

The

Alabama Public Service

COMMISSION



ANNUAL REPORT 2016

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Published by
The
ALABAMA PUBLIC SERVICE COMMISSION
Electricity Policy Division
Public Affairs Section
Post Office Box 304260, Montgomery, AL 36130
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Introduction To The Commission



ALABAMA PUBLIC SERVICE COMMISSION

From left: Commissioner Jeremy H. Oden, President Twinkle Andress Cavanaugh, and Commissioner Chris "Chip" Beeker, Jr.

Since its creation over a century ago as the Railroad Commission of Alabama, the Alabama Public Service Commission (APSC) has remained committed to ensuring that the citizens of Alabama receive reliable and affordable utility and transportation services at rates that are fair and reasonable. The agency's role has evolved throughout the years from the regulation of railroad transportation services to the regulation of all facets of public utility and transportation services. The entities regulated by the APSC include privately owned corporations providing electric, gas, and water service to the public, as well as select providers of telecommunica-

tions services. Additionally, railroads, buses, trucking companies, and taxis operating outside police jurisdictions on a for-hire basis remain under the oversight of the APSC.

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

The APSC is governed by a president and two associate commissioners

who are elected on a statewide basis. Each commissioner is elected to serve a four-year term with the president's term staggered by two years from the terms of the associate commissioners. A complete listing and historical record of past commissioners is included at the end of this report. The list includes some of the men and women who have been chronicled among Alabama's most famous public servants.

In order to carry out its vast responsibilities, the APSC generates its principal funding from inspection and supervision fees received from companies regulated by the agency. Those funds are, however, appropriated by the Alabama Legislature. The work of the Commission is performed by a staff of approximately 76 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, 2015, through September 30, 2016. Although not all inclusive, this report represents a good overview of the many services and functions provided by the Commission.

Twinkle Andress CAVANAUGH

*T*winkle Andress Cavanaugh is called the “Working Commissioner” because she comes to work each day striving to keep Alabama’s utility rates some of the lowest in the nation. She has a three-pronged approach to regulating utilities.

Twinkle insists on reasonable rates and reliable utilities for consumers, which facilitates recruiting jobs to our great state. During her time at the Commission, some of her notable accomplishments for the people of our state include:

- Sponsoring and passing an Ethics Policy setting the highest ethical standards for conducting business at the Alabama Public Service Commission;
- Began term as President by calling for open and transparent hearings for all three major utilities in the state. In an unprecedented move, she led the Commission through reviews of all three major utilities in a single year, resulting in lower utility rates for the citizens of Alabama while preserving the ability of these utilities to provide reliable service for their customers;
- Created a process that all interested individuals and groups could easily participate in utility hearings and refused to allow outside environmental groups to insert their anti-coal agenda and take over the process;
- Guiding the Commission to reduce expenses by \$2.5 million per year through the streamlining of operations and reduction of wasteful spending and demonstrating her commitment to reducing the size of government by reducing the size of the Commission by over 37% and concentrating talent within the agency by creating a stand-alone Electricity Policy Division;
- Renewal of lease agreement with RSA resulting in a \$420,000 per year reduction in lease costs by eliminating unused office space and reducing her office space by 67%;



- Passing time-of-use rates which allow customers an additional way to achieve savings on their utility bills;
- Actively working with Alabama’s farmers to keep their utility costs down; and
- Offering encouragement to residents of the devastating events that have occurred in Alabama.

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

Twinkle also served as the State Director of Citizens for a Sound Economy (CSE), a national organization promoting lower taxes for American families. At CSE, she worked to push President George 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.

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



PRESIDENT TWINKLE ANDRESS CAVANAUGH’S STAFF

From left: Jeff Johnston, Advisor for Regulatory/Research Analysis;

Nicole Reid, Executive Secretary; and Debbie Williams, Executive Assistant

Jeremy H. ODEN

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



Over the past year Commissioner Oden continued increasing his role in national discussions on energy policy. He participated in several discussion panels on issues ranging from railway safety to fuel diversity. These panels were held at highly attended events such as the EUCI Southeast Clean Power Summit, the Southern States Energy Board's (SSEB) panel on clean coal energy policy and the Nuclear Waste Strategy Coalition, a national leadership organization which is working to help the Federal Government formulate a fair and equitable plan to dispose of nuclear waste. In February and July, Commissioner Oden further demonstrated his dedication to national energy policy through his participation in the National Association of Regulatory Utility Commissioners (NARUC) conferences. Within NARUC, Commissioner Oden serves in key positions on both the Electricity Policy Committee on Clean Coal and the Transportation Task Force, a policy group created to assist states with the regulation of railway safety and motor carrier issues. Commissioner Oden leverages his knowledge gained on the national level effectively through his participation in the Southeastern Association of Regulatory Utility Commissioners (SEARUC), where he was elected to serve as 2nd

Vice President in 2016.

In 2016, Commissioner Oden promoted energy growth here in Alabama, where he and his staff attended several solar installation ribbon cuttings at Fort Rucker and the Anniston Army Depot. The new generation facilities were the first projects stemming from the 2015 Order allowing Alabama Power to install up to 500 MW of new, renewable generation. The Public Service Commission also approved a larger 72 MW solar facility in Lafayette, AL, which will supply green energy credits to Walmart and other customers within the service area.

In 2016 Commissioner Oden and his staff worked alongside the Alabama Damage Prevention Alliance (ADPA) and the Alabama One-Call Notification System Study Commission. Wanting to utilize Commissioner Oden's insight on telecom and underground utility issues, Governor Bentley requested that the Commissioner assist with his Broadband Initiative to further spread broadband infrastructure throughout Alabama.

Commissioner Oden feels strongly about keeping Alabama's Pipelines and Railroads safe, and continues to champion efforts to push for increased fines for unsafe practices. He is committed to a proactive approach for natural gas pipeline replacement and actively participates with Operation Life Saver, a nationwide program to highlight the dangers of railway crossings.

Throughout 2016, Commissioner Oden continued to show his willingness to serve his constituents, on both the national and local levels. He will continue fighting for fuel diversity for power generation and promoting safety along Alabama's roads, pipelines and railways.



COMMISSIONER JEREMY H. ODEN'S STAFF

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

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. Commissioner Beeker brings a lifelong commitment to service and a successful business record to the Commission. Following graduation from

Greene County High School, he served in the National Guard for eight years.

Commissioner Beeker attended the University of West Alabama where he was a member of Phi Kappa Phi and graduated with a degree in Commerce and Business. He worked at the James M. Barry Steam Plant and the William Crawford Gorgas Electric Generating Plant. Working at these plants afforded him 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 bought and sold timber. He also founded Beeker Catfish and the Beeker Cattle Company, both of which achieved high standards of quality. From 1986 through 2006, Commissioner Beeker served as a member of the Greene County Commission; for ten of those years he was the Chairman. During Commissioner Beeker’s tenure, the Greene County Commission achieved great success in economic development.

In addition to serving on the county commission, Commissioner Beeker has been an integral part of his community over the years. He served on numerous advisory boards throughout the Black Belt of Alabama. At Warrior Academy, Commissioner Beeker coached basketball and, for several years, was the head baseball coach. In 2012, the Community Foundation of West Alabama selected him as a Pillar of West Alabama.



Commissioner Beeker received a degree from the New Covenant School of Ministry and currently serves as an elder and Sunday school teacher at the First Presbyterian Church in Eutaw. Commissioner Beeker launched and has continued to serve in prison ministry at the Greene County jail.

He has been married to Teresa Beeker for more than forty 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 eleven 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. Some of the ways he has served the people of Alabama since joining the Commission in 2014 include:

- Visiting more than 20 Alabama counties to inform the people about the APSC’s initiatives;
- Utilizing television, radio, and newspapers around the state to provide updates about the APSC and to speak out against the harmful effects of federal regulations;
- Hosting a press conference to showcase the APSC’s fiscal responsibility as an example of sound state government; and
- Joining his colleagues in creating a Gas Pipeline Safety Division at the Commission to ensure the highest standards of safety are followed when working with our natural gas pipelines.

Commissioner Beeker will continue to work with his colleagues not only to oppose the federal government’s reckless environmental agenda, but also ensure that Alabamians receive the most reliable and affordable energy possible.



COMMISSIONER CHRIS “CHIP” BEEKER, JR.’S STAFF

From left: Elijah Clark, Executive Assistant; Valerie Hogan, Executive Secretary; Commissioner Chris “Chip” Beeker, Jr.; and Brent Woodall, Chief of Staff

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
Dana Cheek, Programmer/Analyst
Debra Jackson, 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
Eileen M. Lawrence,
Departmental Operations Specialist
Karen Rogers, Administrative
Support Assistant, III

Administrative Division

Walter L. Thomas, Jr.,
Commission Secretary
Tashenna Lawrence,
Administrative Support Assistant III
Denise Harris, Administrative Support
Assistant II, (transferred 1/20/16)

Finance Section

Miles Gagner, Senior Accountant
Kimberly Holt, Senior Accountant

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

Electricity Policy Division

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

Electricity Section

Patricia W. Smith,
Public Utility Analyst Manager

Linda D. Gardner, Public Utility
Analyst II, (retired 1/1/16)
Tanya Champion,
Public Utility Analyst II
Chad Mason, Attorney II
Rena Caldwell, Accountant I

Federal Affairs Section

John D. Free
Chad Mason, Attorney II

Public Affairs Section

Angier S. Johnson,
Public Information Manager

Utility Services Division

Darrell Baker, Director

Telecommunications Section

E. C. McArthur,
Utility Rate Analyst Manager

Tom Jones, Public Utility Analyst III
Laneeta Roberts, Utility Rate
Analyst Manager
Janet Conway, Public Utility Analyst III

Cynthia Allen, Administrative Support
Assistant I

Commission Staff

Utility Services Division (continued)

Services Section

David Peeler, Public Utility
Analyst Manager

Doug Dillard, Public Utility Field
Technician, Sr. (retired 4/1/16)

Rick Cleckler, Public Utility Technical
Specialist, Sr.

Aquilla Spivey, Consumer Services
Manager

Stephanie Sweet, Consumer Services
Specialist

Natural Gas Section

Robert E. Reed, Public Utility Analyst
Manager, (retired 3/1/16)

Donald C. Powell, Public Utility
Analyst Manager

Ira Joe Leverette, Public Utility
Analyst III, (retired 5/1/16)

Robert Taylor, III, Public Utility
Analyst III, (retired 7/30/16)

Marquita D. Lennon, Public Utility
Analyst II

Tonya L. Williams, Staff Accountant

Utility Enforcement Division

Janice M. Hamilton, Director
G. Dee Stroud, Administrative Support
Assistant III

Motor Carrier Services Section

Donald W. Williamson, Transportation
Regulatory Manager, (retired 12/1/15)
Devon D. Beaty, Public Utility Analyst I

Insurance and Registration Section

Ron E. Hicks, Transportation Regulatory
Manager, (retired 1/1/16)

Amanda D. Shehane, Senior Accountant
Jennifer S. Morgan, Account Clerk

Carolyn G. Gaylor, Administrative
Support Assistant III, (transferred 1/1/16)
Retha K. Bryant, Administrative Support
Assistant I

Railway Safety Section

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

Field Services Section

H. Terry Jackson,
Public Utility Field Technician, Senior

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. Ramsey,
Pipeline Safety Investigations Supervisor

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

John Paul Harris, Retired State Employee*
Hosie E. Powell, Retired State Employee*

* Conditional appointment expired 12/1/16

Executive Director of The Commission

John A. Garner, *Executive Director*



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

In addition to being delegated the responsibility for managing the

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

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

personnel complement the primary areas of responsibility of the Executive Director and involve all divisions of the agency.

Personnel Section

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

Executive Director of The Commission

employees and the out-processing of employees who separate from service at the Commission. As the source for state and departmental rules, regulations and benefits that apply to employees, the Personnel Section provides information through the agency handbook, the State Personnel Department (SPD) Procedures Manual, and various manuals provided by the SPD Training Division. Requests to fill vacancies in the Commission are processed by Personnel with the coordination of division directors.



PERSONNEL SECTION

Rozetta Parker and Dorinda Kepler

The Personnel Manager also acts as the liaison with SPD, checking to see that all personnel transactions are in line with state laws and SPD rules and regulations. Additionally, the Personnel Manager represents the Commission at meetings of the SPD Board and the Council of Personnel Administrators. The Personnel Section also develops and assists in the development and updating of 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, Programmer Analyst Dana Cheek and IT Systems Technician Debra Jackson, provide a variety of information technology services to the agency, including the operation of a local area network which links the APSC divisions electronically to facilitate the sharing of data and information.

The IT Section also operates a bank of servers, including the primary file server where users store information in secure folders that are backed up daily. This section is also responsible for running virus protection software and following best practices procedures for information security and disaster preparedness.

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

Executive Director of The Commission

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.



INFORMATION SYSTEMS SERVICES SECTION

From left: Kay Oswald, Dana Cheek and Debra Jackson

State Legislative Affairs Section

The State Legislative Affairs Section consists of Public Utility Analyst Manager, Clarence Duncan, whose responsibilities include researching and recommending changes in law deemed necessary to enable the Commission to



LEGISLATIVE AFFAIRS

Clarence Duncan

effectively perform its duties and functions. The state legislative affairs liaison is also responsible for monitoring all state legislative activity as it pertains to the Commission and keeping the Commission and its staff



fully informed of the status of such matters in a timely manner. The state legislative affairs' liaison additionally produces and distributes documents that reflect the status of legislation pending before the Alabama Legislature and performs assignments regarding matters of interest to the Commission as directed by the Commission's Executive Director.

Legal Division

John A. Garner, *Chief Administrative Law Judge*

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, Departmental Operations Specialist Eileen Lawrence, and Administrative Support Assistant III Karen Rogers. 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

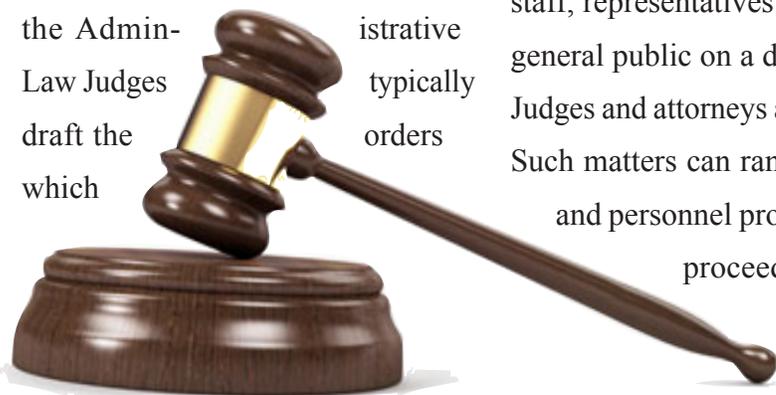


LEGAL DIVISION

Seated from left: Eileen Lawrence and Karen Rogers
Standing from left: Scott Morris, Luke Bentley,
John Garner, and Suellen Young

reflect the decision of the Commission and are signed by the Commissioners.

In addition to hearing cases and making recommendations for the disposition of pending cases, the Legal Division's Administrative Law Judges and other attorneys provide legal advice and guidance to the Commissioners, staff, representatives of the utilities regulated by the Commission, and the general public on a daily basis. The Legal Division's Administrative Law Judges and attorneys also handle any other legal responsibilities which arise. Such matters can range from representing the Commission in court cases and personnel proceedings to representing the agency in administrative proceedings conducted by other state agencies and federal agencies.



Administrative Division

Walter Thomas, Jr.,
Secretary

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

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



ADMINISTRATIVE DIVISION

Seated from left: Kathleen McPherson, Denise Harris, and Kim Holt

Standing from left: Ernestine Huffman, Tashenma Lawrence, Walter Thomas, Jr., and Miles Gagner

Administrative Division

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.

The Secretary's Office is responsible for the retention of all records of the Commission and coordinates the transfer of records to the Department of Archives and History as well as destruction of records. The Secretary's Office acknowledges receipt of filings advising parties of the requirements of the *Rules of Practice* and statutes governing proceedings in which they are involved and gives general procedural information and answers inquiries requiring research into Commission records. Lastly, the Secretary's Office is responsible for the coordination of the parking deck cards and the departmental telecommunications services which entails ensuring that the telephone and data lines are working properly. A tabulation of the principal activities of the Secretary during FY-2016 is detailed in chart to the right.

OFFICE OF THE COMMISSION'S SECRETARY

Commission Orders Issued	1,214
Public Hearings Held	41
Report and Recommended Orders Issued	13

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; 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

Administrative Division

procedures and administers a centralized purchasing service of approved materials, supplies and equipment; and is responsible for maintaining property records and conducting an annual physical inventory.

Motor Carrier Section

The Motor Carrier Records Section is responsible for preserving the records of transportation companies. This includes maintaining a complex database and recordkeeping system on all motor carriers who are required to register with the Public Service Commission according to applicable state and federal laws and motor carrier rules and regulations of the Commission. Records retained by this section include, but are not limited to, motor carrier applications, vehicle identifications, transfers, name changes, transcripts, revocation and reinstatement orders, and insurance filings on both active and inactive motor carriers.



**ALABAMA
Public Service
Commission**

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Administrative Division

**Dual Party Relay Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2015 and 2016**

	<u>Total</u> <u>Sept. 30, 2016</u>	<u>Total</u> <u>Sept. 30, 2015</u>
Comptroller's Beg. Cash Balance :	\$ 4,677,612	\$ 3,721,423
Dual Party Relay	1,941,825	2,101,827
Total Cash Available:	<u>6,619,437</u>	<u>5,823,250</u>
Disbursement of Encumbrances:		
Personnel Costs	-	-
Employee Benefits	-	-
Travel- In State	-	-
Travel- Out of State	-	-
Repairs & Maintenance	-	-
Rentals & Leases	-	-
Utilities & Communications	156,650	201,110
Professional Services	-	-
Supplies & Operating Expenses	-	-
Transportation Equipment Operations	-	-
Grants and Benefits	143,988	-
Transportation Equipment Purchases	-	-
Other Equipment Purchases	-	-
Transfer to State General Fund 100	-	-
Total Encumbrances:	<u>300,638</u>	<u>201,110</u>
Disbursement of Operating Costs:		
Personnel Costs	-	-
Employee Benefits	-	-
Travel- In state	-	660
Travel- Out of State	-	-
Repairs & Maintenance	-	-
Rentals & Leases	-	-
Utilities & Communications	755,067	895,309
Professional Services	-	-
Supplies & Operating Expenses	-	1
Transportation Equipment Operations	-	-
Grants and Benefits	189,289	48,558
Transportation Equipment Purchases	-	-
Other Equipment Purchases	-	-
Miscellaneous	-	-
Total Operating Costs:	<u>944,356</u>	<u>944,528</u>
Transfer to General Fund	-	-
Transfer to General Fund: Prior year cash	-	-
Total Disbursements & Transfers:	<u>944,356</u>	<u>944,528</u>
Comptroller's Cash Balance, Ending:	5,374,443	4,677,612
Purchase Orders	21,970	544,691
Unencumbered Cash Balance, Ending	<u>\$ 5,352,473</u>	<u>\$ 4,132,921</u>

Administrative Division

**Alabama Public Service Commission Operating Fund and Gas Pipeline Safety Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2015 and 2016**

	<u>PSC Operating Fund</u>	<u>Gas Pipeline Safety Fund</u>	<u>Total Sept. 30, 2016</u>	<u>Total Sept. 30, 2015</u>
Comptroller's Beg. Cash Balance:	\$ 8,857,385	\$ 749,101	\$ 9,606,486	\$ 5,569,149
Inspection & Supervision Fees -				
Utility/Water Companies	11,135,749	-	11,135,749	11,349,962
Telecommunications/Railroads	3,305,892	-	3,305,892	3,421,003
Motor Carrier Ins. & Reg. Fees	2,841,630	-	2,841,630	2,162,871
Gas Service Line Fees	-	538,941	538,941	535,293
Federal Dept. of Transportation	-	1,065,660	1,065,660	528,778
Alabama Dept. of Transportation	50,000	-	50,000	50,000
Miscellaneous Receipts	4,218	7,489	11,707	7,665
Total Receipts:	<u>17,337,489</u>	<u>1,612,090</u>	<u>18,949,579</u>	<u>18,055,572</u>
Total Cash Available:	<u>26,194,874</u>	<u>2,361,191</u>	<u>28,556,065</u>	<u>23,624,721</u>
Disbursement of Encumbrances:				
Personnel Costs	-	-	-	-
Employee Benefits	-	-	-	-
Travel- In State	1,583	5,790	7,373	6,075
Travel- Out of State	-	5,719	5,719	6,655
Repairs & Maintenance	134	-	134	1,200
Rentals & Leases	14,031	2,184	16,215	39,739
Utilities & Communications	9,445	1,388	10,833	15,863
Professional Services	8,061	2,288	10,349	14,467
Supplies & Operating Expenses	9,361	2,052	11,413	6,743
Transportation Equipment Operations	4,339	4,394	8,733	9,365
Grants and Benefits	-	-	-	-
Transportation Equipment Purchases	-	-	-	-
Other Equipment Purchases	1,063	-	1,063	-
Transfer to State General Fund 100	-	-	-	-
Total Encumbrances:	<u>48,017</u>	<u>23,815</u>	<u>71,832</u>	<u>100,107</u>
Disbursement of Operating Costs:				
Personnel Costs	4,156,748	642,868	4,799,616	5,079,544
Employee Benefits	1,432,050	248,647	1,680,697	1,759,448
Travel- In state	17,841	40,690	58,531	64,538
Travel- Out of State	17,311	49,563	66,874	37,534
Repairs & Maintenance	4,715	132	4,847	3,531
Rentals & Leases	755,865	63,096	818,961	797,488
Utilities & Communications	40,430	9,449	49,879	55,607
Professional Services	149,526	12,108	161,634	157,280
Supplies & Operating Expenses	171,369	15,032	186,401	215,887
Transportation Equipment Operations	19,277	18,581	37,858	40,076
Grants and Benefits	200	-	200	2,575
Transportation Equipment Purchases	-	65,508	65,508	90,782
Other Equipment Purchases	43,896	3,907	47,803	40,701
Total Operating Costs:	<u>6,809,228</u>	<u>1,169,581</u>	<u>7,978,809</u>	<u>8,344,991</u>
Transfer to General Fund / Other Agencies	12,500,000	-	12,500,000	5,573,140
Transfer to General Fund: Prior year cash	-	-	-	-
Total Disbursements & Transfers:	<u>19,357,245</u>	<u>1,193,396</u>	<u>20,550,641</u>	<u>14,018,238</u>
Comptroller's Cash Balance, Ending:	6,837,629	1,167,795	8,005,424	9,606,483
Purchase Orders	16,250	7,631	23,881	21,365
Unencumbered Cash Balance, Ending	<u>\$ 6,821,379</u>	<u>\$ 1,160,164</u>	<u>\$ 7,981,543</u>	<u>\$ 9,585,118</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-2016 are identified in the following pages.



ELECTRICITY POLICY DIVISION

Seated from left: Patricia Smith and Tanya Champion

Standing from left: John Free, Angier Johnson, Rena Caldwell, Jerry Delancey and Chad Mason

Electricity Policy Division

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 is applicable to Alabama Power Company (“APC” or “the Company”), the only electric IOU in the state. In the execution of its duties, the staff performs financial analyses, economic evaluations, and statistical data assimilation. In addition, the staff performs management and technical inquiries to remain informed as to the manner and methods in which APC conducts its business.

rate that was filed and approved, to adjust its charges on a periodic basis to achieve the rate of return allowed by the rate order of the Commission. By provisions in the rate, the charges are increased if projections for the upcoming year show that the designated rate of return range will not be met and are decreased if such projections show that the designated rate of return range will be exceeded. If calculations indicate that the projected return falls within the designated rate of return range, then no adjustment is in order. Other provisions limit the impact of any one adjustment (as well as the impact of any consecutive increases), and test whether actual



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

ALABAMA POWER COMPANY Rate Stabilization and Equalization (RSE)

Rate RSE, the rate approved by the Commission under Dockets 18117 and 18416, was designed to lessen the impact, frequency and size of retail rate increase requests by permitting APC, through the operation of a formula

results exceed the return range. In that latter event, RSE provides that the amount by which the range is exceeded is returned to customers.

From December 1, 2006, through December 1, 2012, APC’s rate of return on projected average common equity, separated to retail electric service (“RRCE”), was computed annually for the upcoming twelve-month period ending December 31 (such twelve-month period being the “rate year”). The RRCE was computed on the basis of cost estimates and budgets prepared by APC in the ordinary course of its business and in a manner consistent with the Federal Energy Regulatory Commission’s (“FERC”) Uniform System of Accounts. If the

Electricity Policy Division

resulting RRCE was less than 13.0% or more than 14.5% (13.0% – 14.5% being “the equity return range”), then monthly bills under the respective rate schedules subject to Rate RSE would be adjusted by amounts per kilowatt-hour (kWh) necessary, in total, to restore the RRCE to 13.75% (the “adjusting point” in the equity return range).

In February 2013, the 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 Retail Return on Common Equity range of 13.0% to 14.5%, as prescribed in the Rate RSE tariff, continued to be fair and reasonable.

The Commission held public meetings on May 8, 2013, June 18, 2013, and July 17, 2013, with the June 18 meeting

being comprised of two sessions. The Commission and its staff participated, together with representatives of the Attorney General’s office, APC, and other interested agencies/organizations. After evaluating all information submitted by each of the participants during the course of 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



Lineman conducts vegetation management of power lines.

and the Company. Nevertheless, the Commission recommended 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 set point based on Weighted Retail Return on Average

Common Equity (“WRRCE”). The WRRCE range would be established at 5.75% to 6.21%, with an adjusting point of 5.98%. In addition, APC would be eligible to receive a performance-based adder of 7 basis points (0.07%) to the 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 Staff as part of its most recent annual metrics review. Notably, the established WRRCE range represents a downward adjustment in terms of the Company’s allowed return range.

The Commission also set forth several augmentations to Staff’s

Electricity Policy Division

ongoing oversight of Rate RSE. First, the Commission recommended the use of an objective, self-executing mechanism associated with the Company's allowed return. Using a baseline interest rate equal to the 12-month average 30-year Treasury Bond as of a date specified, the potential for additional review would be triggered in the event the 30-year Treasury Bond rate increases by more than 350 basis points or decreases by more than 200 basis points. The established baseline rate will be tested against the most recent twelve-month average of the same 30-year Treasury Bond on a quarterly basis. Upon the occurrence of a circumstance prompting additional review, the Staff will notify the Commission and report whether and to what extent the Staff believes the economic developments necessitate further examination of the range. Next, the Commission recommended that APC make biannual filings of its income statement and balance sheet. The first filing would include information for the most recent year, along with comparable information for the prior year. The second filing would include information for the most recent January through June period, along with comparable information from the prior year for the same period. These biannual filings would be made within a reasonable period after the corresponding release of this information and in accordance with applicable requirements of the Securities and Exchange Commission. Finally, the Commission recommended that the financial and operational components of the Company be subject to a detailed examination every six years.

All of the recommendations of the Commission were promptly accepted by APC and incorporated into Rate RSE, the associated special rules and other affected rates and practices. In this regard, it should be noted that the

expansion of the staff's oversight under Rate RSE is in addition to, and not in lieu of, all the existing authority of the Commission, and will not impair the rights of the Company to make filings or petitions with the Commission as allowed by law.

On November 30, 2015, APC filed the *Information and Calculations Required by Appendix B to Rate RSE and the Special Rules Governing Operation of Rates RSE and CNP*, subject to the approved modifications (sixth revision) to RSE. Based on this filing, the projected WRRCE for the 12-months ending December 31, 2016 was 6.06%.

Throughout the year, the Electricity Section examines APC's books and records on a monthly basis to determine the projected WRRCE for the current 12-month period. The Section's Staff prepares a summary report of this information for presentation at each monthly Commission meeting.



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. Currently, the established ECR factor is 59.10 mils/kWh

Electricity Policy Division

(5.910 cents/kWh). With the consent of the Company, 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 evaluates the monthly 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 energy costs. The billing factor is increased during the months of June through September and decreased for the billing months of October through May.

By Commission Order dated December 1, 2015, the Commission approved an interim energy cost recovery factor of 20.30 mils/kWh (2.030 cents/kWh) for the billing months of January 2016 through December 2016 and an interim factor of 26.81 mils/kWh (2.681 cents/kWh) for the billing months of January 2017 through December 2017. As of September 30, 2016, the actual energy cost recovery balance was \$133,419,172 over-collected.

By Commission Order dated December 1, 2015, under Informal Docket U-5128, the Commission approved APC's petition seeking approval to cease the accounting treatment of recording a regulatory liability account associated with spent nuclear fuel and transfer such balance back to the liability account recorded under Rate ECR.

Certificated New Plant (CNP)

Rate CNP-Part A ("Part A") was originally approved in 1982 in conjunction with Rate RSE, under Dockets 18117 and 18416. The original rate provided for the certification of generating facilities and rate recovery of the revenue requirement related to the capital cost of such facilities. During FY-2016, APC filed two (2) applications for a Certificate of Public Convenience and Necessity related to generating facilities. By Commission 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 requirements of the Certificate of Convenience and Necessity granted in Commission Order dated September 16, 2015, under Docket No.



32382. As certified, the Anniston Army Depot Solar Project and the Fort Rucker Army Solar Project each would encompass a 10.6 megawatt ("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

Electricity Policy Division

10, 2016, APC gave notice that the Anniston Army Depot Solar Project had been reduced in size to 7.4 MW AC due to the discovery of previously unknown site challenges.

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

By Commission Order dated September 16, 2015, under Docket number 32382, the Commission granted APC a Certificate of Public Convenience and Necessity, by which it would be authorized to develop or procure up to 500 megawatts of capacity and energy from renewable energy and environmentally specialized generating resources. Depending on whether any such approved projects are owned by APC or procured through purchase power agreements, the applicable cost of each would be recoverable under either Part A or Part B of Rate CNP. In accordance with the provisions of this Order, Alabama Power issued a Request for Proposal on September 22, 2016 for projects from 5 MW to 80 MW. The deadline for acceptance of proposals was November 15, 2016.

In accordance with the provisions of Rate CNP-Part B, APC filed with the Commission on February 1, 2016, certain information and calculations for the CNP Purchase Factor associated with the Company’s certificated purchase power agreements. Although the filing reflected a projected under-recovery of costs associated with certificated purchase power agreements that normally would be recoverable during the cost year April 1, 2016 - March 31, 2017, APC consented to defer an incremental increase in the revenue requirement associated with certified power purchase arrangements until the 2017-2018 cost year and leave the current Rate CNP-Part B factor in effect for the 2016-2017 period.

By Commission Order dated June 9, 2016, the Commission approved a Purchased Power Agreement (“PPA”) in connection with the Lafayette Solar Project, which is consistent with the requirements of the Certificate of Convenience and Necessity granted in Commission Order dated September 16, 2015, under Docket No. 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, whereby APC will receive the output from a new solar photovoltaic electric generating facility to be built in Chambers County, Alabama, and also a 15-year Participation Contract for a Renewable Participation Program between Alabama Power and Wal-Mart.

At this time, due to the expiration of the Resolute Forest Products PPA in July 2016, APC now has in effect four PPAs that have been certified for purposes of Part B, which are detailed as follows. The Resolute Forest Products PPA is also included because it was operational during FY-2016.

By Commission 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, LLC, involving 630 MW of combustion turbine capacity. In April 2009, the PPA was further extended an additional 11 years, continuing through December 31, 2022.

By Commission Order dated October 22, 2010, under Docket 31301, the Commission authorized APC, for a

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term of 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.

By Commission Order dated July 12, 2011, under Docket 31301, the Commission authorized APC, for a term of 5 calendar years, to acquire the rights and assume payment obligations under a PPA with Resolute Forest Products (formerly AbiBow US, Inc.), involving up to 15 MW of electric capacity and energy from a renewable energy (“black liquor”) generating resource. The contract term for the Resolute Forest Products ended July 2016.

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

By Commission Order dated September 17, 2012, under Docket 31859, the Commission authorized APC, for a term of 20 calendar years, to acquire the rights and assume payment obligations under a PPA with Buffalo Dunes Wind Project, LLC, involving 202 MW of wind energy supplied from a wind farm being developed by Buffalo Dunes in Grant, Haskell and Finney Counties, Kansas.

It should be noted that under the described PPAs associated with renewable generation, the Company has obtained rights to the environmental attributes, including Renewable Energy Credits (“RECs”) associated with the energy 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.

Rate CNP was further modified in October 2004 to include a third provision, Rate CNP-Part C (“Part C”) that would provide a mechanism to recover compliance costs associated with “environmental mandates.” Beginning in December 2004, and each December thereafter, Alabama Power is

required to file its annual Environmental Compliance Plan subject to Part C. The first rate adjustment under the Part C provision went into effect in January 2005.

By Commission Order dated August 13, 2013, the Commission approved APC’s petition seeking approval of proposed revisions to Part C. In 2004, when Part C was developed and filed, the Company had already spent approximately \$500 million dollars over the prior two decades in response to environmental laws, regulations and other mandates. Primarily for ease of implementation, Part C did not include environmental-related capital additions placed in service before its effective date (“pre-2005 capital”). The revisions consolidated all such cost recovery under Part C, to facilitate consistency in cost recovery and make the Company’s total cost of environmental compliance more readily ascertainable. Since both Rate RSE and Part C are forward-looking in terms of the costs they are designed to recover, the revisions also modified the allocation formula for the CNP Environmental Factor to reflect projected base rate revenues and kilowatt-hour sales for the upcoming environmental cost year (forward-looking), similar

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to Rate RSE.

By Commission 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 that concern laws, regulations and other mandates directed at the utility industry will be 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 30, 2015, the calculations associated with its cost of complying with governmental mandates. The filing reflected a projected under-recovery of such costs recoverable in the billing months of January 2016 through December 2016. The under-recovery resulted in a \$250 million rate increase, which roughly equates to a \$6.60 per month increase for a typical residential customer using 1000 kWh/month.



Natural Disaster Reserve (NDR)

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

Electricity Policy Division

The Commission has, from time to time, made modifications to the Reserve to deal with negative balances resulting from extraordinary disasters. In December 1995, the Commission authorized APC to make additional accruals, without further order by the Commission, above the normal monthly amount of \$250,000 whenever the balance in the Reserve declines below \$22.4 million. Accruals above normal monthly amounts could continue until the Reserve was restored to its authorized level of \$32 million.

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

By Commission Order dated August 20, 2010, 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.

By Commission Order dated July 12, 2011, under Docket 18148, the Commission approved the elimination of the income tax adjustment applicable to Rate T, effective October 2011, to, among other things, fund certain costs resulting from the April 2011 tornadoes.

In 2016, as a result of storm damages, APC incurred additional charges to the Reserve of \$5,992,477. As of September 30, 2016, the Reserve had a positive balance of \$71,493,559.

Other Activities

By Commission Orders dated October 6, 2015, under Dockets U-5016 and U-5017, the Commission approved the extension of the availability periods for Rate Rider CRI (Community Redevelopment Incentive) and Rate Rider EDI (Economic Development 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 months. The revision extends availability to qualifying customers who enter into a customer service agreement for electric service commencing prior to January 1, 2018. Rate Rider EDI provides for a two-year incentive for new or expanding customers that meet specified criteria. The revision extends availability to qualifying customers who enter into a contract for electric service commencing prior to January 1, 2018.

By Commission Order dated December 1, 2015, under Docket U-5128, the Commission approved a petition by APC to cease the accounting treatment of recording a regulatory liability account associated with the spent nuclear fuel fee ("SNF fee") and transfer such balance back to the liability account recorded under Rate ECR, with an effective date of not later than December 31, 2015. The Commission previously authorized the Company to record in a regulatory liability account an amount equal to the prior SNF fee related to the disposal of spent nuclear fuel and radioactive waste due to anticipated future actions

Electricity Policy Division

by the federal government in response to the Nuclear Waste Policy Act of 1982. However, the federal government showed no real indication of moving forward with the development of a permanent repository, therefore, rendering the collection of a SNF fee unnecessary.

By Commission Order dated February 2, 2016, under Docket U-5177, the Commission approved a petition authorizing APC to waive its rights to construct, own, operate, and maintain certain discrete categories of transmission facilities, as provided by the Energy Security Act (“ESA”) of 2015, Section 37-4-150(d), *Code of Alabama, 1975*. APC requested the waiver, as the responsibility for such facilities customarily rests with an entity other than APC (e.g., an interconnecting generator or an individual customer). The issuance of the requested waiver ensures that the costs, risks, and responsibilities associated with such transmission facilities are borne by the entity that should rightly bear those obligations.

By Commission Order dated May 3, 2016, under Docket 18005, the Commission approved the thirty-seventh revision of Rate PAE (Purchase of Alternate Energy) based on updated

cost and avoided cost data, effective with the June 1, 2016 billings.

By Commission Order dated June 9, 2016, under Docket U-3445, the Commission approved a petition to modify Rate SG (Standby Generator Capacity). The modifications are to bring Rate SG into conformity with the District of Columbia’s Circuit Court’s 2015 federal requirements that removed the ability of emergency generators to operate for 100 hours per year for emergency demand response without being subject to air pollution control equipment. Rate SG was authorized by the Commission in 1993, and has served as one of APC’s demand response options since that time.

Financing

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

By Commission Order dated June 10, 2015, under Docket U-5145, the Commission granted SEGCo the authority through December 31, 2017, to borrow upon the issuance of promissory notes and to issue and sell commercial paper notes to third-party lenders and to APC and Georgia Power Company from time to time and to be renewed from time to time in aggregate principal amount not to exceed \$150,000,000 at any time outstanding.

By Commission Order dated June 10, 2015, under Docket U-5146, the Commission granted APC the authority through December 31, 2017, (i) to issue and sell preferred stock, preference stock, and promissory notes, subordinated debentures, and other debt instruments and incur obligations in connection with the issuance of industrial development

Electricity Policy Division

revenue bonds (Long-Term Debt) with an aggregate principal amount or stated value of such preferred stock, preference stock, industrial development revenue bonds, and subordinated debentures, promissory notes, and other debt instruments not exceeding \$2,100,000,000 at times and in amounts deemed by it to be appropriate; and (ii) to borrow upon the issuance of promissory notes and to issue and sell commercial paper notes (Short-Term Debt) from time to time and to be renewed from time to time in an aggregate principal amount not to exceed \$2,100,000,000 at any one time outstanding and having maturity dates of not more than 10 years after the date of issue.

Auditing

The Electricity Section's analysts conduct monthly analytical reviews and/or audits to test the completeness and accuracy of financial statements, economic models and/or other data submitted by APC. For this activity, the Staff's monthly fuel audit is particularly important because the Company's fuel-related costs accounts for a significant percentage of total operation and maintenance (O&M) expense. During the monthly fuel audits, the accounting



records for fuel (coal) purchases and burns are reviewed at the respective generating facilities. Fuel audits at each fossil-fuel generating facility are performed on a rotating basis, allowing the analyst two visits per year at each plant. An annual site visit is also performed. During the site visit, the analyst meets with other APC

representatives who present a plant overview, which includes an update on environmental and non-environmental (federally mandated) capital projects and related operations and maintenance projects. After the presentations are completed, the Staff accompanies APC personnel on a tour of the plant.

In addition to the fuel audit, the Staff also engages in a detailed audit of APC's compliance activities with environmental and non-environmental regulations. This involves the audit of both the CNP Compliance Factor and

the Environmental Compliance Plan. APC, in accordance with Part C, files with the Commission, by December 1 of each year, the CNP Compliance Factor for each affected rate 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, APC files, at least 30 days prior to the December 1 deadline for filing the CNP Compliance Factors, a preliminary draft of the Environmental Compliance Plan for the next 5 years, along with the estimated costs associated with the implementation of that plan. The Staff engages in meetings and interviews with APC staff to discuss pending environmental laws, regulations or other mandates relevant to APC's environmental and non-environmental compliance activities. Staff also performs a detailed audit of relevant documents and records to: 1) verify the reasonableness of amounts reported in the compliance factor filing; 2) ensure compliance with Rate CNP, Part C; 3) review explanations for significant budget variances; 4) confirm that reported

Electricity Policy Division

expenses are qualifying environmental and non-environmental expenses; 5) identify and discuss any changes in policies or procedures; and 6) review any additional supporting documentation, as needed, for a complete and thorough analysis of the filing.

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

During FY-2016, the Staff initiated a review of APC’s fuel transportation procedures and costs. The cost of fuel consists of not only the cost of the fuel commodity (i.e. coal, oil, natural gas), but also includes the cost to transport the fuel commodity to the plant. The means of transportation used by APC to transport fuel to the plants are barge, truck and/or rail, depending on the location of the plant. The Commission Staff and APC Staff discussed transportation-related issues including: 1) APC Diversity of Coal Purchases for 2016; 2) Coal Types (used at plants) and Transportation Options for each plant; 3) Plant Gaston 2016 Request for Proposal; 4) Natural Gas Transportation; 5) Gas Burn Metrics; 6) APC Gas-Fired Plant Locations (including the Supply Area, Receipt Point, Pipeline, and Delivery Point at Plant); 7) Gas Burn by Plant; 8) Gas Policy for Firm Transportation Require-

ments; and 9) Long-Term Transportation Contracting Process. All related documents will be maintained as part of the review and audit of APC’s Rate ECR.

The Staff also initiated an audit of one of APC’s hydro-generation plants, Jordan Dam Unit 1, in Wetumpka, Alabama. Certain operations and maintenance (“O&M”) and efficiency improvements were deemed necessary at the facility. The scope of work for Unit 1 includes the replacement of the complete turbine, wicket gate, and governor and servomotor system, the refurbishment of the turbine and thrust bearing, and the replacement of other related components. The Staff visited the facility and attended a presentation which covered the history of the dam, units and generating capacity, site security, capital and O&M projects, and outage work. After the presentation, the Staff accompanied APC personnel on a tour of the hydro facility to observe the modifications on Unit 1.

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

Pursuant to the provisions of Section 11-50A-25, *Code of Alabama, 1975*, as amended, the Commission reviews and approves certain activities of the Alabama Municipal Electric Authority (“the Authority”). During FY-2016, the Authority filed one petition with the Commission.

By Commission Order dated December 1, 2015, under Docket U-5172, the Commission approved the Agreement for the Purchase and Sale of Capacity and Energy between APC and the Authority. The Agreement provides the Authority with another alternate resource equal to 100 MW, beginning on January 1, 2021 and continuing through December 31, 2025.

Electricity Policy Division

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

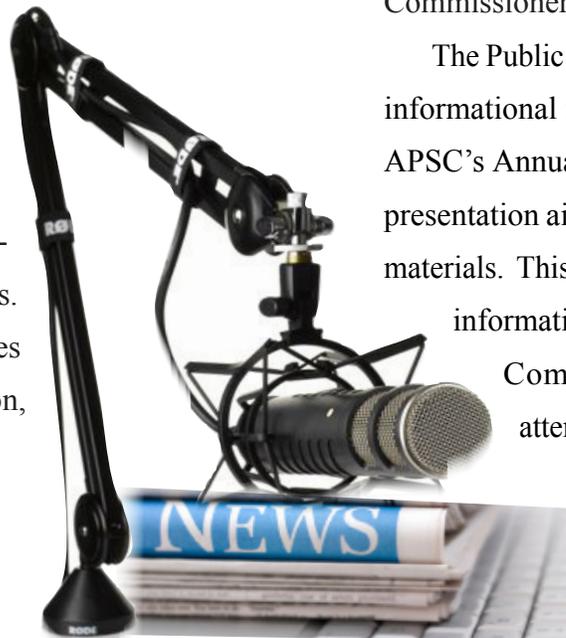
In an effort to remain informed of these matters, the Federal Affairs staff conducts research, monitors news briefings, participates in conference calls and may attend various industry conferences/meetings such as the NARUC meetings. In some cases, the appropriate action involves filing comments, on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



Public Affairs

The Public Affairs Section performs the public information duties of the Commission. The responsibility of the Section entails distributing information to the news media, the public, and other state, governmental and regulatory agencies. The Section also provides news briefings to the Commissioners on a daily basis.

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



Utility Services Division

Darrell Baker,
Director

The Utility Services Division is responsible for 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 the regulation of all publicly-owned natural gas distribution, transportation, storage, and intrastate natural gas and oil pipelines in Alabama, and the monitoring of the Rate Stabilization and Equalization and related programs for Alabama Gas Corporation and Mobile Gas Service Corporation.



Rate Stabilization and Equalization

The Commission regulates the rates for the two largest investor-owned gas utilities in the state under a Rate Stabilization and Equalization (Rate RSE) plan. Rate RSE has been in use for 33 years as a method of keeping rates as low as possible while assuring quality service.

Alabama Gas Corporation

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

Under the RSE plan, the only time Alagasco 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 10.5 percent, rates are increased December 1 to bring the return at the end of the rate year to 10.8 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 10.8 percent. If the projected return is between 10.5 and 10.95 percent, inclusive, no adjust-

Utility Services Division



NATURAL GAS SECTION

From left: Robert Reed, Robert Taylor, Tonya Williams, Joe Leverette, Marquita Lennon, and Donald Powell

ment is made. Subsequent points of test, based on the projected return at September 30, can yield only decreases or no change, effective April 1, July 1, and October 1. The Natural Gas Section evaluated four RSE filings by Alagasco during FY-2016.

Alagasco also has an incentive program, the Cost Control Measure, under which it must keep growth in operation and maintenance expenses below a



specified range, or face penalties. The utility has a temperature adjustment that tracks the effect of abnormally high or low temperatures on the recovery of non-gas costs. The section monitored both of these programs to ensure that they were conducted in accordance with the approved tariff.

Mobile Gas Service Corporation

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

ALAGASCO

<u>Effective Date</u>	<u>Increase (Decrease)</u>
December 1, 2015	\$4,367,503
April 1, 2016	0
July 1, 2016	*(\$5,840,168)
October 1, 2016	(\$4,844,516)

**The \$5,840,168 point-of-test refunded to customers through the operation of the Gas Supply Adjustment (GSA).*

Utility Services Division

Under the RSE plan, the only time Mobile Gas can increase its base rates is December 1. If the projected return, based on the budget approved by the utility's board of directors, is less than 10.45 percent, rates are increased December 1 to bring the return at the end of the rate year to 10.8 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 10.8 percent. If the projected return is between 10.45 and 10.95 percent, inclusive, no adjustment is made. Subsequent points of test, based on the projected return at September 30, the end of Mobile Gas' rate year, could yield only decreases or no change, effective April 1, July 1, and October 1. The Natural Gas Section evaluated four RSE filings by Mobile Gas during FY-2016.

Mobile Gas also has an incentive program, the Cost Control Measure, under which it must keep growth in operation and maintenance expenses below a specified

MOBILE GAS

<u>Effective Date</u>	<u>Increase (Decrease)</u>
December 1, 2015	\$2,985,640
April 1, 2016	\$0
July 1, 2016	\$0
October 1, 2016	(\$1,323,540)

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 monitored both of these programs to ensure that they are 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-2016, the Natural Gas Section was responsible for evaluating and making recommendations to the Commission on all matters relating to the following local distribution companies:

Alabama Gas Corporation

Mobile Gas Service Corporation

Wheeler Basin Natural Gas Company

The section conducts its own investigations requiring examination of work papers, financial reports and other records. The findings are documented and evaluated in written report, and, when appropriate, meetings with officials of the respective gas companies are held to discuss the results. For matters requiring Commission approval, the section presents them, with recommendation, to the Commission.

Alabama Gas Corporation

Regarding Alabama Gas Corporation, the section:

- Monitored the company's gas purchasing and storage activities;
- Examined the company's research and development expenditures;
- Participated in the company's corporate allocations meeting;

Utility Services Division

- Participated in a Consumer Roundtable meeting;
- Evaluated Gas Supply Adjustment filings;
- Evaluated a request to issue and sell long-term debt;
- Evaluated purchase 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 Negative Salvage Reserve filing for Rate Year (RY) 2016;
- Reviewed the Rate Stabilization and Equalization filing for RY-2016;
- Reviewed the company's Cost Control Measure for RY-2016;
- Reviewed performance of the company's special contracts with industrial customers;
- Had discussions regarding status and modernization of infrastructure;
- Evaluated an amendment to a special service agreement with Michelin North America, Inc.;
- Evaluated a special service agreement with Southeast Virginia Transportation Corporation, LLC;
- Evaluated a base contract for sale and purchase of natural gas with Kaiser Marketing Mountaineer, LLC;
- Evaluated a base contract for sale and purchase of natural gas with Infinite Energy, Inc.;
- Evaluated a base contract for sale and purchase of natural gas with BP Energy Company;
- Evaluated a filing for authority to enter into Inter-

company Revolving Credit Agreements with The Laclede Group;

- Evaluated an amendment to a gas sales agreement with American Midstream (Alabama Intrastate), LLC;
- Evaluated a special service agreement with St. Vincent's Chilton, LLC;
- Evaluated a special service agreement with ABH Industries, Inc.;
- Evaluated a base contract for the sale and purchase of natural gas with Laclede Energy Resources, Inc.;
- Evaluated a filing for Accounting Authorization Relating to Gain from Legal Proceeds; and
- Reviewed the company's annual report and requested and received clarification of certain portions of the report.

Mobile Gas Service Corporation

Regarding Mobile Gas Service Corporation, the section:

- Monitored the company's gas purchasing and storage activities;
- Met with the company concerning corporate allocations;
- Attended a presentation concerning the company's gas purchasing practices and plans for the future;
- Evaluated a Cast Iron Main Replacement (CIMR) Factor filing;
- Evaluated a Cost Control Measurement filing;
- Evaluated a Weather Impact Normalization filing;
- Evaluated Purchased Gas Adjustment filings;
- Evaluated a filing for a No Notice Service Agreement and Negotiated Rates Letter Agreement

Utility Services Division

- with Gulf South Pipeline Company;
- Evaluated a filing for assignment of a gas supply contract to Hilcorp Energy Company;
- Evaluated a natural gas transportation agreement with Arc Terminals Mobile Holdings, LLC;
- Evaluated a natural gas transportation agreement with Holcim, Inc.;
- Had discussions with Mobile Gas to ascertain the true effects, if any, on the regulated utility caused by the acquisition of EnergySouth by Spire;
- Evaluated a filing for authority to enter into Inter-company Revolving Credit Agreements with Spire; 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:

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

Intrastate Storage and Pipeline Companies

During FY-2016, 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;

- American Midstream (Alabama Gathering) LLC;
- Arapaho Communications;
- Bay Gas Storage Company, Inc.;
- Genesis Pipeline, LLC;
- Pine Energies, Inc.;
- Southcross Alabama Gathering System, L.P. merged with Southcross Alabama Pipeline LLC, with Southcross Alabama Pipeline LLC, being the surviving entity;
- Southcross Alabama Pipeline LLC; and
- Southern Gas Transmission Company.

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.

American Midstream (Alabama Intrastate) LLC

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

American Midstream (Bamagas Intrastate) LLC

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

American Midstream (Alabama Gathering) LLC

The section investigated the sale of assets to Jabsco Oil Operating LLC. The ownership and operation of these facilities by Jabsco did not meet the requirements for regulation by the Commission.

Utility Services Division

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

Southcross Alabama Gathering System, L.P.

The section evaluated the merger with Southcross Alabama Pipeline LLC.

Southcross Alabama Pipeline, LLC

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

Southern Gas Transmission Company

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

SUPPORT OF COMMISSION OFFICES

The section:

- Coordinated extensively with the Gas Pipeline Safety Section on matters of mutual interest;
- Prepared letter responses and documents concerning natural gas issues; and
- Assisted the Consumer Services Section with various complaints.

INTERAGENCY ACTIVITIES

Various section members:

- Participated in the monthly conference calls to discuss the Federal Energy Regulatory Commission's (FERC) Southeastern Snapshot Report and other energy items of interest; and
- Served on the Alabama Department of Economic and Community Affairs' Weatherization Advisory Policy Council.

TRAINING ACTIVITIES

Section representatives:

- Participated in numerous webinars, conference calls and teleseminars;

MISCELLANEOUS

The section:

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

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 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 the Commission's authority over pricing for most retail telecom-

munication services. For those providers electing regulation under the Act, the Commission's pricing jurisdiction was eliminated for bundled service offerings, services offered under contract, broadband internet services, and most retail telecommunications services. The Commission retained pricing jurisdiction for stand-alone basic service, optional telephone features, emergency telephone (911) services billing, consumer complaints, Federal Universal Service Fund (USF) administration, and all wholesale service pricing. As of September 30, 2016, eight 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 remain wholly within the Commission's regulatory jurisdiction.

In 2009, the Legislature amended the Communications Reform Act to eliminate the Commission's pricing jurisdiction over stand-alone basic service and optional telephone features for BellSouth, CenturyLink, and any



TELECOMMUNICATIONS SECTION

From left: Laneeta Roberts, Tom Jones, Cynthia Allen, E.C. McArthur, III, Janet Conway, and Darrell Baker

Utility Services Division

rural telephone company agreeing to surrender their rural exemption from competition. As of September 30, 2016, only Windstream Communications and Frontier Telephone Companies have agreed to end their rural exemption claim while 24 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, 2016, 13 ILECs and 16 CLECs have requested a waiver to not remain under the Commission's complaint and dispute

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 land-line service and some retail services for the remainder of providers;
- Analysis of telecommunications retail tariffs and inter-company wholesale agreements; and
- Investigation of telecommunications billing inquiries.

The responsibility for telecommunications service related issues is assigned to the Division's Services Section.

Section Activities

During FY-2016, various section members:

- Processed 90 tariff filings, 12 name changes, 3 cancellations, and 53 interconnection, resale, and collocation agreements for CLECs, wireless providers, and ILECs;
- Processed 8 applications for Certificates of Public Convenience and Necessity (CPCN) to provide toll resale and/or competitive local exchange service in Alabama;
- Reviewed and verified accuracy of intrastate terminating access rate reductions and associated tariff filings for local exchange carriers (LEC) to ensure the filings are in compliance with the FCC comprehensive reform and modernization of the universal service and inter-carrier compensation systems;
- Reviewed and verified accuracy of the Alabama Transition Service Fund in accordance with Dockets 28642 and 31816;
- Received and reviewed LEC and toll carrier's Family Violence Shelter Confidentiality plans in accordance with the *Code*



Utility Services Division

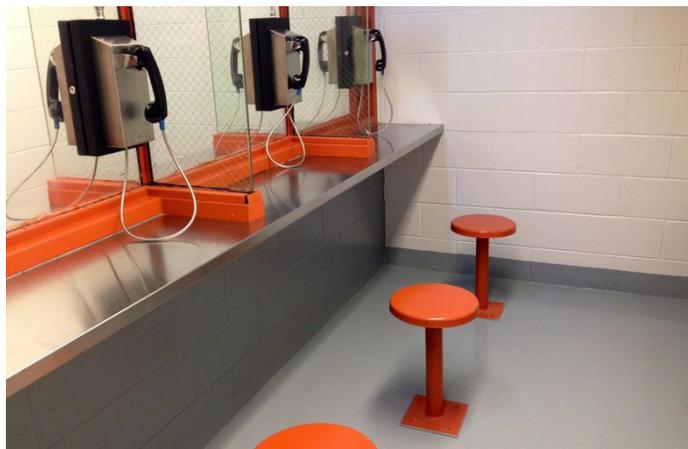
of Alabama 1975, Sections 37-2A-4 and 30-6-1 and Commission Docket 29878;

- 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 for revoking CPCNs, for dismissal of companies from revocation proceedings, and for reinstating revoked CPCNs of companies that subsequently complied with the I&S submission requirements;
- Maintained guidelines for telecommunications carriers to notify the Commission of their election to be removed from the Commission's complaint and dispute jurisdiction for certain retail telecommunications services pursuant to Section 37-2A-4 (k), *Code of Alabama 1975*;
- Monitored carriers having Eligible Telecommunications Carrier status, designation and eligibility for federal Universal Service Fund (USF) high-cost support and low income support;
- Maintained a database of approximately 574 third-party service providers approved by the Commission for LEC billing of their services; and
- Staff investigated and resolved 428 consumer inquiries associated with telephone service and/or billing.

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 Telecommunications staff is responsible for the network-related regulatory oversight for the annual Universal Service Fund (USF) High Cost Fund and Connect America Fund distributions. Staff is also responsible for numbering resources management in coordination with the North American Numbering Plan Administrator (NANPA). Additionally, staff monitors the rates and quality of service for Customer-Owned Coin-Operated Telephone (COCOT) providers, Shared Tenant Service providers, and Inmate Calling Service providers.



The Services Section Water/Wastewater staff reviews and evaluates annual filings, applications and petitions submitted by water utilities and wastewater Management Entities (ME). Staff monitors the activities of nine investor-owned water utilities as well as 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 reviews and inspections of the companies' plant facilities, books, and records.

Utility Services Division



SERVICES SECTION

From left: David Peeler, Aquilla Spivey,
Rick Cleckler, and Doug Dillard

The staff also is responsible for corresponding with the Alabama Public Health Department and Alabama Department of Environmental Management staffs as necessary to co-regulate the water and wastewater companies.

The section is responsible for regulating nine investor-owned water systems including four that are located out-of-state but have authority to

operate in Alabama:

- Central Water Works, Inc. (FL)
- East Lowndes Water Association (MS)
- Escambia Community Utilities, LLC
- Hiwannee Water Association, Inc. (MS)
- Integra Water Creola, LLC
- Lakeside Leisure, LLC
- Plantation Water System
- Tishomingo County Water District (MS)
- Water Works, Inc.
- Regulated wastewater utilities include:
 - Alabama Wastewater Systems, Inc.
 - Arbor Utility Management, LLC
 - Bio-Flow, Inc.
 - Canaan Systems, Inc.
 - Integra Watersound, LLC
 - Integrated Wastewater Management, Inc.
 - O'Brien Environmental Service, LLC
 - Utility Management, LLC

The Services Section Consumer Services staff assists the public in resolving disputes or inquiries made to the Commission related to regu-



Utility Services Division

lated utilities. Resolution of these disputes and inquiries is accomplished using several methods, including: consulting with various utility service providers and other



STEPHANIE SWEET

Consumer Services
Utility Services Division

divisions within the Commission; research of Commission rules or accepted industry practices; or through 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 both general and complex inquiries made regarding a utility and/or the Commission's rules. In addition, the staff seeks to educate consumers on utility related matters.

Section Activities

Telecommunications:

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

Order and Further Notice of Proposed Rulemaking;

- Approved 1 COCOT provider certificate. Cancelled 1 ICS certificate. Processed 8 ICS final tariffs;
- Conducted 11 ICS on-site inspections at confinement facilities;
- Investigated and approved 4 "Safety Valve" petitions from ILECs requesting the Commission overturn denials by NANPA for the issuance of additional numbering resources;
- Prepared 12 monthly code and block reports to Neustar/NANPA; and
- Reviewed results of investigations made by the Utility Enforcement Division regarding on-site inspections of USF high cost construction projects within the following service districts: AT&T-Gulf, AT&T-North Alabama, CenturyLink-Southern, and CenturyLink-Northern.

Water and Wastewater:

- Certificate of Financial Viability Modification applications evaluated - 1
- Certificate Renewal applications evaluated - 4
- Tariff revision petitions evaluated - 5
- Wastewater system inspections - 1

Consumer Services:

- Alabama Power Company complaints - 256
- Alagasco complaints - 69
- Mobile Gas Service Corporation complaints - 16
- Water or Wastewater complaints - 30

Utility Enforcement Division



Janice M. Hamilton,
Director

adherence with Commission and industry standards in the construction and operation of such facilities and drafts recommendations for improvement, when necessary.

Verification of telecommunications projects constructed to provide and/or enhance quality Internet service to rural and underserved areas of

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 services. The staff reviews the adequacy and sufficiency of infrastructure and system planning methodologies and metrics, trends and performance; assesses



GOVERNOR PROCLAIMS RAILWAY SAFETY MONTH

From left: Will Miller (Norfolk Southern), Tim Frazier (Alabama Trucking Association), Nancy Hudson (Alabama Operation Lifesaver), Governor Robert Bentley, Donald Lovelace (Alabama Department of Transportation), Janice M. Hamilton (Alabama Public Service Commission), Elizabeth Lawlor (Norfolk Southern) and Stephen Curlee (CSX)

the state using Universal Service Funds (USF) is performed by the Field Services Section (FSS) staff.

As provided by law, the Commission is responsible for the supervision and regulation of air, motor, and rail carriers including railway safety,

Utility Enforcement Division

insurance, registration, rates, and services offered by transportation companies authorized by the APSC to operate in Alabama.

The safety oversight of all mainline and distribution 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 staff monitors 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 facilities from third party damage and statewide energy emergency management and coordination activities in the event of major storms and other catastrophes.

The subsequent paragraphs discuss each section’s significant regulatory policies, duties and major activities that occurred during Fiscal Year 2016.



Railway Safety Section staff conducts a safety compliance inspection on railroad power equipment.

Railway Safety Section

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

RAILWAY SAFETY SECTION	
Miles of Track Inspected	1,953
Track Turnouts Inspected	1,229
Railway Accidents	2
Railway Records Inspected	517
Roadway Maintenance Machines Inspected	83
Units of Rolling Stock Inspected (Railway Cars)	4,167
Locomotives Inspected	133
Railroad Workplace Safety Observations Conducted	129
Track/Equipment/Workplace Defects Cited	2,839
Total Violations with Civil Penalty Cited	47
Complaints Investigated	0
Operation Lifesaver Contacts/Presentations	1

Utility Enforcement Division

monitor compliance with regulations for Railroad Workplace Safety.

This section investigates railroad accidents and derailments to determine causes and are called upon by the Federal Railroad Administration (FRA) and the National Transportation Safety Board (NTSB) to assist in major accident investigations. This section also handles complaints from railroads, railroad employees, labor unions, other governmental agencies, and the general public in all matters pertaining to railway safety. The table (left) provides a breakdown of the activities of the Railway Safety Section during the period covering October 2015 through September 2016.

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 10-year time frame.

Members of the Railway Safety Section participate in Operation Lifesaver as fully-certified program presenters. Operation Lifesaver is a national public education and awareness program that seeks to reduce the number of crashes

at highway-rail grade crossings. Target groups include school bus drivers, driver education students, professional drivers, emergency response personnel (police, ambulance, and fire), as well as the general public.

Motor Carrier Services Section

Insurance & Registration

Activities

The Motor Carrier Services (MCS) Section 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.

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



MOTOR CARRIER SERVICES SECTION STAFF

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

Utility Enforcement Division



Registration applications. 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.

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.

In addition to the above-mentioned regulations of motor carriers, the Insurance & Registration staff is 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. A tabulation of the MCS section's activities is reflected in the table below.

INSURANCE AND REGISTRATION SECTION

INSURANCE FILINGS

Self-Insurance, bonds for liability and cargo, certificates for liability and cargo, bonds for brokers	6,890
Insurance correspondence	541

REGISTRATION

UCR Registration	9,852
Online	1,197
Office	8,655
UCR Audits	
Alabama Carriers Audited	2,960
Companies paid in wrong bracket	409
Companies Received Further Action	109
Intrastate Applications Received	
New Authority applications	136
Transfer of authority	2
Applications to provide service for non-profit organizations	15
Motor Carrier Vehicle Registration Numbers	421

REVOCATIONS AND REINSTATEMENT OF AUTHORITY

Revoked for noncompliance with Commission rules and regulations	463
Reinstated after compliance	292

Rates and Services Activities

The Rates and Services staff advises the Commission on matters pertaining to the rates, fares, charges, services, and facilities of all regulated modes of intrastate transportation. This section maintains a file of all tariffs setting forth rates, fares, charges, classification, rules and regulations for service provided by intrastate transportation companies. Staff verifies that tariffs and supplements issued are in compliance with Commission rules and regulations. They also analyze tariff changes and justification statements from the

Utility Enforcement Division



DEE STROUD

Administrative Support
Utility Enforcement Division

motor carrier to determine the effected 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 members of the PSC staff study and analyze the evidence of record and make recommendations to the Commission. After a Commission decision is made, an order of the Commission is prepared for their approval.

The Rates and Services Section receives and maintains motor carrier annual reports that are required to be filed by April 30 of each year covering the previous calendar year of operation. The section also handles requests for verification of rates, fares,

and charges of transporters of passengers and household goods. It also verifies rates and services provided by motor carriers through compliance audits of the carriers' records.

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

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 of all regulated, investor-owned electric, telecommunications, water and wastewater utility plant, facilities and infrastructure, operations, maintenance, construction and reliability.

Fiscal year 2016, much like 2015, rolled along on a fast pace throughout the year. The Field Services Section continued to perform field inspections of electric, telecommunications, water and wastewater facilities.

The task of reviewing power generation, transmission and distribution projects is continuous and was accomplished by visits to diverse

MOTOR CARRIER TARIFFS FILED

Household Goods Motor Carriers	10
Passenger Motor Carriers	13

ANNUAL REPORTS FILED

Motor Carriers	229
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Utility Enforcement Division



TERRY JACKSON
Field Services Section

aspects of Alabama Power Company facilities. Seven Alabama Power steam plants were inspected this year along with six hydroelectric plants in order to review various methods of generating power. The period of time the plants spent offline and other contributing factors were analyzed and found to be consistent with normal activities within the power generation arena.



Seven local office visits were performed in various locations across the state to review their methods of operation, outages experienced and their causes along with customer growth and/or stagnation in each area. Current Environmental Protection Administration rulings are straining power generation and forcing technology changes that only time will reveal the total impact to the utility and ultimately to the consumer.

Universal Service Funds (USF) continued to impact Alabama residents needs in a positive manner by placing state-of-the-art electronics in the field and providing Internet access to areas that otherwise would not receive service for a long time. Reviews were made of 79 AT&T projects that were designed to provide that access to rural consumers all over the state.

CenturyLink accomplished 66 USF projects that enhanced their ability to provide high-speed Internet service to customers across their rural service area and each of these projects were reviewed for consistency with USF directives.

Thirteen wastewater treatment facilities that fall under the jurisdiction of this Commission were examined 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.

During the year, the FSS staff attended five training classes covering wastewater operations and management. Attendance in these courses enhanced the understanding of the current staff.

Several webinars and teleconferences relating to the regulation and operation of electric companies were provided throughout the year.



Gas Pipeline Safety Division

Wallace Jones,
Director

During Fiscal Year 2016, the Gas Pipeline Safety Division (GPS) conducted and carried out the inspection and monitoring activities of all natural gas and hazardous liquid intrastate pipeline systems operating in Alabama, including offshore in state waters. The responsibility was given to the Public Service Commission by the Alabama Legislature to assure and obtain compliance with the Minimum Federal Gas Pipeline Safety Standards adopted by the United States Department of Transportation (USDOT) pursuant to the Natural Gas Pipeline Safety Act of 1968. Each calendar year a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) performs an audit of the GPS activities and finances to ensure compliance with all aspects of the federal regulations.

During FY-2016, realignment within the APSC resulted in the creation of the Gas Pipeline Safety Division. The personnel from the Gas Pipeline Safety Section, a separate section of

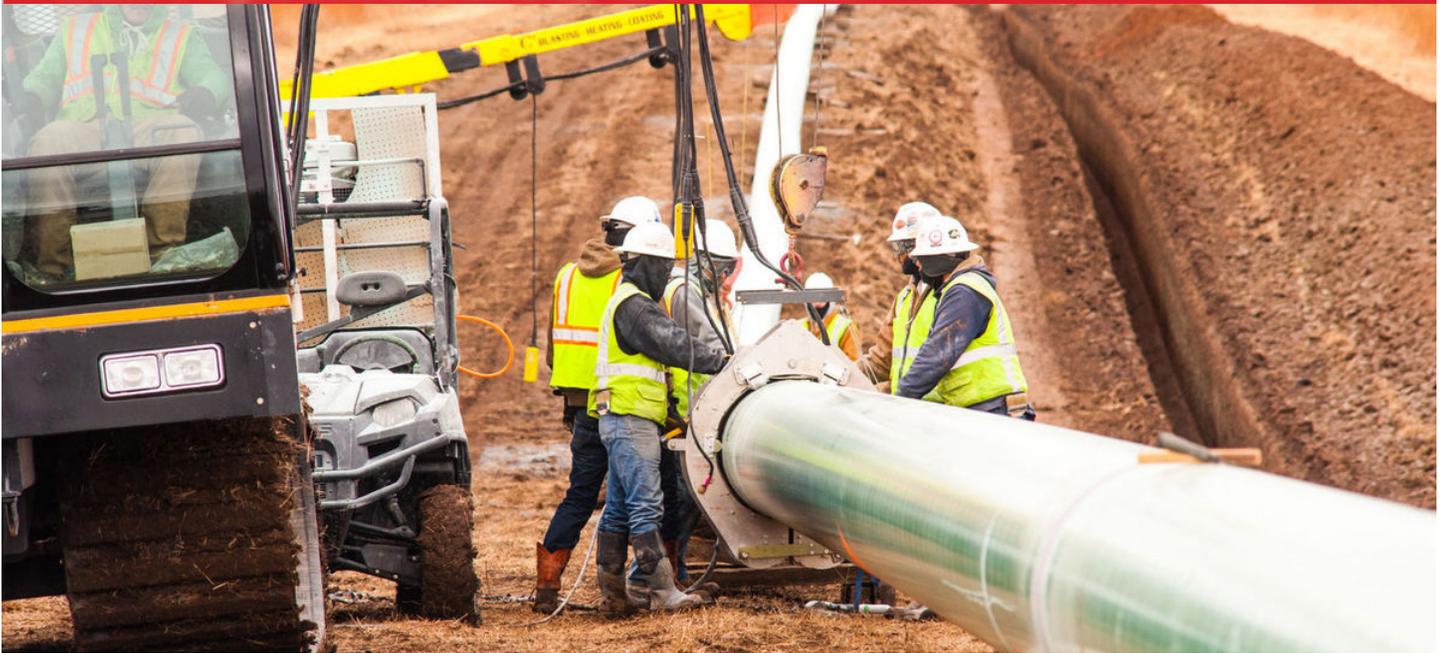


GAS PIPELINE SAFETY DIVISION
Seated (left- right): Asia Skillman, Felisa Webster, Judy Ramsey
Standing (left - right): Randall Hand, Wallace Jones,
Jonathan Kimbril, Randy Hammond, Daniel Trapp,
Jamar Robinson and Greg Meadows

the Utility Enforcement Division, were realigned into the new Division in order to increase the emphasis and focus on gas pipeline safety issues. GPS staff ended FY-2016 consisting of one Director; one Administrative Support Assistant III; three Pipeline Safety Investigations Supervisors; one Gas Pipeline Safety Investigator, Senior - Training Option; two Gas Pipeline Safety Investigators, Senior;

two Pipeline Safety Engineering Graduates; and one vacant Gas Pipeline Safety Investigator position. One retired Pipeline Safety Investigations Supervisor and one retired Gas Pipeline Safety Investigator, Senior continued in part-time duty status by assisting with training new Investigators and conducting Polyethylene (PE) plastic pipeline joining classes and natural gas fire-fighting classes through the year.

Gas Pipeline Safety Division



The personnel charged with this responsibility must meet all the training requirements set forth by the PHMSA. Over the course of FY-2016, GPS Investigators and the Director attended 35 resident courses and completed 31 Web-Based Training (WBT) courses in an effort to become, and remain, qualified to conduct natural gas and hazardous liquid pipeline system inspections.

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) along with the addition of an Operator Qualifi-

cation class and a Drug and Alcohol WBT into the inspection process, additional classes will be required of the Investigators over the course of the next several years.

In addition to attending classes for maintaining job-related skills and knowledge levels, GPS sponsored training by hosting the 28th Annual PHMSA Gas Pipeline Safety Seminar in early December 2015. Topics for this seminar, presented by instructors from the PHMSA Training and Qualifications Center (T&Q) in Oklahoma City, covered updates to federal guidelines and the Minimum Federal Safety Standards that GPS enforces. Over 300 natural gas and hazardous liquid system operators were in attendance. There were over 40

vendors attending that displayed and demonstrated equipment to be used in natural gas and hazardous liquid applications. GPS also co-hosted the Pipeline Safety Conference that was conducted in New Orleans, Louisiana in August 2016. The topics for this seminar, also presented by instructors from T&Q, covered updates to federal guidelines and the Minimum Federal Safety Standards for natural gas and hazardous liquids. Over 500 natural gas and hazardous liquid operators attended the conference. More than 50 vendors set up displays and demonstrated the most modern equipment used in the natural gas and hazardous liquids industry. In addition to Alabama's GPS personnel, the states of Mississippi, Arkansas,

Gas Pipeline Safety Division

Texas, and New Mexico assisted the Louisiana pipeline safety personnel with this conference.

At the end of FY-2016, the Commission exercised jurisdiction 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), 23 intrastate natural gas transmission systems, one liquefied natural gas (LNG) system, two intrastate natural gas gathering systems, two intrastate hydrogen transmission systems, two offshore natural gas transmission systems, and 28 master meter distribution systems. The Commission also exercised jurisdiction over the safety functions of five on-shore hazardous liquid transmission systems, one on-shore hazardous liquid gathering system, one off-shore hazardous liquid transmission system, and one intrastate carbon dioxide transmission system. When the facilities and practices of these operators are found to be in noncompliance through

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



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

Underground utility damage prevention continued to be a major concern of GPS. Involvement of GPS staff in the Alabama Damage Prevention Alliance (ADPA) helped to steer the state towards a more aggressive posture in the area of damage prevention. 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

- 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

Gas Pipeline Safety Division

the December deadline and continued to meet through FY-2016.

In August 2016 the Director of GPS and others from the One-Call Commission 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. The result of the FY-2016 examination was a failing grade for Alabama due to the fact that the entities charged by Alabama law with the responsibility for assessing fines for utility damages have not levied any such fines or penalties. Unless there is active enforcement of the penalty provisions by the entities in Alabama that are currently charged with enforcement or there is a change in the existing law that otherwise results in effective enforcement by entities in Alabama, PHMSA will ultimately become the enforcement authority for pipeline damages within the state of Alabama.

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

allowed the APSC to administer increased civil penalties to offenders.

GPS staff also continued to be very involved with the National Association of Pipeline Safety Representatives (NAPSR). Alabama was represented on several NAPSR and PHMSA task forces and committees during FY-2016. 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, as a whole.

An important function of this section has always been accident prevention. The Gas Pipeline Safety Section developed and presented programs to promote safe operations by natural gas transmission and distribution systems. Some of these training opportunities included natural gas

firefighting techniques and procedures, and polyethylene (PE) plastic fusion qualification classes.

GPS investigated two incidents during FY-2016 that were reportable to PHMSA due to various factors. One involved an explosion of a residence in Headland, Alabama that resulted in over \$50,000 in damages and the hospitalization of a resident. This investigation is on-going. The second incident involved a fire that damaged a piece of excavation equipment that also resulted in damages that exceeded \$50,000. The contractor had requested that the pipelines be located by the local utility. The pipelines were incorrectly located leading to the damage to the natural gas pipeline that then ignited and damaged the equipment. A tabulation of the section’s work activities for FY-2016 is reflected in table shown below.

Utility Enforcement Work Activities	Person-Days
Standard Inspections	387.0
Construction Inspections	99.5
Integrity Management Inspections	28.5
Operator Qualification Field Inspections	77.0
Incident/Accident Investigations	11.0
Public Awareness Inspections	5.0
Follow-Up Inspections	42.5
Operator Training	204.0
Investigator Training	291.0

(These figures represent “person-days” that were expended in the inspection/education processes).

Alabama Public Service Commission



LEADERSHIP

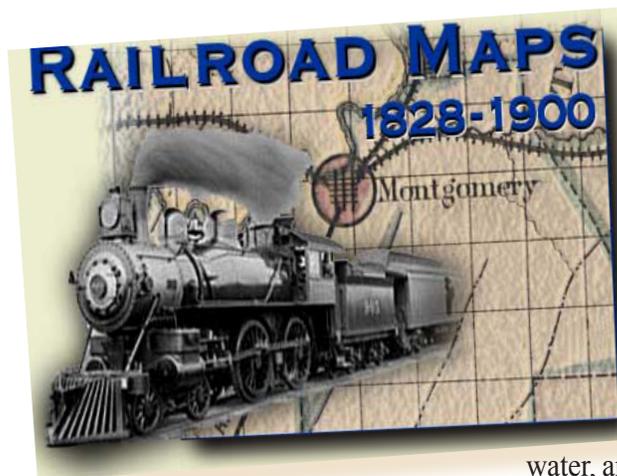
LEGACY

COMMITMENT

SERVICE

*Boasting 135
years of service
to the State
of Alabama!*

APSC 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 and was broadened again in 1920 when the Legislature made the Commission responsible for regulating utility rates.

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



APSC History

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

In 1977, the Legislature recognized the need to have an advocate charged exclusively with representing utility consumers before the Commission. The Legislature accordingly empowered the office of the Attorney General of Alabama to represent consumers and the state in proceedings before the Commission during the 1977 legislative session. In recent years, sweeping federal and state statutory changes have significantly altered the Commission's jurisdiction and authority over transportation and telecommunications utilities. Title IV in the Federal Aviation Administration Act of 1994 provides for federal preemption of the states in matters of motor carrier pricing, routes, and services for all but household goods carriers. As a result, Commission certification and tariff approval is

no longer required for those motor carriers whose state Commissions are federally preempted from regulating beyond minimal initial requirements. The Commission continues to regulate carriers of passengers and household goods, ensures all motor carriers maintain appropriate cargo and liability insurance, and ensures that all regulated carriers comply with applicable safety standards.

With the passage of the Telecommunications Act of 1996, Congress opened up the local exchange telephone markets to competition. Large incumbent local exchange companies (ILECs) such as BellSouth and CenturyTel, who previously operated as the only local carrier within their Commission certified service areas, must now make their services available for resale and lease components of their embedded network to new

entrants. New entrants into the local telephone market may also petition the Commission to open independent telephone company local service areas to competition. The introduction of local competition forced the Commission to set utility prices for retail telecommunication services using market based rather than cost based methodology. In 2005, the Alabama Legislature passed the Communications Reform Act. That Act, citing the competition that exists in the local telephone market, eliminated much of the Commission's authority over retail telecommunication services. Additionally, Commission jurisdiction was eliminated for all broadband services used for Internet delivery. The Commission did, however, retain full jurisdiction over wholesale telecommunications services and matters concerning Universal Service.



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, and Second Vice-President of NARUC*



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