Part B

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.

By Order dated November 7, 2000, under Docket 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 I, LLC, involving 630 MW of combustion turbine capacity. In April 2009, the PPA was extended an additional eleven (11) years, continuing through December 31, 2022. The energy cost associated with

the Calhoun PPA is recovered under Rate ECR, while the capacity costs are recovered under Rate CNP, Part B.

On June 11, 2010, under Docket 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 ("Westervelt"), involving approximately 7.5 MW of electric capacity from a small-scale renewable energy ("biomass") generating facility operated by Westervelt. The energy cost associated with the Westervelt PPA is recovered under Rate ECR, while the capacity costs are recovered under Rate CNP, Part B.

By Order dated September 9, 2011, under Docket 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 energy supplied from a wind farm being developed by Chisholm View in Grant and Garfield Counties, Oklahoma.

On September 17, 2012, under Docket 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 energy supplied from a wind farm being developed by Buffalo Dunes in Grant, Haskell and Finney Counties, Kansas.

On June 9, 2016, the Commission approved a PPA in connection with the Lafayette Solar Project, which is consistent with the requirements of the Certificate of Convenience and Necessity granted in the Commission

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Order dated September 16, 2015, under Docket 32382.

The Lafayette Solar Project encompasses a 72 MW AC solar generation resource to operate over a 28-year term.

The project involves an energy purchase agreement. APC receives the output from the new solar photovoltaic electric generating facility built in Chambers County, Alabama, and entered into a 15-year Participation Contract for a Renewable Participation Program between APC and Wal-Mart.

The commercial operation date for the Lafayette Solar project was declared on December 15, 2017.

Costs associated with the Lafayette PPA will be recovered through Rate ECR since they are energy-related.



Public Service Commission meetings are held the first

It should be noted that

Tuesday of every month.

under all 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 provided under those agreements. 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 sold separately, to third parties.

By Order dated February 14, 2017, the Commission modified the orders entered under Dockets 31653 and

31859 and authorized the use of Rate ECR for the recovery of all PPA-related costs and benefits incurred under the PPAs for the Chisholm View and Buffalo Dunes Wind Projects beginning January 1, 2017. The costs incurred under the PPAs prior to January 1, 2017, were not affected by this Order, being the subject of separate Commission action in Docket U-5208. The specified cost treatment was directed specifically to the two subject PPAs, with

the cost treatment for any other PPAs to be addressed in the orders certifying those arrangements, subject to continuing Commission jurisdiction. See the Rate ECR section for more information on the referenced dockets.

By Order dated March 9, 2017, under Dockets 18117 and 18416, the Commission approved certain revisions to Part B. The primary revision for Part B changed the current energy-based allocation formula to a revenue-based approach. Other proposed changes included a revision to the 12-month period used to calculate the over/under recovered balance and the addition of certain language clarifying the costs to be recovered under Part B.

In accordance with the provisions of Part B, APC filed with the Commission on January 31, 2020, the information and calculations for the CNP Purchase Factor

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associated with certain certificated PPAs. Although the filing reflected a projected under-recovery of costs associated with such agreements that normally would be recoverable during the cost year April 1, 2020, through March 31, 2021, APC consented to leave the current level of cost recovery unchanged for the upcoming cost year. See the Certificates of Convenience and Necessity section for additional details related to certified PPAs.

Rate CNP, Part C

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

By 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 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 consistent treatment 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 (forward-looking), similar to Rate RSE.

By Order dated March 3, 2015, under Dockets 18117 and 18416, the Commission authorized further revisions to Part C. The Company’s filing for these revisions, and the Commission’s Order approving them, complies with the December 9, 2014, Accounting Order filed under Docket U-5135 that directed the Company to file an appropriate rate mechanism, outside of Rate RSE, for the recovery of such costs associated with non-environmental (“governmental”) mandates. This revision allows the Commission, as well as the Company, to readily identify cost pressures that are beyond the Company’s reasonable control because the costs are due to governmental mandates. These costs resulting from laws, regulations, and other mandates directed at the utility industry are recovered through the revised Part C mechanism beginning January 2016.

In accordance with the provisions of Part C, APC filed with the Commission on November 27, 2019, the calculations associated with its costs of complying with governmental mandates. The filing reflected a projected over-recovery of such costs recoverable in the billing months of January 2020 through December 2020. The over-recovery resulted in a \$67.6 million rate decrease, which roughly equates to a \$1.86 per month decrease for a typical residential customer using 1,000 kWh/month.

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Certificates of Convenience and Necessity

Section 37-4-28, *Code of Alabama 1975*, as amended, requires Commission certification for the construction by a public utility of, among other things, facilities for the production of electricity, except for ordinary extensions of existing systems in the usual course of business (“Certificate”).

By Order dated September 16, 2015, under Docket 32382, the Commission granted APC a Certificate authorizing it to develop or procure up to 500 MW of capacity and energy from renewable energy and environmentally specialized generating resources (“RGC Certificate”). Depending on whether any such approved projects are owned by APC or procured through PPAs, the cost of each would be recoverable under either Rate CNP, Part A, Rate CNP, Part B, and/or Rate ECR. In accordance with the provisions of the RGC Certificate, APC has issued three Requests for Proposal (“RFP”) for renewable or environmentally specialized energy resources for projects ranging from 5 MW to 80 MW—in 2016, 2018, and 2020. Projects approved by the Commission under the RGC Certificate are also discussed in Rate CNP, Part A and Rate CNP, Part B.

By Order dated December 14, 2015, the Commission approved the Anniston Army Depot Solar Project and the Fort Rucker Army Solar Project, which are consistent with the RGC Certificate requirements in Docket 32382. As certified, the Anniston Army Depot Solar Project and the Fort Rucker Army Solar Project were each planned to encompass 10.6 megawatts (“MW”) AC solar generation resource to operate over a 29-year term. These projects involve the construction of new solar generating facilities at the referenced Army installations. On November 10, 2016, APC gave notice that the Anniston Army Depot Solar Project had been reduced in size to 7.4 MW due to the discovery of previously unknown site challenges.

On September 6, 2019, the Company petitioned the Commission, under Docket 32953, for certification of approximately 2,400 MW of new capacity resources. Petitions to intervene were timely filed and granted by the Attorney General, Alabama Industrial Energy Consumers, Alabama Coal Association, American Senior Alliance, Energy Fairness.org, Manufacture Alabama, Sierra Club, and Energy Alabama and Gasp (jointly, “Energy Alabama/Gasp”). A public hearing in this cause was held during the week of March 9, 2020, in the Main Hearing Room of the Carl L. Evans Chief Administrative Law Judge Hearing Complex in the RSA Union Building in Montgomery, Alabama. At the direction of the Administrative Law Judge, Alabama Power, Sierra Club, Alabama Industrial Energy Consumers, Alabama Solar Industry Association, Energy Alabama/Gasp, and the Attorney General filed post-hearing briefs with the majority in the form of proposed orders. By Order dated August 14, 2020, the Commission approved the construction of a new combined-cycle unit at the site of Alabama Power Company’s Barry Steam Plant (“Barry Unit 8”); the acquisition of the Central Alabama Generating Station (“Central Alabama”)

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located in Autauga County; a PPA for the output of the Hog Bayou Energy Center located in Mobile County; and the authority to pursue up to 200 MW of demand-side management and distributed energy resource programs. The Staff further recommended, and the Commission approved, that the cost of Barry Unit 8 subject to CNP, Part A, and Rate RSE shall be capped at no more than 5% above the proposed contract price. The Commission did not approve the five Solar with Battery Energy Storage System projects proposed in this docket. However, it was recommended that these projects be evaluated under Docket 32382, and the criteria set forth therein. Petitions for rehearing or reconsideration were filed by Sierra Club and Energy Alabama/Gasp, which the Commission voted to deny on November 3, 2020.

Natural Disaster Reserve (Rate NDR)

On October 3, 1994, under Docket U-3556, 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 in APC’s service territory.

From time to time, the Commission has 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 to its authorized level of \$32 million.

By Order dated December 6, 2005, under Docket U-3556, the Commission approved a new Rate Rider NDR, and increased the authorized natural 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 re-establish a reserve balance sufficient to address the costs of future natural disasters. In order to accomplish this, Rate Rider NDR applies a small monthly charge to each account served under the Company’s retail rate schedules until the approved balance is restored.

By Order dated August 20, 2010, under Docket U-3556, the Commission authorized APC to record 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.

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On July 12, 2011, under Docket 18148, the Commission approved the revision of the Income Tax Adjustment (“ITA”) mechanism of Rate T to bring it in line with how taxes are handled under the forward-looking construct of Rate RSE. The revision included the elimination of the ITA applicable to Rate T. The revenues (approximately \$30 million for October 2011 – December 2011) that resulted from the elimination of the tax-related credit were used to replenish the Natural Disaster Reserve to, among other things, fund certain costs resulting from the April 2011 tornadoes.

On December 3, 2019, the Commission authorized

the Company, under Docket U-5266, to apply the remaining benefits of the federal excess deferred income taxes associated with the TCJA of approximately \$39 million to increase the balance in the NDR.

As noted earlier, Alabama Power’s actual results for 2019 exceeded the top of the range under Rate RSE. After determining the refund amount for customers, the Company made a discretionary accrual of \$84 million to the Natural Disaster Reserve.

In FY-2020, as a result of storm damages, APC incurred additional operation and maintenance costs of approximately \$72 million. As of September 30, 2020, the Reserve had a positive balance of approximately \$58 million.

Auditing

The Electricity Section’s Staff conducts monthly analytical reviews and/or audits to test the completeness and reasonable accuracy of financial information, economic models, and/or other data submitted by APC. For this activity, the Staff’s monthly fuel audit is particularly important because the Company’s fuel-related costs account for a significant percentage of total operation and maintenance (“O&M”) expense. During the monthly fuel audits, the accounting records for fuel (coal and oil) purchases and burns are reviewed at the respective generating facilities. Fuel audits at each fossil-fuel generating facility are performed on a rotating basis, allowing the Staff two visits per year at each plant. During the second half of the year, in addition to the fuel audit, an annual site visit is performed at each plant. During the site visit, the Staff meets with Company representatives



Payment Kiosks offer customers an alternative and expedient medium for bill payment.

Photo courtesy of Alabama Power.

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for a plant overview, including an update on environmental and non-environmental (governmental mandates) capital projects and related O&M expenses. After the presentations are completed, the Staff and APC personnel tour the plant to observe the progress of current projects and the status of ongoing projects.

Due to the COVID-19 pandemic and state guidelines established in response, Staff travel has been temporarily suspended (as of March 2020). Therefore, the Staff was unable to perform normal face-to-face fuel audits and on-site visits at the plants. However, working with APC's corporate and plant staff, conference calls have been arranged to perform the fuel audit assessments and discuss ongoing operations (environmental and non-environmental) with updated presentations provided.

In addition to the fuel audit, the Staff engages in a detailed audit of APC's compliance activities with environmental and governmental regulations. This involves the audit of both the CNP Compliance 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 Compliance Factor for each affected rate schedule to be applied to each kilowatt-hour, along with appropriate supporting documents. The Staff completes an analytical review of the compliance factors filed for the upcoming rate year to provide reasonable assurance of the accuracy of the amounts reported in the filing. In addition, the Company files, at least thirty (30) days before the December 1 deadline for filing the CNP Compliance Factors, a preliminary draft of the Environmental Compliance Plan for the next five (5) years, along with the estimated costs associated with the implementation of that plan. The Staff engages in meetings and interviews with APC personnel to discuss pending environmental laws, regulations, or other mandates relevant to APC's environmental and governmental compliance activities. Further, the Staff performs a detailed audit of relevant documents and records to verify the reasonableness of amounts reported in the compliance factor filing; ensure compliance with Part C; review explanations for significant budget variances; confirm that reported expenses are qualifying environmental and governmental expenses; and identify and discuss any changes in policies or procedures.

The Staff also performs annual compliance audits of Rate CNP, Part B, filed annually by February 1, and the Jurisdictional Allocation Study (also referred to as the "Cost of Service Study") 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. Additionally, the Staff performs a monthly analysis to test the billing accuracy of the Company's standard residential rate.

Electricity Policy Division

Other Activities

By Order dated October 1, 2019, under Docket U-5316, the Commission approved accounting authorization related to certain limited preparatory costs recorded in construction work in progress (“CWIP”) and associated with the combined cycle generating capacity at the site of the Company’s existing Barry Steam Plant for which a separate petition for certification was then pending in Docket 32953. A request for rehearing or reconsideration filed by Sierra Club in connection with that authorization was denied by Commission Order issued August 3, 2020.

By Order dated January 7, 2020, under Docket U-5016, the Commission approved a petition by APC to extend the availability period for Rate Rider CRI (Community Redevelopment Incentive). Rate Rider CRI provides for a one-year incentive for customers that establish a new account in an existing building that has been unoccupied for at least six (6) months. The proposed revision became effective with January 2020 billings and extends the availability period to qualifying customers who enter into an electric service agreement prior to January 1, 2022.

By Order dated March 3, 2020, under Docket U-5213, the Commission approved the third revision of Rate CPE (Contract for Purchased Energy). The charges and payments outlined in the revised rate reflect the Company’s updated avoided cost data, as required by the Commission’s Order, dated March 7, 2017, in Docket U-5213. The updated costs became effective with April 2020 billings. Rate CPE sets forth the applicability and pricing options for any Qualifying Facility greater than 100 kW that seeks to sell its total output, or a portion thereof, to APC in accordance with the Public Utility Regulatory Policies Act of 1978, as amended and *Title 18, Part 292 of the Code of Federal Regulations*, as implemented by the Commission.

By Order dated March 3, 2020, under Docket 18005, the Commission approved the forty-first revision of Rate PAE (Purchase of Alternate Energy). The charges and payments outlined in the revised rate reflect the Company’s updated cost and avoided cost data, as required by the Commission’s Order dated March 12, 1981, in Docket 18005. The updated costs became effective with April 2020 billings. Rate PAE sets forth the applicability and pricing options for any Customer who has installed an electric generating facility, for its own use, with a nameplate capacity of not more than 100 kW and desires a permanent electrical connection with APC’s system in order to sell energy to the Company.

During the September 1, 2020 Commission meeting, and the subsequent order dated October 16, 2020, under Dockets U-4226 and 32767, the Commission approved APC’s proposed modifications to Rate Rider RGB. As part of the Order, the Commission directed the Company to adopt certain modifications to the text of the Rate Rider and file conforming tariff sheets within ten (10) days of the date of the Order. APC submitted conforming sheets as directed. The Commission further ordered that within twelve (12) months of the entry of the Order, APC is to file a demand rate option for all residential customers, along with corresponding modifications to Rate Rider RGB. Finally, the Commission denied the complaint filed in Docket 32767 on April 26, 2018, and as amended July 6, 2018.

Electricity Policy Division

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 (“AMEA” or “the Authority”). During FY-2020, the Authority filed one petition with the Commission.

By Order dated February 4, 2020, under Docket U-5110, the Commission authorized AMEA’s Supplemental Power Supply System Revenue Bond Resolution (“the 2020 Supplemental Resolution”). The Supplemental Resolution authorizes the issuance of the Authority’s \$26,965,000 principal amount Taxable Power Supply System Revenue Refunding Bonds, 2020 Series A. The proceeds will be used to refund and retire all the Authority’s presently outstanding 2013 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 judicial appeals and decisions on electric utility issues and, if appropriate, makes recommendations to the Commission regarding appropriate actions to be taken. Also, 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 the National Association of Regulatory Utility Commissions (NARUC) on issues affecting electric utility regulation.

In an effort to remain informed of these matters, the Federal Affairs staff conducts research, monitors news briefings, participates in conference calls, and may attend various industry conferences/seminars/meetings including the NARUC meetings, the Nuclear Waste Strategy Coalition (NWSC) conferences, and others. In some cases, the appropriate action



Electricity Policy Division

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 Section also provides news briefings to the Commissioners on a daily basis.

The Public Affairs Staff produces informational materials, including 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.



Utility Services Division

Darrell Baker
DIRECTOR

The Utility Services Division is responsible for the regulation of telecommunications, natural gas, water, and wastewater utilities in Alabama. Additionally, the Division receives and attempts to resolve consumer complaints, disputes, and inquiries related to telecommunications, electricity, natural gas, water, and wastewater service. The Utility Services Division is organized into three sections: the Natural Gas Section, the Telecommunications Section, and the Services Section.

Natural Gas Section

The Natural Gas Section is responsible for regulating 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 Spire Alabama Inc. and Spire Gulf Inc.

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 36 years as a method to keep rates as low as possible while assuring quality service.

SPIRE ALABAMA INC.

Each month, the Natural Gas Section examines the books and records of Spire Alabama Inc., 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 Spire Alabama's recent operating history.

Under the RSE plan, the only time Spire Alabama 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 10.15 percent, rates are increased on December 1 to bring the projected return at the end of the rate year to 10.50 percent (the adjusting point of the authorized return range). If the projected return is more than 10.65 percent, rates are decreased to bring the return to 10.50 percent. If the projected return is between 10.15 and 10.65 percent, inclusive, no adjustment is made. Subsequent test points, conducted on January 31, April 30, July 31, and September 30, can yield only decreases or no change. Spire Alabama 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 has a temperature adjustment that tracks the effect of abnormally high or low temperatures on the recovery of non-gas costs. The section

Utility Services Division

monitored both of these programs to ensure that they were conducted in accordance with the approved tariff.

In December 2019, the Commission authorized Spire Alabama to implement an Off-System Sale and Capacity Release (OSS-CR) Program to reduce its customers' overall gas costs. Off-System Sales (OSS) is defined as any Company sale of gas, or gas bundled with pipeline transportation, made to parties at locations off the Company's distribution system. The OSS-CR is added to the existing Gas Supply Adjustment (GSA) Rider originally approved by the Commission on December 3, 1990, under docket U-2714.

SPIRE GULF INC.

Each month, this section examines the books and records of Spire Gulf Inc., determines the return on average common equity for the preceding 12-month



NATURAL GAS SECTION

From left: Tonya Williams, Donald Powell,
and Marquita Lennon

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 Spire Gulf's recent operating history.

Under the RSE plan, the only time Spire Gulf can increase its base rates is on 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



on December 1 to bring the projected return at the end of the rate year to 10.7 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 10.7 percent. If the projected return is between 10.45 and 10.95 percent, inclusive, no adjustment is made. Subsequent test points, conducted on January 31, April 30, July 31, and September 30, can yield only decreases or no change.

Spire Gulf 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 has a temperature adjustment that tracks the effect of abnormally high or low temperatures on the recovery of non-gas costs. The

Utility Services Division

section monitored both of these programs to ensure that they were conducted in accordance with the approved tariff.

Local Distribution Companies

Another function of the Natural Gas Section is to maintain statistical data and keep the Commission informed of 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-2020, the Natural Gas Section was responsible for evaluating and making recommendations to the Commission on all matters relating to the following local distribution companies:

- *Spire Alabama Inc.*
- *Spire Gulf Inc.*
- *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.

Spire Alabama Inc.

Regarding Spire Alabama Inc., the section:

- Monitored the company's gas purchasing and

storage activities;

- Examined the company's research and development expenditures;
- Participated in the company's corporate allocations meeting;
- Evaluated Gas Supply Adjustment filings;
- Evaluated a request to issue and sell long-term debt;
- Evaluated the purchase of interest rate derivative instruments;
- Worked with the Commission's Consumer Services Section to review activities in the company's policies regarding disconnects, reconnects, and collecting arrearages;
- Reviewed the Rate Stabilization and Equalization filing for Rate Year (RY)-2020;
- Reviewed the company's Cost Control Measure;
- Reviewed the company's Accelerated Infrastructure and Modernization monthly report;
- Evaluated an Amendment to a Special Services Agreement with International Paper Company (Selma Facility);
- Evaluated a Base Contract for the sale and purchase of Natural Gas with Flywheel Energy Marketing, LLC;
- Evaluated a Special Services Agreement with International Paper Company (Prattville Facility);
- Evaluated a Base Contract for sale and purchase of Natural Gas with Ratio Energy, Inc;
- Evaluated a Base Contract for sale and purchase of Natural Gas with Eagle Resources Management, LLC;
- Evaluated an Amendment to a Special Services

Utility Services Division

- Agreement with Lhoist North America of Alabama, LLC (Calera);
- Evaluated a Base Contract for sale and purchase of Natural Gas with NextEra Energy Marketing, LLC;
- Evaluated an Amendment to a Special Services Agreement with Mercedes Benz U.S. International, Inc.;
- Evaluated an Amendment to a Special Services Agreement with WestRock Mill Company, LLC;
- Evaluated a Special Services Agreement with KyKenKee, Inc.;
- Evaluated an Amendment to a Special Services Agreement with Tennessee Aluminum Processors, Inc.;
- Evaluated a Special Services Agreement with Rheem Manufacturing Company; and
- Reviewed the company's annual report and requested and received clarification of certain portions of the report.

Spire Gulf Inc.

Regarding Spire Gulf, the section:

- Monitored the company's gas purchasing and storage activities;
- Met with the company concerning corporate allocations;
- Reviewed the company's Cast Iron retirement monthly reports;
- 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; and
- Reviewed the company's annual report and requested and received clarification of certain portions of the report.

Wheeler Basin Natural Gas Company

Regarding Wheeler Basin Natural Gas Company, the section:

- Evaluated an Amendment to a Special Services Agreement with Engie, Decatur AL; and
- Reviewed the company's annual report.

Intrastate Storage and Pipeline Companies

During FY-2020, 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 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.;
- Third Coast Alabama, LLC; and
- NextEra Energy Pipeline Holdings (Lowman), Inc.

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.

Utility Services Division

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.

Arapaho Communications

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

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

Third Coast Alabama, LLC

Evaluated a Natural Gas Transportation Contract with Tenaska Marketing Ventures. The section reviewed the annual report, comparing it to previous reports, and found it to be in compliance with Commission rules and orders.

NextEra Energy Pipeline Holdings (Lowman), Inc.

On August 4, 2020, the Commission granted a Certificate of Convenience and Necessity to NextEra Pipeline Holdings to construct, own, and operate an intrastate natural gas pipeline in Docket 32978.

SUPPORT OF COMMISSION OFFICES

The section:

- Coordinated extensively with the Gas Pipeline Safety Section on matters of mutual interest; and
- Assisted the Consumer Services Section with various complaints.

Miscellaneous

The section:

- Served on the Alabama Department of Economic and Community Affairs' Weatherization Advisory Policy Council;
- Participated in webinars, conference calls, and teleseminars;
- Evaluated FERC filings pertaining to Alabama entities to determine their relevance to this Commission; and
- Investigated requests for gas service and responded to requests by the general public for rate information, financial data, tariff sheets, and other information.

Utility Services Division

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

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. ILECs were required to file a letter with the Commission indicating their choice for either regulation under the terms of the Act or to remain regulated under the price cap provisions of the Commission's Alabama Telecommunications Regulation Plan. As of September 30, 2020, four independent telephone companies, along with six toll and competitive telephone companies in Alabama, have not opted for regulation under the Act. Pricing for the services offered by those carriers remains wholly within the Commission's regulatory jurisdiction.



TELECOMMUNICATIONS SECTION

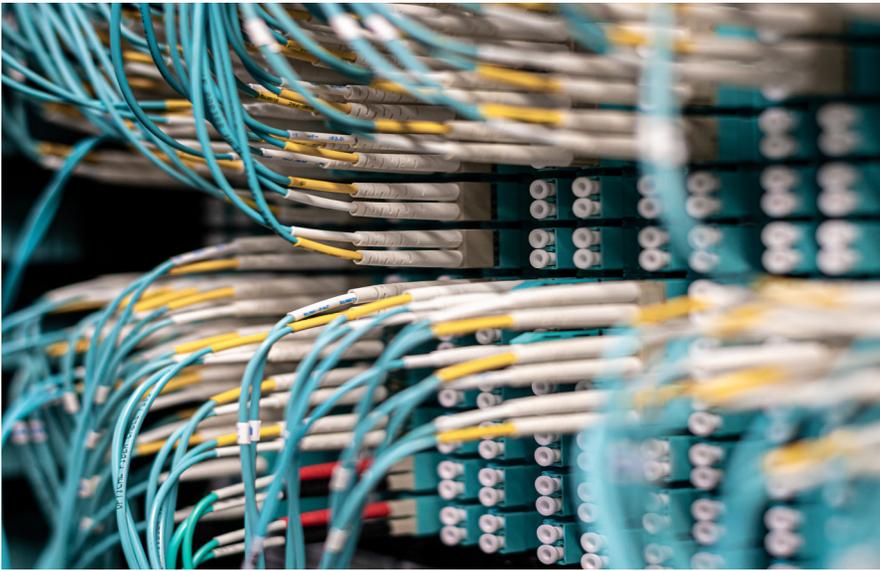
From left: Tom Jones, Dee Newman, and Darrell Baker

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 (toll) Carriers (IXC) ;
- Long Distance (toll) Service Resellers (TOLL);
- 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

Utility Services Division



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, 2020, only Windstream Communications, Frontier Telephone Companies, and Ardmore Telephone Company have agreed to end their rural exemption claim while 23 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, 2020, twelve (12) ILECs and sixteen (16) CLECs have requested a waiver seeking exclusion from the Commission's complaint and dispute jurisdiction.

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

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 and Toll providers who did not choose to be regulated under the Act;
- Regulation of wholesale landline service and some retail services for all providers;
- Analysis of telecommunications retail tariffs and intercompany wholesale agreements;
- Investigation of telecommunications billing inquiries;
- Telephone numbering resources management; and
- Regulation of Inmate Calling Service.

Section Activities

During FY 2020, the section:

- Processed fifty-five tariff filings, seven name changes, eleven cancellations, and forty-five interconnection, resale, and collocation agreements for CLECs, wireless providers, and ILECs;
- Processed one application for Certificates of Public Convenience and Necessity (CPCN) to provide toll resale and/or competitive local exchange service in Alabama;
- Received and reviewed LEC

Utility Services Division

and toll carrier's Family Violence Shelter Confidentiality plans in accordance with the *Code of Alabama 1975*, Sections 37-2A-4 and 30-6-1, and with Commission Docket 29878;

- 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 to revoke CPCNs of companies that failed to comply with the Show Cause proceedings;

- Calculated the maximum annual increase in basic service rates authorized under the 2005 version of the Act based on the change in the Consumer Price Index and disseminated to the applicable ILECs;

- Calculated the average statewide telephone bill for the Alabama of Department of Human Resources to use in conjunction with federal distribution of public assistance funds;

- Investigated and resolved 398 consumer inquiries associated with telephone service and/or billing;

- Participated with the North American Numbering Plan Administrator (NANPA) and the Alabama Telephone Industry Working

Group to implement new area code 659 within the existing area code 205 geographic boundary;

- Participated with NANPA in the management of telephone numbering resources statewide to include assignment of numbering codes to telecommunications carriers and recovery of underutilized numbering resources;

- Investigated and approved two "Safety Valve" petitions from ILECs requesting the Commission overturn denials by NANPA for the issuance of additional numbering resources;

- Prepared twelve monthly code and block reports to NANPA;

- Monitored the Inmate Calling Service rates and fees for all Department of Corrections facilities, county jails, and municipal detention facilities;

- Performed on-site compliance inspections at six separate detention facilities; and

- Cancelled one ICS certificate.

Services Section

The Services Section is a diversified section of the Utility Services Division, consisting of specialists in the telecommunications, consumer services, and the water/wastewater areas.

The Services Section Telecommu-

nications staff is responsible for the network-related regulatory oversight for the annual Universal Service Fund (USF) High-Cost Fund and Connect America Fund distributions. The staff is also responsible for regulation of Customer-Owned Coin-Operated Telephone (COCOT) providers, Shared Tenant Service providers, and for setting rates and charges for water and wastewater utilities under the Commission's jurisdiction. The Services Section Water/Wastewater staff reviews and evaluates annual filings, applications, and petitions submitted by water utilities and wastewater Management Entities (ME). Staff regulates/monitors the activities of nine private water utilities and the financial viability of eight Management Entities that operate decentralized wastewater systems in Alabama. The duties performed by the Water/Wastewater staff consist of analysis of rate, financing, and service petitions; performance of periodic financial reviews; and audits of the utility's accounting books and records. The staff also corresponds with the permitting agencies for water/wastewater utilities: the Alabama Public Health Department and the Alabama Department of Environmental Management.

Utility Services Division



SERVICES SECTION

From left: Aquilla Spivey, David Peeler, and Stephanie Sweet

Regulated wastewater utilities include:

Alabama Wastewater Systems, Inc.;

Arbor Utility Management, LLC;

Bio-Flow, Inc.;

Community Utilities of Alabama, Inc.;

Integrated Wastewater Management, Inc.;

O'Brien Environmental Service, LLC;

Pinnacle Wastewater Systems, LLC; and

Riverbend Marina, LLC

(Regulated Non-Management Entity).

The Services Section is responsible for regulating the following nine water systems under the Commission's jurisdiction in accordance with the *Code of Alabama 1975*:

Asbury Water System;

Central Water Works, Inc. (FL);

East Lowndes Water

Association (MS);

Escambia Community

Utilities, LLC;

Hiwannee Water

Association, Inc. (MS);

Integra Water Creola, LLC;

Plantation Water System;

Tishomingo County Water

District (MS); and

Water Works, Inc.

The Services Section Consumer Services staff assists the public in resolving disputes or inquiries made to the Commission related to regulated utilities. Resolution of these disputes and inquiries is accomplished using several methods, including consulting with various utility service providers and other divisions within the Commission; research of Commission rules or accepted industry practices;

Utility Services Division



or through an interface with other state and federal agencies.

Members of the Consumer Services staff are trained 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. Additionally, the staff seeks to educate consumers on utility-related matters.

Section Activities

Water and Wastewater:

- Certificate of Financial Viability Modification applications evaluated-4
- Certificate Renewal applications evaluated-3
- Tariff revision petitions evaluated-2
- Water Utility Rate Cases-2
- Wastewater Utility Rate Cases-2
- Wastewater system inspections and audits-4

Consumer Services

- Telecommunication
Company complaints-448
- Alabama Power Company
complaints-229
- Spire Alabama complaints-61
- Spire Gulf complaints-28
- Water or Wastewater
complaints-66



Utility Enforcement Division



There are over 3900 miles of railroad track in Alabama.

The Utility Enforcement Division (UED) is primarily responsible for providing professional engineering and other technical regulatory support to the Commission on matters relating to the plant, infrastructure, and facilities of all investor-owned (private) electric, telecommunications, and water utilities and wastewater management entities serving customers within the state of Alabama. This responsibility includes the review, critique, inspection, and investigation of plans, designs, construction, operations, maintenance, reliability, life extension, repowering, and decommissioning of utility assets to ensure the provision of safe, reliable, efficient, and economic utility services. The staff reviewed the adequacy and sufficiency of infrastructure and system

planning methodologies and metrics, trends, and performance; assesses adherence with Commission and industry standards in the construction and operation of such facilities and drafts recommendations for improvement, when necessary.

As provided by law, the Commission is responsible for the supervision and regulation of air, motor, and rail carriers, including railway safety, insurance, registration, rates, and services offered by transportation companies authorized by the APSC to operate in Alabama.

The safety oversight of all mainline and classification railroad yards and systems in Alabama is a high priority of the Commission and was included within the scope of the UED through the Railway Safety (RWS) Section's enforcement of the applicable federal safety regulations. The UED Director, Janice Hamilton, managed Alabama's Railroad Safety Program in partnership with the Federal Railroad Administration (FRA) and served as Secretary of the Association of State Rail Safety Managers. She worked

Janice M. Hamilton
DIRECTOR

closely with the Alabama Department of Transportation on railroad safety matters and with various other state agencies on the state's Safety Outreach Task Force, the Southern Rail Commission, the National Association of Regulatory Utility Commissioners, and the League of Railway Women.

The UED staff monitored national and local regulatory, Congressional, and Legislative issues that concern infrastructure of energy, telecommunications, and transportation companies. The division also has the responsibility of assisting with the protection of underground utility lines and railroad signal and train control facilities from third party damage, and monitoring energy assurance in the event of major storms and other catastrophes.

During the 2018 Alabama Legislative Session, the Commission was charged with regulating transportation network companies (TNCs) engaging in statewide operations under Alabama Legislative Act No. 2018-127. The UED staff has responsibility for some of the TNC regulatory oversight.

Utility Enforcement Division



Coaling Derailment in July 2020

The subsequent paragraphs discuss each section’s significant regulatory policies, duties, and major activities and accomplishments during FY-2020.



Eddie Nix, Rail Safety MP&E Inspector, working alongside an FRA inspector as they examine a newly built gondola car that was fabricated in the FreightCar America plant.

Railway Safety Section

The Railway Safety Section conducted safety compliance inspections on all railroad common carriers’ track and equipment in Alabama under state and federal standards. Track inspections were conducted on mainline tracks, siding and lead tracks, and yard tracks on which operations were conducted over the general rail system. These routes included, but were not limited to, hazardous materials routes, Strategic Rail Corridor Network (STRACNET), passenger train routes, and crude oil/ethanol routes. The equipment inspections included examinations of rolling stock (rail cars), locomotives, roadway maintenance machines (rail-bound work equipment), and hi-rail vehicles (vehicles that are capable of operating legally on public roads



NS Train Ultrasound 2019

and by rail). These inspections also monitored compliance with regulations for Railroad Workplace Safety.

There are over 3,900 miles of track in the state. This trackage is owned and maintained by four major Class One railroads, one Class Two railroad, and 23 Class Three railroads. There are railroad classification yards located in

Utility Enforcement Division



Railway Safety Track Inspector Heath Thompson measuring rails on an inspection.

Birmingham, Mobile, Montgomery, and Sheffield, where trains are built for departure to multiple points around the United States. These yards are also the terminus for many trains coming in from other states. Also, located throughout the state are many switching yards and each metropolitan area has a major switching hub. Thousands of units of rolling stock traverse these tracks each day hauling a multitude of different commodities.

The Railway Safety Section also reviewed data gathered by itself and the FRA to determine where areas of concern with railway safety may exist. Once these areas were identified, plans were made to perform focused inspections or joint inspections with the FRA and our staff with multiple inspectors to ensure that any problems can be addressed thoroughly and accurately. Railway Safety staff

participated in two focused inspections on carriers that had shown patterns of noncompliance that was identified through data collected from regular inspections. They also performed numerous inspections jointly with FRA inspectors on various rail carriers in the state throughout the year, where two or three inspectors would team up to offer more detailed examinations.

Through data collection and review, it was discovered that a majority of the derailments that have occurred in times past in the state happened on yard tracks. In light of this information, inspection staff directed more time and resources to performing inspections in these locations. There has been a reduction in derailments in Alabama of about 24% from fiscal year 2019 to fiscal year 2020. This improvement can be attributed to inspection staff focusing on areas where derailments would normally occur.

This section investigated railroad accidents and derailments to determine probable causes and was called upon by the FRA and the National Transportation Safety Board (NTSB) to assist in major accident investigations.



Chris Hester, Railway Safety Administrator, supervises Heath Thompson, Rail Safety Track Inspector, as he inspects underneath a railroad bridge for a closer look at an alignment issue on the ballast retainer.

Utility Enforcement Division

This section also handled complaints from railroads, railroad employees, labor unions, other governmental agencies, and the general public in all matters pertaining to railway safety.

Activity	MP&E	Track
Track Miles Inspected	--	1,523
Turnouts Inspected	--	1,265
Locomotives Inspected	42	--
Freight Cars Inspected	7,807	--
Hazmat Cars Inspected	1,046	--
End of Train Devices Inspected	10	--
Railroad Records Inspected	203	345
Bridge Observations	--	205
Roadway Worker Observations	--	151
Roadway Machines Observed	--	133
Blue Flag Observations	19	--
Noncompliant Conditions Identified	1,743	1,443
Violations Recommended	5	4
Complaints Investigated	--	9
Accidents/Derailment Investigated	--	4

The Track inspection staff participated in an educational seminar hosted for Watco Companies, which owns and operates four railroads in Alabama. Employees from each railroad attended the two-day event where presentations and demonstrations on the 49 CFR Part 213 and 214 regulations were given. Staff presented information and was made available for question and answer sessions for railroad employees.

The Motive, Power, and Equipment (MP&E) staff performed cooperative inspections of newly manufactured freight car prototypes along with FRA personnel at FreightCar America to ensure that they met the design criteria specified before operation.

Inspections are also conducted on railroad rehabilitative projects administered by the Alabama Department of Transportation

(ALDOT). Agreements between the railroads and ALDOT typically specify adherence to FRA Class II standards and encompass a ten-year time frame.

The UED Director and Railway Safety staff also worked with Operation Lifesaver in spreading the word of railroad safety practices concerning the use of highway-grade crossings by vehicles and pedestrians. In addition, the staff offered their services in providing courtesy inspections for railroad museum train routes and equipment to ensure



safety of the visiting patrons. Additionally, the staff provided assistance to the Heart of Dixie Railroad museum related to their proposed track rerouting plan to accommodate a new state highway route.

Even though the Novel Coronavirus pandemic, which struck the nation in late Winter, negatively impacted all manner of daily life as we know it, the table shown above details the continuous railroad inspection activity for the year.

Utility Enforcement Division

Motor Carrier Services Section

The Insurance & Registration Staff performs three separate but interrelated functions that pertain to motor carrier regulation in Alabama.

First, the section staff registers intrastate, for-hire transportation companies that are not exempt from state oversight by law. It also registers interstate commercial motor carriers, private motor carriers, freight forwarders, and brokers from the United States, Canada, and Mexico under the Unified Carrier Registration (UCR) Act.

INSURANCE AND REGISTRATION SECTION	
INSURANCE FILINGS	
Self-Insurance, bonds for liability and cargo, certificates for liability and cargo, bonds for brokers	4,845
Insurance correspondence	321
REGISTRATION	
UCR registration	10,549
Online	10,357
Office	192
UCR Audits Results:	
Companies Audited	82
Audit Correspondence	234
Intrastate Authority Applications Received:	
New authority applications	74
Transfers of authority	0
Applications to provide service for non-profit organizations	17
Motor Carrier Vehicle Registration Numbers issued	222
REVOCATIONS AND REINSTATEMENT OF AUTHORITY	
Revoked for not complying with Commission rules & regulations	279
Reinstated after compliance	167

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

Thirdly, the staff issues motor carrier vehicle registration numbers to intrastate, for-hire companies and processes all qualified Alabama-based interstate companies' Unified Carrier Registration fees. It also collects, accounts for, and processes the payments to be deposited into the State Treasury or the federal UCR depository, as required by law. It is responsible for maintaining journals, ledgers, receipts, and various other financial and certification records and reports of payments received and deposited.

The table shown left details the section's inspection activity for FY-2020.

This section requires all intrastate motor carriers to have verifiable insurance on file

before credentials to operate in the state are issued. It also processes orders of revocation for failure to comply with Commission rules and regulations and orders of reinstatement after such proof has been received and verified, as prescribed by law.

Utility Enforcement Division

Pertaining to the UCR, the staff attended and participated in UCR Board meetings and subcommittee meetings. Solicitation by mail and e-mail is sent to all carriers who are subject to the UCR throughout each registration year to ensure that carriers are aware they need to pay the UCR registration fee each year. This year, the staff performed required audits on carriers that retreated from one payment bracket to a lower payment bracket to verify that the company has properly deducted vehicles from its UCR payment. The Focused Anomalies Review (FARs) program is another type of UCR audit where a carrier may have underpaid when their UCR registration conflicts with the carrier's active International Registration Plan (IRP) plates at the time of the UCR registration. When carriers do not register for the UCR, the staff researched each carrier. If proof is found that the carrier has operated during that registration year, then the process for a show cause hearing was started. In addition to the above-mentioned regulations of motor carriers, the Insurance & Registration professionals are called upon to provide information to the general public, permitting services, attorneys, insurance

companies, transportation companies, and other state and federal agencies concerning various regulatory matters. The Commission's website is a clearinghouse for transportation regulatory information, including application forms for registration and non-fee based annual report forms for motor carriers.

Rates and Services

The Rates and Services analysts advised the Commission on matters pertaining to the rates, fares, charges, services, and facilities of all regulated modes of intrastate transportation. This staff maintained a file of all tariffs setting forth rates, fares, charges, classification, rules, and regulations for service provided by intrastate transportation companies. Staff verified that tariffs and supplements issued complied with Commission rules and regulations. They also analyzed tariff changes and justification statements from the motor carrier to determine the affected outcome to the public.

When the Commission institutes a formal investigation of a proposed tariff, a public hearing is set and held to review the matter. When the record is complete, the hearing officer and other PSC staff members 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 their approval.

The Rates and Services staff received and maintained motor carrier annual reports that were required to be filed by April 30 of each year covering the previous calendar year of operation. The staff also handled requests for verification of rates, fares, and charges of transporters of passengers

MOTOR CARRIER TARIFFS FILED

Household Goods Motor Carriers	12
Passenger Motor Carriers	18

ANNUAL REPORTS FILED

Motor Carriers	156
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Utility Enforcement Division

and household goods. It also verified rates and services provided by motor carriers through compliance audits of carriers' records.

Lastly, this arm of the Motor Carrier Safety (MCS) Section handled and resolved transportation complaints filed by the public and industry representatives.

Transportation Network Companies

On July 1, 2018, the Commission began regulating transportation network companies (TNCs) that offer an online platform for private citizens to provide ride-sharing opportunities to the general public using their own personal vehicles. Our MCS staff was deemed responsible for inspecting TNC records and investigating and resolving complaints against TNCs or TNC drivers.

The staff performed annual inspections of TNC records to ensure that the TNCs complied with Commission rules.

Field Services Section

The Field Services Section (FSS) is responsible for providing the majority of the engineering and technical assessments of regulated utility infrastructure, 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 the operations, maintenance, construction and reliability of all regulated, investor-owned electric, water and wastewater utility plants, facilities and infrastructure.



MOTOR CARRIER SERVICES SECTION

From left: Jennifer Morgan, Retha Bryant, Amanda Shehane, and Devon Beaty

In Fiscal Year 2020, the FSS section continued to perform field inspections of electric power generation plants (steam and hydroelectric), local electric distribution operations, and regulated water and wastewater facilities.

The task of reviewing power generation, transmission, and distribution projects was continuous and being accomplished by visits to diverse aspects of Alabama Power Company

(APC) facilities and infrastructure until inspections were curtailed abruptly in March 2020 due to the Novel Coronavirus pandemic. As of the date of this report, APC plant site inspections have not resumed. Prior to the pandemic, two steam plants and two hydroelectric plants were

inspected to review various methods of generating power. Various influences affecting generation plants' ability to provide sustained power to Alabama residents such as time and causes of plant outages as well as other contributing factors were analyzed and found to be consistent with normal activities within the power generation arena.

One local Alabama Power business

Utility Services Division



An Alabama Power crew replaces a power pole that was struck by a vehicle and caused 166 customers to lose power for six hours in Montgomery, Alabama.

office was called upon to evaluate their methods of operation and maintenance, outages experienced and their causes, distribution hardening and customer growth/stagnation.

Eleven wastewater treatment facilities that fall under the jurisdiction of this Commission were reviewed to verify that services were provided to Alabama consumers in a satisfactory manner within the guidelines of Chapter 420-3-1 of the Rules of State Board of Health Bureau of Environmental Services dealing with onsite sewage treatment and disposal.

Seven water utility companies were inspected to review and ensure procedures for treating and delivering potable water to their customers were done efficiently and consistent with the Water Rules of the Alabama Public Service Commission.

During the year, the UED Director and FSS staff participated in a telephone conference call to discuss Alabama Power Company's Dam Safety Surveillance & Monitoring Report (DSSMR) as submitted to the Federal Energy Regulatory Commission annually for each of APC's 14 dams, except for Logan Martin, which is submitted four times a year. Relevant data as to the safety and integrity of each dam is included in these reports.

The FSS staff also participated in several educational classes, webinars and teleconferences relating to regulation and operations of electric companies throughout the year.

Gas Pipeline Safety Division

Wallace R. Jones

DIRECTOR



GAS PIPELINE SAFETY DIVISION

Front From Left: Asia Skillman, Wallace Jones, Felisa Webster, and Greg Meadows
Back From Left: Daniel Trapp, Randall Hand, Randy Hammond, Jamar Robinson, and
Jonathan Kimbril

During Fiscal Year 2020, the Gas Pipeline Safety Division (GPS) conducted and carried out the inspection and monitoring activities of every natural gas and hazardous liquid intrastate pipeline system operating in Alabama, including offshore and 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. Each calendar year, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) performs an audit of the activities and finances to ensure compliance with all aspects of the federal regulations. The inspections are conducted in person by the GPS Investigators and include evaluations of the records and physical properties of the operators. However, at the beginning of FY-2020, the COVID-19 Pandemic made in-person meetings impossible. The GPS Investigators, in accordance with federal and state guidelines, conducted virtual inspections using Microsoft Teams, Zoom, WebEx and other virtual meeting platforms. When in-person meetings were once again allowed, the Investigators conducted

Gas Pipeline Safety Division

follow-up inspections to complete any part of the inspections that were not resolved during the virtual inspections. GPS staff ended FY-2020 consisting of the Division Director; one Administrative Support Assistant III; two Pipeline Safety Investigations Supervisors; one Gas Pipeline Safety Investigator, Senior-Training Option; two Gas Pipeline Safety Investigators, Senior; and two Pipeline Safety Engineering Graduates.

The personnel charged with this responsibility must meet all the training requirements set forth by the PHMSA. Investigators must attend in-person classes at the PHMSA Training and Qualification (TQ) Center in Oklahoma City, Oklahoma or complete on-line courses. Over the course of FY-2020, GPS staff attended one resident course and completed five Web-Based Training (WBT) courses to become, and remain, qualified to conduct natural gas and hazardous liquid pipeline system inspections. Due to the COVID-19 Pandemic, TQ was not operational for most of FY-2020. GPS personnel had also completed most of their required courses. GPS only had one Investigator that was not complete on his required courses, and that individual resigned in October 2019.

Several of the Investigators attended refresher and other courses to maintain their qualifications. With the incorporation of Distribution Integrity Management Programs (DIMP), Public Awareness Program Effectiveness Evaluations (PAPEE), and Control Room Management (CRM), GPS Investigators have experienced increased training requirements. The addition of an Operator Qualification class and a Drug and Alcohol WBT into the inspection process, means that even more classes will be required of the Investigators over the course of the next several years.

In addition to attending classes for maintaining job-related skills and knowledge levels, GPS sponsored training by hosting the 32nd Annual Gas Pipeline Safety Seminar in December 2019. Topics for this seminar, presented by GPS personnel, vendors and operators, covered updates to federal guidelines and the Minimum Federal Safety Standards that GPS enforces. Approximately 350 natural gas and hazardous liquid system operators were in attendance. There were over 45 vendors attending that displayed and demonstrated equipment to be used in natural gas



and hazardous liquid applications. GPS also co-hosted the Louisiana Pipeline Safety Conference, hosted by the Louisiana Department of Conservation and Natural Resources that was conducted virtually in July 2020. The topics for this seminar, presented by instructors from the PHMSA Training & Qualification (TQ) Center in Oklahoma City, Oklahoma, vendors, operators, and state regulators covered updates to federal guidelines and the Minimum Federal Safety Standards for natural gas and hazardous liquids. Over 400 natural gas and hazardous liquid operators attended the conference via Microsoft Teams.

At the end of FY-2020, the Commission exercised jurisdiction

Gas Pipeline Safety Division

over the safety functions of 74 intrastate natural gas distribution systems (of these 74 systems, nine also have transmission assets within their service territories that are also jurisdictional to GPS), 20 intrastate natural gas transmission systems, one liquefied natural gas (LNG) system, two intrastate hydrogen transmission systems, one offshore natural gas transmission system, and 18 master meter distribution systems. GPS also has jurisdictional authority over six segments of gathering lines, which are included in the transmission systems. The Commission also exercised jurisdiction over the safety functions of 11 on-shore hazardous liquid transmission systems, including 6 break-out tanks, and one on-shore hazardous liquid gathering system. When the facilities and practices of these operators are found to be in noncompliance through the investigations performed by GPS staff, GPS staff outlines the immediate corrective actions that are necessary and ensures that such actions are taken by the operators in question.

Other areas of involvement for GPS included attendance at virtual Alabama Public Awareness Cooperative Training (APACT) sessions. Due to restrictions associated with the COVID-19 Pandemic, in-person meetings were not allowed. Also, in attendance at these virtual sessions are first responders and other stakeholders. These sessions were conducted by Alabama 811 and sponsored and hosted by the gas system operators to supplement their existing Public Awareness Programs to educate the first responders and others about the natural gas and hazardous liquid pipelines in their area.

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. GPS personnel were scheduled to participate in the 7th Annual Damage Prevention Summit in September 2020. However, due to COVID-19 and Hurricane Sally, which struck Baldwin County the week prior to the Summit, the Summit was postponed until December 2020. The focus of this “Summit” is to educate and encourage participation in safe excavation practices.

During the 2015 Legislative Session the Alabama Legislature passed a Joint Resolution, SJR 76, Act No. 2015-424, creating the “One-Call Notification System Study Commission” (“One-Call Commission”) which was tasked to “study and make recommendations to the Governor and Legislature regarding:

“The expediency and validity of only having a single One-Call notification system to serve the entire State of Alabama, including the appropriate governance, legislative oversight, and membership outreach practices of the organization; The adequacy of the enforcement provisions of current law; and Other items related to the One-Call law that may increase the level of safety of its citizens.”

APSC President Twinkle Andress Cavanaugh appointed the GPS Director to represent the APSC on the One-Call Commission as a gas pipeline safety expert. This “One-Call Commission” was to issue a report and recommendations to the Governor and Legislature by December 31, 2015.

The One-Call Commission was unable to reach a consensus on viable alternatives regarding adequate enforcement by the

Gas Pipeline Safety Division



December deadline and continued to meet through FY-2016 and FY-2017. The final report of this “One-Call Commission” was submitted to the Governor’s office and the Legislature in January 2018. Continuing informal discussions among members of the previously mentioned “One-Call Commission” resulted in new legislation being introduced and passed during the 2019 Legislative Session. This new legislation contained provisions to mandate membership for all utilities in the Alabama 811 Call Center and the formulation of a “Damage Prevention Authority” to oversee damage prevention efforts within the state. The “Authority” took effect on January 1, 2020. The GPS Director and Administrative Assistant will serve as the Administrative support for the “Authority.” This “Authority” should be functional and receiving damage complaints by November 2020.

During FY-2020 the Director of GPS met with representatives of PHMSA to discuss Alabama’s adequacy regarding damage prevention. This is a recurring examination of the state’s damage prevention efforts that will be conducted by PHMSA each year. As in previous years, the result of the FY-2020 examination was a failing grade for Alabama due to the entities charged by Alabama law with the responsibility for assessing fines for utility damages

Gas Pipeline Safety Division

having levied only a single fine or penalty, nor was there “adequate enforcement” as determined by PHMSA.

The addition of the “Damage Prevention Authority” should provide adequate and active enforcement of the penalty provisions in Alabama and should result in an effective enforcement rating by PHMSA. If the new “Authority” does not meet these criteria, PHMSA will ultimately become the enforcement authority for pipeline damages within the state of Alabama.

Due to increased pressure from PHMSA to impose 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 and obtained statutory modifications which allowed the APSC to administer increased civil penalties to offenders.

During FY-2017 the GPS staff brought forth an additional *GPS Rule* for the Commission’s consideration that was adopted in FY-2018. GPS Rule #14 allows the GPS Director, with the approval of the Executive Director and the Commission, to levy fines not to exceed \$1,000.00 for certain violations/repeat offenders. This new rule was used during FY-2020 to fine a municipal natural gas system for not submitting the Annual Report required in GPS Rule 7. The utility did not submit the report to PHMSA or the APSC until May. The required submittal date was March 15.

The GPS staff 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-2020.

This participation helps to keep Alabama current with changes to federal regulations and involved in providing

input into decisions that impact pipeline safety, not only in Alabama, but throughout the Southeast and the country.

A total of 554 inspections and operator training sessions were conducted during FY-2020 utilizing 903.50 person-days for inspections and operator training activities, and an additional 128.75 person-days for investigator training.

Gas Pipeline Inspections by Inspection Type	Natural Gas	Hazardous Liquid	Total
Standard	166	10	176
Construction	70	3	73
Integrity Management	14	0	14
Operator Qualification	122	2	124
Control Room Management	3	1	4
Incident	1	0	1
Public Awareness	6	0	6
Follow-Up	121	3	124

Gas Pipeline Safety Division

The GPS Director served in the position of National Chair of NAPSRS for FY-2020. He will rotate into the National Past-Chair position for FY-2021. Another area of involvement for the GPS staff is with the Alabama Natural Gas Association (ANGA). ANGA is comprised of most of the natural gas operators in the state of Alabama. They normally conduct two training seminars each year: the Spring Seminar (conducted in March of each year) and the Fall Training Seminar (conducted in September of each year). Due to the COVID-19 Pandemic, neither training session was conducted during FY-2020. During the normal training sessions GPS personnel assist in training at both seminars. GPS staff also attends the ANGA Annual meeting each year. Although this is not a federally qualified training opportunity for the GPS staff, the meeting presents a very viable networking opportunity and exposes the staff to valuable information and discussions on current issues. This meeting draws the mayors, directors, and managers of the utility boards which presents a chance to discuss aspects of the safety culture of the various operators in a more relaxed and open atmosphere.

A tabulation of the division’s work activities for FY-2020 is reflected in the table below.

An important function of this division has always been accident prevention. The Gas Pipeline Safety Division 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. During FY-2020 a total of thirty (30) training sessions were conducted with 859 personnel receiving certificates for plastic fusion qualification.

Gas Pipeline Safety Work Activities	Person-Days
Standard Inspections	379.00
Construction Inspections	99.00
Integrity Management Inspections	27.00
Operator Qualification	135.00
Field Inspections	
Incident/Accident Investigations	8.00
Public Awareness Inspections	1.00
Follow-Up Inspections	10.00
Operator Training	148.00
Investigator Training	96.00
Total Person-Days	1032.25

There were two incidents during FY-2020 that met the criteria for reporting to PHMSA: 1) death, 2) hospitalization or 3) damage over \$50,000.00. Northwest Alabama Gas District reported a vehicle accident that damaged a regulator station and required hospitalization for the vehicle operator. Third Coast Midstream, LLC reported an external corrosion leak on a main. Repairs to correct this anomaly exceeded the \$50,000.00 criteria for PHMSA. The state criteria of over \$10,000.00 in damages resulted in 5 state-reportable incident reports for FY-2020.

Our History

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. It 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 are 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

Our History

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 sometimes referred to as Competitive Local Exchange Carriers (CLECs). 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.

As the telecommunications industry continued its evolution, the Alabama Legislature in 2009 amended the Communications Reform Act of 2005 to eliminate the Commission's pricing jurisdiction over stand-alone basic service and optional telephone features for the large ILECs and any rural ILEC agreeing to surrender its rural exemption from competition. As of September 30, 2020, only three rural ILECs have elected to waive their rural exemption leaving 23 rural ILECs under the Commission's jurisdiction pursuant to the 2005 Communications Act or the regulatory scheme which existed prior to its passage.

It was also in 2009 that the Alabama Legislature determined that certain privately-owned wastewater systems that discharge below the surface should be subject to the jurisdiction of the Commission. Such wastewater management entities who operate and maintain cluster or community wastewater systems were made subject to the regulation of the Commission with regard to their

rates and overall financial viability.

In 2014, the Alabama Legislature again amended the Communications Reform Act of 2005 to allow telecommunications carriers the option of removing themselves from the Commission's jurisdiction concerning complaints. As of September 30, 2020, 12 ILECs and 16 CLECs have exercised the allowed election to remove themselves from the Commission's complaint jurisdiction.

Effective July 1, 2018, the Alabama Legislature expanded the jurisdiction of the Commission to include responsibility for the regulation of Transportation Network Carriers (TNCs) operating in Alabama. In accordance with the directives of the Alabama Legislature, the Commission established rules, regulations, and guidelines governing the operations of TNCs ranging from certification and safety requirements to the payment and distribution of the statutorily established fees for TNC service.

Past and Present Commissioners

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

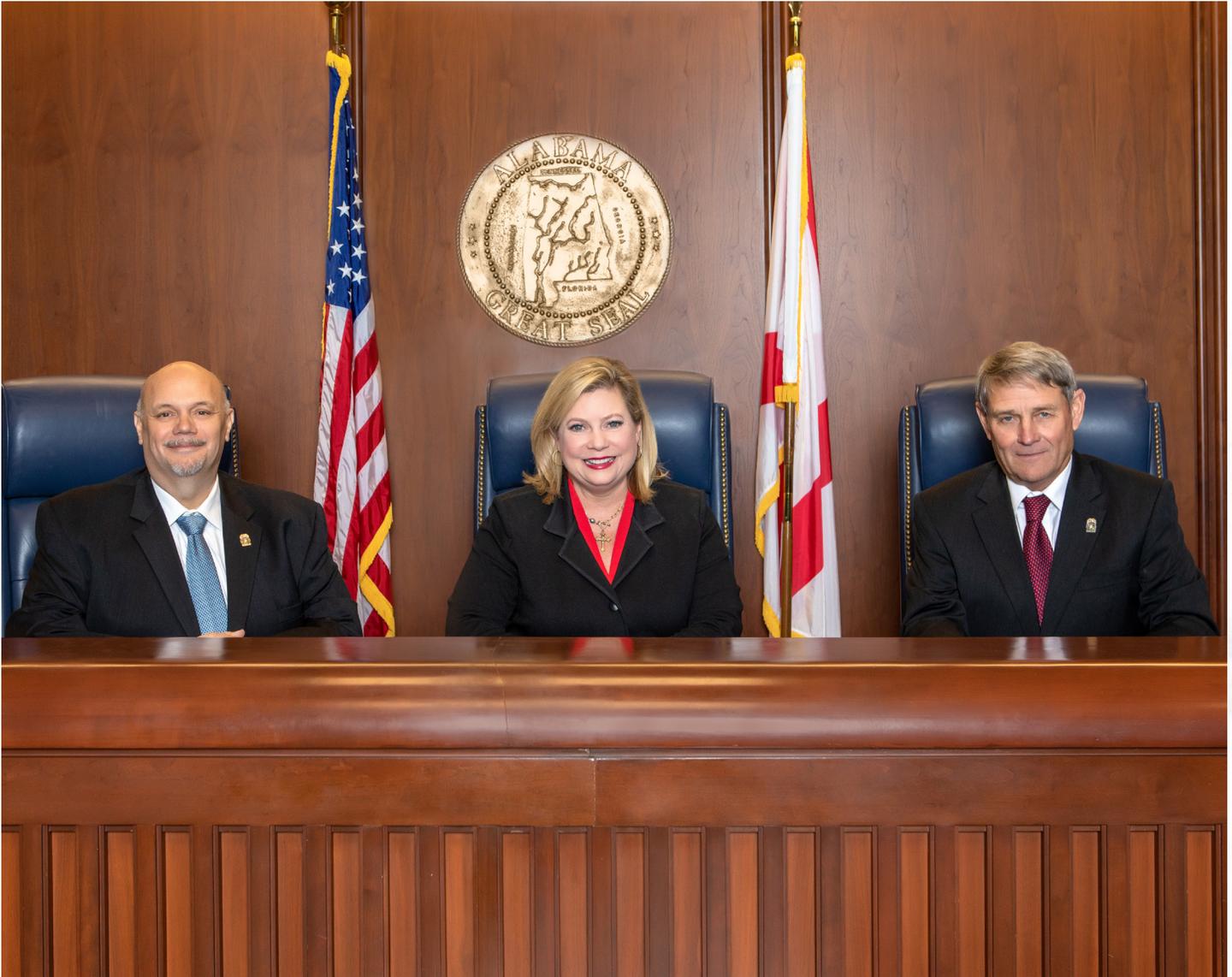
COMMISSIONER, Place 1

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 – November 2014
Chris "Chip" Beeker, Jr.:
November 2014 - 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 (SEARUC), and Second Vice-President of NARUC*



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