2021
ANNUAL REPORT

ALABAMA
Public Service Commission

Table of Contents

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

TWINKLE ANDRESS CAVANAUGH, PRESIDENT

JEREMY H. ODEN, ASSOCIATE COMMISSIONER

CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

JOHN A. GARNER, EXECUTIVE DIRECTOR

January 10, 2022

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

Dear Governor Ivey:

Attached for your review is the Annual Report of the Alabama Public Service Commission (the "APSC" or the "Commission") for the fiscal year commencing October 1, 2020, and ending September 30, 2021. Said Annual Report details the operations of the APSC for the noted period as required by the provisions of the *Code of Alabama*, 1975, §37-1-41.

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

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

Sincerely,

John A. Garner
Executive Director

JAG:klr
Attachment

INTRODUCTION

The Alabama Public Service Commission holds its monthly meeting on the first Tuesday of each month.

The Commissioners sign a resolution designating April as Safe Digging Awareness Month.

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

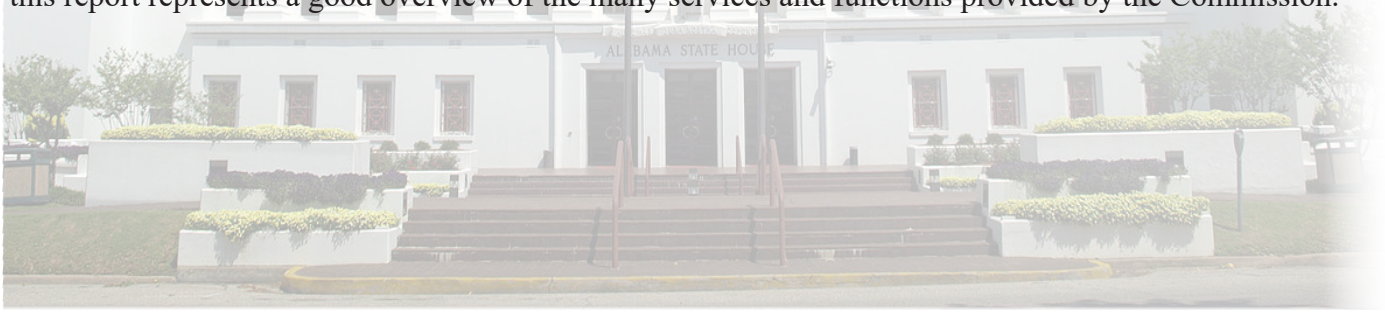
Since its creation over a century ago as the Railroad Commission of Alabama, the Alabama Public Service Commission ("APSC" or "the Commission") has remained committed to ensuring that the citizens of Alabama receive reliable and affordable utility and transportation services at rates that are fair and reasonable. The agency's role has evolved throughout the years from the regulation of railroad transportation services to regulating all facets of public utility and transportation services. The entities regulated by the APSC include privately owned corporations providing electric, gas, and water service to the public, and select providers of telecommunications services and wastewater services. Additionally, railroads, buses, trucking companies, and taxis operating outside police jurisdictions on a for-hire basis remain under the oversight of the APSC. Effective July 1, 2018, Transportation Network Companies were placed under the jurisdiction of the APSC pursuant to Alabama Legislative Act 2018-127.

The APSC operates as a quasi-judicial body whose jurisdiction, powers, and duties are statutory in nature. More specifically, the APSC derives its authority from the *Code of Alabama, 1975*, as amended, Sections 22-25B-6, 24-1-28, 10-2B-15.13, 10-5-3, 10-5-4, 10-5-7, 11-50-268, 11-50-269, 11-50-270, 11-50A-25, 37-1-32, 37-2-3, 37-2-171, 37-3-7, 37-4-60, 37-4-82, 37-4-108, 37-8-8, and 37-9-9.

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

The APSC generates its principal funding from inspection and supervision fees received from companies regulated by the agency to carry out its vast responsibilities. Those funds are, however, appropriated by the Alabama Legislature. The work of the Commission is performed by a staff of approximately 66 competent and dedicated professionals who serve in the various divisions and offices of the Commission.

This report presents a summary of the regulated activities, accomplishments, and financial results for the APSC for the period of October 1, 2020, through September 30, 2021 (FY-2021). Although not all-inclusive, this report represents a good overview of the many services and functions provided by the Commission.



PRESIDENT

Twinkle Andress Cavanaugh

Commissioner Twinkle Andress Cavanaugh is a wife, a mother, and a small business owner committed to applying the principles of conservative governance as a public servant in Alabama.

Affectionately known as "Twinkle" by those she serves in her home state, she is passionate about empowering Alabama's workforce and their families to realize the American Dream.

Cavanaugh continues tireless advocacy for state and federal energy policies that ensure the most reliable and affordable utilities for Alabama's citizens. This includes full use of the resources God provided for our benefit, including coal, natural gas, hydro, wind, solar, and nuclear energy.

She believes sound energy policy is the foundation for providing maximum opportunity to American workers.

During her time at the Commission, some of her notable accomplishments for the people of our state include:

- *Guiding the Commission to reduce expenses by $3.0 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 39%;*
- *Assured the return of hundreds of millions of dollars to Alabama consumers;*
- *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%;*
- *Standing up to outside special interest groups to ensure that Alabama utilities can provide energy from the lowest-cost sources;*
- *Working with regulated utilities to bring natural gas to poultry farmers and rural residents in east Alabama;*
- *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.*

Prior to her tenure at the Public Service Commission, Cavanaugh was the first female elected as chairman of the Alabama Republican Party. In 2020, she received the most votes in Alabama history for a non-presidential candidate.

Even with her status as one of the Yellowhammer State's trailblazing women, Cavanaugh's faith and her family remain the driving forces in her life.

A graduate of Auburn University, she is married to Jeff Cavanaugh, and they have three children and two grandchildren. She and her family are active members of First Baptist Church in Montgomery and are involved in numerous community initiatives.

PRESIDENT TWINKLE ANDRESS CAVANAUGH'S STAFF

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

Safe Digging Awareness Day 2021

From left: WSFA News Photographer Ted Hughes, Commissioner Cavanaugh, and Gas Pipeline Safety Division Director Wallace Jones

COMMISSIONER, PLACE 1

Jeremy H. Oden

A native of the Vinemont/Eva area in Cullman County, Jeremy H. Oden was appointed to serve as the Commissioner for Place 1 on the Alabama Public Service Commission (APSC) beginning December 2012. Commissioner Oden was first elected by the people of Alabama in 2014 and again in 2018, allowing him to continue serving the state through 2022.

Over the past year, Commissioner Oden served in active roles on the National Association of Regulatory Utility Commissioners (NARUC). There he serves as a member of the Board of Directors and on the Electricity Committee, and as past chair of the Subcommittee on Clean Coal and Carbon Management. Commissioner Oden was appointed by President Trump's Department of Energy Secretary to serve as a member of the National Coal Council and will serve until the end of his appointment in 2022.

Throughout the Pandemic/Covid-19, Commissioner Oden stayed in close contact with key individuals at the regulated utility companies. To ensure that customers would be listened to and worked with due to pandemic layoffs, Oden and his fellow commissioners requested that extended grace periods be offered to protect those most vulnerable. The Commissioners were assured by the utilities that disconnections due to Covid-19 related non-payment would be closely monitored and that additional leniency would be provided through payment options, structured installment payment plans, and/or other payment arrangements. Commissioner Oden stayed abreast of the issue as the company resumed regular order of business, making sure that the ratepayer was taken care of during this time. During the year, many natural disasters occurred with hurricanes and tornadoes throughout Alabama, Commissioner Oden maintained close contact with the affected utilities for service to be quickly repaired and safe service restored to the customer.

Commissioner Oden resumed participation in the national arena and participated in NARUC's Policy Summit and Educational Conferences. He met with commissioners from across the nation to discuss a broad spectrum of industry issues.

In August, he attended the South-Eastern Association of Regulatory Utility Commissions (SEARUC) Annual Meeting and Education Conference, where he led a full association panel on the impact of Electric Vehicles on the Southeastern Grid and Reliability Factors of implementation of the Electric Vehicle to the Transportation Arena. Commissioner Oden also served on the National Center for Public Utilities Advisory Council and was asked to lead a discussion at the Education Summit on the impact of the Southern Grid Reliability and the Electrification of the Transportation Grid.

Commissioner Oden also led and attended many meetings, summits, and conferences within the State concerning multiple energy-related topics. He also participated in safety-related industry classes and studied the effects of Environmental, Social, and Governance (ESG) investing and operational motives on industries and regulated entities. He also has been in many conversations addressing the workforce and the trying times of supply and demand issues throughout the State.

COMMISSIONER JEREMY H. ODEN AND STAFF
From left: Aisha Smith, Shane Alexander, Jeremy H. Oden, and Spears Griffin

Most Alabamians would agree that 2021 has been a trying and challenging year. Throughout various stay-at-home orders, virtual meetings, and newly designed in-person meetings, Commissioner Oden and his staff continued to show their willingness to serve constituents on both the national and local levels in 2021. Even through uncertain times, he vows to continue fighting for fuel diversity in power generation and promoting safety along Alabama's roads, pipelines, transmission grid, and railways.

Commissioner Oden listens attentively and takes notes during a monthly commission meeting.

COMMISSIONER, PLACE 2

Chris "Chip" Beeker, Jr.

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

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

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

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

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

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

He has been married to Teresa Beeker for more than 40 years. They have three children: Diana Beeker Browning (Brandon), Inge Beeker (Elizabeth), and Chris Beeker, III (Carlley). Commissioner and Mrs. Beeker have been blessed with 11 grandchildren.

When he campaigned for his current position, Commissioner Beeker promised to oppose crippling federal mandates, and he has consistently lived up to that commitment. During his time on the Commission,

he has established a conservative voting record, promoted and protected industries, and worked to ensure that Alabama citizens do not pay excessive amounts for their utility services. Commissioner Beeker will continue to work to not only oppose the federal government's reckless environmental agenda but also make sure that Alabamians receive the most reliable and affordable energy possible.

COMMISSIONER CHRIS "CHIP" BEEKER, JR. AND STAFF

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

Monthly Commission Meeting

Seen below: Commissioner Beeker's grandson, Chris "Ford" Beeker IV, appears as the special guest on August 3, 2021

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 (retired 8/01/2021)
Rachel Archer,
Departmental Personnel Specialist
Rozetta Parker,
Administrative Support Assistant III

Information Systems Services Section
Kay Oswalt, IT Systems Specialist, Senior
Debra Jackson, IT Systems Technician, Senior
Chalandra Tolliver, IT Systems Technician
Dana Cheek, Programmer/Analyst

State Legislative Affairs
Clarence Duncan,
Public Utility Analyst Manager

LEGAL DIVISION
John A. Garner,
Chief Administrative Law Judge
G. Scott Morris, Administrative Law Judge (until 8/01/2021)
Suellen Young, Administrative Law Judge
Luke Bentley, Administrative Law Judge
Chad Mason, Attorney III
Karen Rogers, Administrative Support Assistant III
Ann Titus, Administrative Support Assistant II

Administrative Division

Walter L. Thomas, Jr.,
Commission Secretary

Tashenma Lawrence,
Administrative Support Assistant III

Finance Section
Miles Gagner, Senior Accountant
Kimberly Holt, Senior Accountant
Ernestine Huffman, Staff Accountant
Kathleen McPherson, Administrative Support Assistant III

Motor Carrier Records Section
Vacant

Electricity Policy Division

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

Electricity Section
Patricia W. Smith,
Public Utility Analyst Manager
Tanya Champion,
Public Utility Analyst III
Chad Mason, Attorney II (until 9/16/2021)

Federal Affairs Section
John D. Free, Director
Chad Mason, Attorney II (until 9/16/2021)

Public Affairs Section
Cynthia Milledge
Public Information Specialist

Utility Services Division

Darrell Baker, Director

Telecommunications Section
Tom Jones, Public Utility Analyst Manager
Janet Conway, Public Utility Analyst Manager
Dee Newman, Public Utility Analyst I

COMMISSION STAFF

Utility Services Division

Services Section
David Peeler, Public Utility Analyst Manager
Aquilla Spivey, Consumer Services Manager
Stephanie Sweet, Consumer Services Specialist

Natural Gas Section
Donald C. Powell, Public Utility Analyst Manager
Marquita D. Lennon, Public Utility Analyst III
Tonya L. Williams, Staff Accountant

Utility Enforcement Division

Janice M. Hamilton, Director and State Rail Safety Program Manager (retired 2/01/2021)
G. Scott Morris, Director and State Rail Safety Program Manager (8/01/2021)
Monica J. White, Administrative Support Assistant III

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

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

Field Services Section
H. Terry Jackson,
Public Utility Services 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
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 Investigations Supervisor

Shawn Emmons, Pipeline Safety Investigator

EXECUTIVE DIRECTOR OF THE COMMISSION

John A. Garner

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

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

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

Judge Garner gives his presentation during a monthly commission meeting.

EXECUTIVE DIRECTOR OF THE COMMISSION

PERSONNEL SECTION

The Personnel Section consists of Dorinda Kepler, Personnel Assistant III/Personnel Manager, and Rozetta Parker, Administrative Support Assistant III, who perform the many day-to-day functions necessary to implement the requirements of the State Merit System. Rachel Archer transitioned to the Personnel Section from Commission President Twinkle A. Cavanaugh's office as a Departmental Personnel Specialist toward the end of 2021 to assume the responsibilities of Dorinda Kepler upon her retirement in that same timeframe.

The Personnel Section is responsible for all actions affecting Commission employees' employment status and maintaining all records of those actions. One of the Personnel Section's primary functions is to identify and implement changes in payroll expenditures resulting from appointments, resignations, promotions, terminations, etc., through the use of the Government Human Resource System, an automated payroll/personnel system.

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

The Personnel Manager also acts as the liaison with SPD, ensuring that all personnel transactions align with state laws and SPD rules and regulations. Additionally, the Personnel Manager represents the Commission at the SPD Board meetings and the Council of Personnel Administrators. The Personnel Section also develops and assists in developing and updating job descriptions for Commission employees when necessary. This ensures appropriate classifications are selected for a particular job and may also be used as an indicator for change in classification and pay.

PERSONNEL SECTION
From left: Rozetta Parker and Dorinda Kepler

INFORMATION SYSTEMS SERVICES SECTION

The Information Systems Services Section ("IT Section") is another important section organized under the Executive Director. Kay Oswalt, IT Systems Specialist, Sr., is the supervisor of the IT Section. Along with her, Dana Cheek, Programmer/Analyst, IT Systems Technician, Chalandra Tolliver, IT Systems Technician, and Debra Jackson, IT Systems Technician, Senior, all 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.

INFORMATION SYSTEMS SERVICES SECTION
From left: Debra Jackson, Kay Oswalt, Chalandra Tolliver, and Dana Cheek (not pictured)

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

Several systems are in place for consumer and users' needs, which were established and maintained by the IT Section. These include small-scale database applications tracking regulated motor carrier registrations, consumer complaints, information technology help desk requests, and some telecommunications data. The section also coordinates and oversees the maintenance of the agency's document imaging system with an outside vendor.

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

The Information Systems Services Section created and updated 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.

STATE LEGISLATIVE AFFAIRS SECTION

PUBLIC UTILITY ANALYST MANAGER
Clarence Duncan

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

The Alabama Statehouse

The Alabama Public Service Commission resumed open meetings in 2020. However, safety precautions were put in place by Governor Kay Ivey.

John A. Garner
CHIEF ADMINISTRATIVE LAW JUDGE

LEGAL DIVISION
From left: Suellen Young, Luke Bentley, John A. Garner, G. Scott Morris, Karen Rogers, and Ann Titus

The Legal Division consists of Chief Administrative Law Judge John A. Garner, Administrative Law Judges Suellen Young and Luke Bentley, Administrative Support Assistant III Karen Rogers, and Administrative Support Assistant II Ann Titus. Administrative Law Judge Scott Morris transitioned to the Directorship of the Utility Enforcement Division in early 2021. Near the end of Fiscal year 2021, Attorney III Chad Mason transitioned from the Electricity Policy Division to the Legal Division.

The Legal Division's Administrative Law Judges preside over all legal proceedings before the Commission and make recommendations for the disposition of the cases they hear. Those recommendations are presented at the monthly meetings of the Commission for a decision. The Commission can adopt the recommendations of the Administrative Law Judges in their entirety or vote to effectuate other outcomes when supported by appropriate evidence. Once the Commissioners render a decision, the Administrative Law Judges typically draft the orders which reflect the decision of the Commission and are signed by the Commissioners.

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

ADMINISTRATIVE DIVISION

Walter Thomas, Jr.
COMMISSION SECRETARY

ADMINISTRATIVE DIVISION
From left: Ernestine Huffman, Kim Holt, Walter Thomas, Jr.,
Kathleen McPherson, Tashenma Lawrence, and Miles Gagner (not pictured)

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

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

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

Lastly, the Secretary's office is responsible for coordinating the parking deck cards and the departmental telecommunications services, which entails ensuring that the telephone and data lines are working properly. A tabulation of the principal activities of the Secretary during FY-2021 is outlined in the table below.

OFFICE OF THE COMMISSION'S SECRETARY

Commission Orders Issued
855

Public Hearings Held
19

Report and Recommended Orders Issued
2

FINANCE SECTION

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

This section also prepares budgetary performance reports; monitors the budget for possible problems and makes any necessary corrections; verifies and processes invoices and expense reports for payment; coordinates the payroll and maintains payroll records; bills utilities for inspection and supervision fees; maintains records of fees collected; notifies the Legal Division of any delinquent companies; collects Transportation Network Company (TNC) local assessment fees and distributes a portion of this fee to the jurisdiction where the TNC ride originated; and conducts special studies or assignments as requested by the Commission.

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

Commission Secretary Walter Thomas listens as reports are given by division directors during a commission meeting.

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.

Dual Party Relay Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2020 and 2021

	Total Sept. 30, 2021	Total Sept. 30, 2020
Comptroller's Beg. Cash Balance :	$ 6,662,456	$ 7,003,852
Dual Party Relay	46	34,521
Total Cash Available:	6,662,502	7,038,373
Disbursement of Encumbrances:		
Utilities & Communications	69,159	30,864
Grants and Benefits	-	-
Total Encumbrances:	69,159	30,864
Disbursement of Operating Costs:		
Travel In-State	-	-
Utilities & Communications	315,752	345,053
Grants and Benefits	439,653	-
Total Operating Costs:	755,405	345,053
Transfer to General Fund	-	-
Transfer to General Fund: Prior year cash	-	-
Total Disbursements & Transfers:	824,564	375,917
Comptroller's Cash Balance, Ending:	5,837,938	6,662,456
Purchase Orders	84,248	79,947
Unencumbered Cash Balance, Ending	$ 5,753,690	$ 6,582,509

ADMINISTRATIVE DIVISION

Alabama Public Service Commission Operating Fund and Gas Pipeline Safety Fund
Statement of Operations
For the Fiscal Year Ending September 30, 2020 and 2021

	PSC Operating Fund	Gas Pipeline Safety Fund	Total Sept. 30, 2021	Total Sept. 30, 2020
Comptroller's Beg. Cash Balance:	$ 3,946,742	$ 1,324,616	$ 5,271,358	$ 5,950,999
Inspection & Supervision Fees -				
Utility/Water Companies	11,067,454	-	11,067,454	11,668,196
Telecommunications/Railroads	1,082,239	-	1,082,239	1,477,049
Motor Carrier Ins. & Reg. Fees	2,451,808	-	2,451,808	2,451,080
Gas Service Line Fees	-	550,845	550,845	551,636
Federal Dept. of Transportation	-	896,058	896,058	831,375
Alabama Dept. of Transportation	50,000	-	50,000	50,000
TNC Local Assessment Fees	181,870		181,870	237,083
Miscellaneous Receipts	5,534	11,305	16,839	10,460
Total Receipts:	14,838,905	1,458,208	16,297,113	17,276,879
Total Cash Available:	18,785,647	2,782,824	21,568,471	23,227,878
Disbursement of Encumbrances:				
Personnel Costs	59	-	59	75
Employee Benefits	18	-	18	43
Travel- In State	2,007	2,035	4,042	7,959
Travel- Out of State	-	-	-	11,750
Repairs & Maintenance	165	-	165	864
Rentals & Leases	1,164	235	1,399	12,808
Utilities & Communications	8,685	2,143	10,828	9,943
Professional Services	8,403	812	9,215	9,049
Supplies & Operating Expenses	4,034	469	4,503	5,267
Transportation Equipment Operations	2,402	2,683	5,085	8,071
Grants and Benefits	-	-	-	2,575
Transportation Equipment Purchases	-	45,136	45,136	-
Other Equipment Purchases	9,459	-	9,459	115
Transfer to State General Fund 100	-	-	-	-
Total Encumbrances:	36,396	53,513	89,909	68,519
Disbursement of Operating Costs:				
Personnel Costs	4,045,642	750,899	4,796,541	4,658,753
Employee Benefits	1,431,772	286,474	1,718,246	1,693,627
Travel- In state	19,156	30,981	50,137	40,139
Travel- Out of State	3,364	15,258	18,622	11,991
Repairs & Maintenance	9,833	-	9,833	4,196
Rentals & Leases	767,442	59,123	826,565	820,725
Utilities & Communications	108,195	23,924	132,119	126,689
Professional Services	176,948	11,147	188,095	227,954
Supplies & Operating Expenses	179,195	20,426	199,621	186,245
Transportation Equipment Operations	14,965	23,875	38,840	27,112
Grants and Benefits	-	2,500	2,500	50
Transportation Equipment Purchases	-	-	-	-
Other Equipment Purchases	19,609	7,563	27,172	90,518
Total Operating Costs:	6,776,121	1,232,170	8,008,291	7,887,999
Transfer to General Fund / Other Agencies	10,000,000	-	10,000,000	10,000,000
Transfer to General Fund: Prior year cash	-	-	-	-
Total Disbursements & Transfers:	16,812,517	1,285,683	18,098,200	17,956,518
Comptroller's Cash Balance, Ending:	1,973,130	1,497,141	3,470,271	5,271,360
Purchase Orders	22,384	58,707	81,091	162,197
Unencumbered Cash Balance, Ending	$ 1,950,746	$ 1,438,434	$ 3,389,180	$ 5,109,163

ELECTRICITY POLICY DIVISION

John D. Free
DIRECTOR

ELECTRICITY POLICY DIVISION

From left: Cynthia Milledge, Chad Mason, John Free, Patricia Smith, Tanya Champion, and Jerry Delancey

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-2021 are identified in the following pages.

ELECTRICITY SECTION

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

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

ALABAMA POWER COMPANY
Rate Stabilization and Equalization (Rate RSE)

Rate RSE, the rate approved by the Commission under Dockets 18117 and 18416, is designed to lessen the impact, frequency and size of retail rate increase requests by permitting APC, through the operation of a formula rate that was filed and approved, to adjust its charges periodically to provide a reasonable

opportunity to achieve the rate of return allowed by the rate order of the Commission. By provisions in the rate, the charges are increased if projections for the upcoming year show that the designated rate of return range will not be met and are decreased if such projections show that the designated rate of return range will be exceeded. Other provisions limit the impact of any one adjustment (as well as the impact of any consecutive increases) and test whether actual results exceed the return range. In the latter event, RSE provides for the calculation of the amount that is returned to customers.

From December 1, 2006 through December 1, 2012, APC's rate of return on projected average common equity, separated to retail electric service ("RRCE" being the Retail Return on Common Equity), was computed annually for the upcoming 12-month period ending December 31 (such 12-month period being the "rate year"). The RRCE was computed based on cost estimates and budgets prepared by APC in the ordinary course of its business and in a manner consistent with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts. If the resulting RRCE 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 RRCE 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

Public Utility Analyst Manager Patricia Smith and Electricity Policy Division Director John Free deliver reports during a monthly meeting.

June 18, 2013, and July 17, 2013, with the June 18 meeting comprising two sessions. The Commission and its Staff participated, together with representatives of the Attorney General's office, APC, and other interested agencies/organizations. After evaluating the participants' information submitted during the four public meetings, the Commission found that APC's Rate RSE mechanism and all the associated components continue to be just and reasonable to customers and the Company. Nevertheless, the Commission recommended, in the Report and Order dated August 21, 2013, several modifications to APC's Rate RSE mechanism. Foremost among these was the replacement of the existing Return on Equity (ROE) range and the provision regarding capital structure with a range and setpoint based on Weighted Return on Average Retail Common Equity ("WRRCE"). The WRRCE range was established at 5.75% to 6.21%, with an adjusting point of 5.98%. In addition, APC is eligible to receive a performance-based adder of 7 basis points (0.07%) to the WRRCE adjusting point when, at the time of the annual Rate RSE filing, the Company possesses an "A" credit rating equivalent with at least one of the recognized rating agencies or the Company is in the top third of the customer value benchmark survey that is examined by the Staff as part of its most recent annual metrics review. Notably, the established WRRCE range represented a downward adjustment in terms of the Company's allowed return.

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

All the recommendations of the Commission were accepted by APC and incorporated into Rate RSE, the associated Special Rules Governing Operation of Rates RSE and CNP ("Special Rules"), and other affected rates and practices. In this regard, it should be noted that the expansion of the Staff's oversight under Rate RSE is in addition to, and not in lieu of, all the existing authority of the Commission, and the Company's right to make filings or petitions with the Commission, as allowed by law, are in no way impaired.

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

On April 17, 2018, APC submitted several proposed revisions to Rate RSE. The purpose of the revisions was to enable the Company to mitigate the credit quality impacts resulting from the passage of the TCJA while preserving rate stability for customers. The changes retain the opportunity for customers to realize an immediate benefit associated with revenues exceeding the top of the designated weighted equity return range, while also enabling a portion to be used for their longer-term benefit through the protection of the Company's credit quality. In this way, the Company would be able to reduce growth in its total debt by increasing its equity, with corresponding reductions in debt issuances, thereby countering the impact of reduced cash flows and improving its Funds From Operations-to-Debt Ratio (or "FFO-to-Debt Ratio").

Alabama Power crews work diligently to restore power to 93,000 homes after Hurricane Ida.

Martin Dam Hydroelectric Plant located along Tallapoosa River

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

- Lowered the top of the weighted equity return range from 6.21% to 6.15%.
- Revised the refund mechanism related to prior year actual results by allowing a portion of future refunds to be used to increase the Company's equity component and thereby improve its credit metrics. There are restrictions in place for any cost year in which there is an upward adjustment under Rate RSE, along with a ceiling on the amounts the Company will be allowed to utilize for protection of its credit quality.
- Made various ministerial revisions to clarify existing provisions of the rate and specify certain additional accounts to be reflected in the determinations under the formula rate.
- All revisions became effective June 1, 2018, for application to January 2019 billings and thereafter.
- In conjunction with the described modifications to Rate RSE, the Company committed to a moratorium on any upward adjustments under Rate RSE for 2019 and 2020.
- Lastly, the Company issued $50 million in bill credits to customers in 2019.

By Order dated May 1, 2018, under Docket U-5266, the Commission authorized APC to establish a regulatory liability for the flow back of excess federal deferred income taxes for the calendar year ending December 31, 2018. The excess deferred income taxes resulted from the TCJA and were $69 million. See the Rate ECR and Natural Disaster Reserve sections for additional details.

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

Actual results for 2020 indicated that Alabama Power's WRRCE exceeded the top of the RSE range. Accordingly, APC established a regulatory liability of $49.9 million for Rate RSE refunds, which were distributed to customers through bill credits issued in April 2021. See the Natural Disaster Reserve section for additional details.

On December 1, 2020, APC filed the 2021 Information and Calculations required by Appendix B to Rate RSE and the Special Rules. Based on this filing, the projected WRRCE for the 12-months ending December 31, 2021, was 6.05%.

The Staff in the Electricity Section examines APC's books and records monthly to determine the WRRCE for the current 12-month period. The Staff prepares a summary report of this information for presentation at each monthly Commission meeting. As of September 30, 2021, the re-projected WRRCE for the twelve-month period ending December 31, 2021, was 7.18%. The point-of-test for Rate RSE is December 31 of each year.

ENERGY COST RECOVERY
(Rate ECR)

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

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

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

By Order dated February 17, 2017, under Docket U-5208, the Commission authorized APC to create a regulatory asset with a balance of up to $142 million. As part of the authorization granted in this docket, the Commission approved the use of approximately $36 million of that regulatory asset to reduce the under-collected balance in Rate ECR, which in turn, reduced costs pressures on customers.

By Order dated March 7, 2017, in Docket 18148, the Commission approved a revision to Rate ECR to implement the Commission's Order dated February 14, 2017, in Dockets 31653 and 31859. In the February 14 Order, the Commission authorized APC to use Rate ECR to capture all PPA-related costs and "purchased power agreements" certified in the referenced dockets (Chisholm View and Buffalo Dunes).

Prior to the February and March 2017 Orders, cost recovery for each of these wind PPAs was bifurcated under Rate ECR and Rate CNP, Part B. To better align cost recovery with the intended purposes of the two PPAs (i.e., potentially lower energy costs), the Commission approved the Company's request to consolidate such cost recovery under Rate ECR. See the Rate CNP, Part B section for more information on the referenced dockets.

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

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

By Consent Order dated December 1, 2020, the Commission lowered the interim ECR factor of 21.60 mills/kWh (2.160 cents/kWh), which was previously established by Commission Consent Order dated December 3, 2019, to 19.60 mills/kWh (1.960 cents/kWh) for the billing months of January 2021 through December 2021. For the billing months beginning January 2022 and thereafter, the ECR factor of 59.10 mills/kWh (5.910 cents/kWh) would apply unless a further change is agreed to sooner as a result of result

of monitoring of operations or until changed by Commission order pursuant to Rate ECR and applicable rules and regulations.

As part of its routine oversight, the Staff performs a monthly review of the over and under-recovery of APC's energy-related costs. On September 30, 2021, the accumulated energy cost balance was approximately $85 million under-recovered.

CERTIFICATED NEW PLANT
(Rate CNP)
Rate CNP, Part A

Rate CNP, Part A ("Part A") was established in 1982 in conjunction with Rate RSE, under Dockets 18117 and 18416. The original rate provided for the certification of newly-constructed generating facilities and rate recovery of the revenue requirement related to the capital cost of such facilities.

On March 9, 2017, under Dockets 18117 and 18416, the Commission approved certain revisions to Part A. The modifications include: (i) the addition of plant acquisitions (as opposed to only self-build projects) to the scope of facilities eligible for rate treatment under Part A; (ii) incorporating 12-month projections for capital, O&M, and depreciation expenses in the development of the rate factor; and (iii) adding the option to apply either an energy-based or revenue-based allocation to the revenue requirement incorporated in the rate factor, as deemed appropriate by the Commission.

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

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

Rate CNP, Part B

Rate CNP was modified in April 2000 to include a second provision, Rate CNP, Part B ("Part B"), that would allow for the certification of purchase power agreements (PPAs) and the recovery of the total costs (excluding fuel) associated with each agreement. Since the approval of this second provision to Rate CNP, Alabama Power Company has entered into various purchase power agreements with companies to acquire the rights and assume payment obligations under a PPA. It should be noted that under all the described PPAs associated with renewable generation, the Company has obtained rights to the environmental attributes, including renewable energy credits ("RECs") associated with the energy provided under those agreements. Under the terms of those PPAs, APC retains the flexibility to retire RECs and serve its customers with renewable energy or to sell RECs, either bundled with energy or sold separately, to third parties. See the table below for APC's currently active purchase power agreements.

Active Purchase Power Agreements with Alabama Power Company

Order Date	Docket No.	Company	Generation Capacity	Initial Term	Commercial Operation Date	Initial End Date	Extension Term and End Date	Cost Recovery Mechanism
11/7/2000	27785	Calhoun Power Company I, LLC	630 MW Combustion Turbine - Gas	11 Yrs.	11/2000	05/2011	(11 Yrs.) 12/2022	Rate ECR (Energy); Rate CNP-B (Capacity)
6/11/2010	31301	Westervelt Renewable Energy, LLC	7.5 MW Renewable Energy - Biomass	10 Yrs.	12/2011	12/2021	NA	Rate ECR (Energy); Rate CNP-B (Capacity)
9/9/2011	31653	Chisholm View Wind Project, LLC	202 MW Wind Energy (Oklahoma)	20 Yrs.	12/2012	12/2032	NA	Rate ECR (All Costs)
9/17/2012	31859	Buffalo Dunes Wind Project, LLC	202 MW Wind Energy (Kansas)	20 Yrs.	12/2013	12/2033	NA	Rate ECR (All Costs)
6/9/2016	32382	AL Solar A, LLC (Lafayette Solar Project)	72 MW AC – Solar	28 Yrs.	12/2017	12/2045	NA	Rate ECR (All Costs)
8/14/2020	32953	Hog Bayou Energy Center	224 MW Combustion Turbine - Gas	18 Yrs.	09/2020	11/2038	NA	Rate ECR (Energy); Rate CNP-B (Capacity)

It should be noted that the Lafayette Solar Project involves an energy purchase agreement. APC receives the output from the new solar photovoltaic electric generating facility built in Chambers County, Alabama, and entered into a 15-year Participation Contract for a Renewable Participation Program between APC and Walmart. The commercial operation date for the Lafayette Solar project was declared on December 15, 2017. Costs associated with the Lafayette PPA will be recovered through Rate ECR since they are energy related.

By Order dated February 14, 2017, the Commission modified the orders entered under Dockets 31653 and 31859 and authorized the use of Rate ECR for the recovery of all PPA-related costs and benefits incurred under the PPAs for the Chisholm View and Buffalo Dunes Wind Projects beginning January 1, 2017. The costs incurred under the PPAs prior to January 1, 2017, were not affected by this Order, being the subject of separate Commission action in Docket U-5208. The specified cost treatment was directed specifically to the two subject PPAs, with the cost treatment for any other PPAs to be addressed in the orders certifying those arrangements, subject to continuing Commission jurisdiction. See the Rate ECR section for more information on these referenced dockets.

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

In accordance with the provisions of Part B, APC filed with the Commission on February 1, 2021, the information and calculations for the CNP Purchase Factor associated with certain certificated PPAs. See the Certificates of Convenience and Necessity section for additional details related to certified PPAs.

Rate CNP, Part C

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

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

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

In accordance with the provisions of Part C, APC filed with the Commission on November 16, 2020, the calculations associated with its costs of complying with governmental mandates. Although the filing reflected a projected under-recovery of such costs that normally would be recoverable in the billing months of January 2021 through December 2021, APC consented that the current factors could remain in place for cost year 2021, as approved in the Commission Consent Order dated December 1, 2020.

CERTIFICATES OF CONVENIENCE AND NECESSITY

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

By Order dated September 16, 2015 (Docket No. 32382), the Commission granted APC a Certificate authorizing it to develop or procure up to 500 MW of capacity and energy from renewable energy and environmentally specialized generating resources ("RGC Certificate"). Depending on whether any such approved projects are owned by APC or procured through PPAs, the cost of each would be recoverable under either Rate CNP, Part A, Rate CNP, Part B, and/or Rate ECR. In accordance with the provisions of the RGC Certificate, APC has issued three Requests for Proposal ("RFP") for renewable or environmentally specialized energy resources for projects ranging from 5 MW to 80 MW—in 2016, 2018, and 2020. Projects approved by the Commission under the RGC Certificate are also discussed in Rate CNP, Part A and Rate CNP, Part B.

By Order dated December 14, 2015 (Docket No. 32382), the Commission approved the Anniston

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

On September 6, 2019 (Docket 32953), the Company petitioned the Commission for certification of approximately 2,400 MW of new capacity resources. Petitions to intervene were timely filed and granted by the Attorney General, Alabama Industrial Energy Consumers, Alabama Coal Association, American Senior Alliance, Energy Fairness.org, Manufacture Alabama, Sierra Club, and Energy Alabama and Gasp (jointly, "Energy Alabama/Gasp"). A public hearing in this cause was held during the week of March 9, 2020, in the Main Hearing Room of the Carl L. Evans Chief Administrative Law Judge Hearing Complex in the RSA Union Building in Montgomery, Alabama. At the direction of the Administrative Law Judge, Alabama Power, Sierra Club, Alabama Industrial Energy Consumers, Alabama Solar Industry Association, Energy Alabama/Gasp, and the Attorney General filed post-hearing briefs with the majority in the form of proposed orders. By Order dated August 14, 2020, the Commission approved the construction of a new combined-cycle unit at the site of Alabama Power Company's Barry Steam Plant ("Barry Unit 8"); the acquisition of the Central Alabama Generating Station ("Central Alabama") located in Autauga County; a PPA for the output of the Hog Bayou Energy Center located in Mobile County; and the authority to pursue up to 200 MW of demand-side management and distributed energy resource programs. The Staff further recommended, and the Commission approved, that the cost of Barry Unit 8 subject to CNP, Part A, and Rate RSE shall be capped at no more than 5% above the estimated in-service cost, subject to a showing of reasonableness if the Company seeks to recover any actual costs that exceed the capped amount. The Commission did not approve the five Solar with Battery Energy Storage System projects proposed in this docket. However, it was recommended that these projects be evaluated under Docket 32382, and the criteria set forth therein. Petitions for rehearing or reconsideration were filed by Sierra Club and Energy Alabama/GASP, which the Commission voted to deny on November 3, 2020 in the Commission Order, dated December 10, 2020 (Docket 32953).

By Order dated July 13, 2021 (Docket No. 32382) and, consistent with the requirements of the Certificate of Convenience and Necessity granted in the September 16, 2015 Order under Docket No. 32382, the Commission approved a petition by APC for an Energy Purchase Agreement in connection with the HEP Greenville Solar Project. The project will be constructed, owned, operated, and maintained by HEP Greenville Solar, LLC. As part of its proposal, the Commission also approved a customer participation contract (Renewable Additionality Subscription Program) between Alabama Power Company and Wells Fargo Bank N.A. This contract is for a term of ten years and is expected to commence commercial operation on or before January 5, 2024. The Company will be able to use the same form of contract with other customers who may be interested in renewable energy and in supporting the HEP Greenville Solar Project.

By Order dated August 11, 2021 (Docket 32382), the Commission approved the petition by Alabama Power Company for a limited modification to the certificate of convenience and necessity ("Certificate") previously granted in the September 16, 2015 Order under Docket No. 32382. The modification included an extension of the term of the Certificate by six (6) years to September 16, 2027. All other criteria and conditions applicable to the exercise of authority under the Certificate, as set forth in the September 16, 2015 Order shall remain in force and effect through the remainder of the extended term.

NATURAL DISASTER RESERVE
(Rate NDR)

On October 3, 1994 (Docket U-3556), the Commission granted APC authority to establish a Natural Disaster Reserve ("NDR" or "the Reserve") of $32 million against which extraordinary operation and maintenance expenses resulting from natural disasters would be charged. The Reserve was established to help mitigate the disruptive effects of significant natural disasters in APC's service territory.

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

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

By Order dated August 20, 2010 (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.

On December 3, 2019 (Docket U-5266), the Commission authorized the Company to apply the remaining benefits of the federal excess deferred income taxes associated with the TCJA of approximately $39 million to increase the balance in the NDR. See the Rate RSE section for additional details.

As noted earlier, Alabama Power's actual results for 2020 exceeded the top of the approved Rate RSE range. After determining the refund amount for customers, the Company made a discretionary accrual of $100 million to the Natural Disaster Reserve. Additionally, approximately $3.4 million in undistributed amounts following the customer-specific RSE refunds was also applied to the NDR.

In FY-2021, as a result of storm damages, APC incurred additional operation and maintenance costs of approximately $47 million. As of September 30, 2021, the Reserve had a positive balance of approximately $36 million.

Alabama Power crews prepare for storm damage and encourage Alabamians to do the same.

OTHER ACTIVITIES/FUNCTIONS

The *Code of Alabama, 1975,* Title 37, as amended, identifies numerous responsibilities of the Commission in regard to the regulation of utilities in Alabama. As such, the Electricity Policy Division Staff performs various activities/functions, in addition to those listed previously, that furthers the due diligence responsibility in the regulatory oversight of Alabama Power Company.

The table below identifies filings and petitions by APC that were reviewed, analyzed, evaluated, and/or researched during FY-2021 by the Staff, which were subsequently presented for Commission action.

Order Date	Docket No.	Filing Date	Description
2/2/2021	U-5017	1/19/2021	Approval of modifications to Rate Rider EDI (Economic Development Incentive).
3/2/2021	18005	2/15/2021	Approval of the forty-second revision of Rate PAE (Purchase of Alternate Energy).
3/2/2021	U-5213	2/15/2021	Approval of the fourth revision of Rate CPE (Contract for Purchased Energy).
3/2/2021	U-3765, U-4226, U-4554, U-3453	2/16/2021	Approval to withdraw Rate PPP (Price Protection Products for Real Time Pricing Consumers) and Rate XILTU (Incremental Load – Time of Use); and approval to revise Rate FPL (Unmetered Protective Lighting) and Rate SLM (Public Street and Highway Lighting).
9/14/2021	U-5399	8/31/2021	Approval of a new electric service tariff, Rate Rider TRR (Transitional Rate Rider).
9/14/2021	U-3605	8/31/2021	Approval to apply Rate Rider TRR (Transitional Rate Rider) to customers transitioning off of Rate XRTPD (Real Time Pricing – Day Ahead (Restricted)).
9/14/2021	U-5397	8/19/2021	Approval of Financing Authority for Alabama Power Company for 2021-2023.
9/14/2021	U-5398	8/19/2021	Approval of Financing Authority for Southern Electric Generating Company for 2021-2023.

The auditing function of the Electricity Section's Staff includes monthly analytical reviews and/or audits to test the completeness and reasonable accuracy of financial information, economic models, and/or other data submitted by APC. For this activity, the Staff's monthly fuel audit is particularly important because the Company's fuel-related costs account for a significant percentage of total operation and maintenance ("O&M") expense. During the monthly fuel audits, the accounting records for fuel (coal and oil) purchases and burns are reviewed at the respective generating facilities. Fuel audits at each fossil-fuel generating facility are performed on a rotating basis, allowing the Staff two visits per year at each plant. During the second half of the year, in addition to the fuel audit, an annual site visit is performed at each plant. During the site visit, the Staff meets with Company representatives for a plant overview, including an update on environmental and non-environmental (governmental mandates) capital projects and related O&M expenses. The on-site audit is concluded with a walk-down of the plant to observe the status of ongoing projects.

Due to the ongoing impact of the COVID-19 pandemic, along with state-wide and APSC guidelines established in response to the pandemic, Staff travel was temporarily suspended March 2020. Additionally, due to APC's continuance of limited travel due to the Company's COVID-19 protocols, the Staff was unable to perform normal face-to-face fuel audits and on-site visits at the plants. However, working with APC's corporate and plant staff, conference calls were arranged to perform the fuel audit assessments and to discuss ongoing operations (environmental and non-environmental), and updated site-visit presentations were provided.

In addition to the fuel audit, the Staff engages in various other audits including, but not limited to the audit of the Rate CNP, Part B Factors (filed annually by February 1), the Jurisdictional Seperation Study (also referred to as the "Cost of Service Study") (filed annually by May 1), the monthly analysis/audit to test the billing accuracy of the Company's standard residential rate, and an audit of APC's compliance activities associated with environmental and governmental regulations.

ALABAMA MUNICIPAL ELECTRIC AUTHORITY

Pursuant to the provisions of Section 11-50A-25, *Code of Alabama, 1975*, as amended, the Commission reviews and approves certain activities of the Alabama Municipal Electric Authority ("AMEA" or "the Authority"). During FY-2021, the Authority filed one petition with the Commission.

By Order dated October 6, 2020 (Docket U-5348), the Commission approved the currently effective Federal Energy Regulatory Commission (FERC) Uniform System of Accounts as the accounting regulations for the Alabama Municipal Electric Authority (the "Authority"). Section 11-50A-25 of the *Code of Alabama* provides, in part, that the Commission "shall approve accounting regulations for the Authority, which regulations shall be consistent with the accounting regulations established generally in other states for entities similar to the Authority."

FEDERAL AFFAIRS

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

The Federal Affairs Section, in conjunction with the Commission's Legal Division, also reviews federal judicial appeals and decisions on electric utility issues and, if appropriate, makes recommendations to the Commission regarding appropriate actions to be taken. Also, this section reviews proposed federal legislation affecting the electric industry and Alabama electric consumers and prepares summary documentation for the Commission's review, as needed. The Federal Affairs Section also monitors and reports to the Commission, 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 an effort to remain informed of these matters, the Federal Affairs staff conducts research, monitors news briefings, participates in conference calls, and may attend various industry conferences/seminars/meetings including the NARUC meetings, the Nuclear Waste Strategy Coalition (NWSC) conferences, and others. In some cases, the appropriate action involves filing comments, on behalf of the Commission in a particular federal proceeding.

PUBLIC AFFAIRS

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

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

UTILITY SERVICES DIVISION

Darrell Baker
DIRECTOR

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

NATURAL GAS SECTION

The Natural Gas Section is responsible for regulating all publicly-owned natural gas distribution, transportation, storage, and intrastate natural gas and oil pipelines in Alabama, and monitoring of the Rate Stabilization and Equalization and related programs for Spire Alabama Inc. and Spire Gulf Inc.

RATE STABILIZATION AND EQUALIZATION

The Commission regulates the rates for the two largest investor-owned gas utilities in the state under a Rate Stabilization and Equalization (Rate RSE) plan. Rate RSE has been in use for 37 years as a method to keep rates as low as possible while assuring quality service.

SPIRE ALABAMA INC.

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

Under the RSE plan, the only time Spire Alabama can increase its base rates is December 1. If the projected return, based on the budget approved by the utility's board of directors, is less than 10.15 percent, rates are increased on December 1 to bring the projected return at the end of the rate year to 10.50 percent (the adjusting point of the authorized return range). If the projected return is more than 10.65 percent, rates are decreased to bring the return to 10.50 percent. If the projected return is between 10.15 and 10.65 percent, inclusive, no adjustment is made. Subsequent test points, conducted on January 31, April 30, July 31, and September 30, can yield only decreases or no change.

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

Spire Alabama has an Off System Sale and Capacity Release (OSS CR) Program designed to reduce its customers' overall gas costs. Off System Sales is defined as any Company sale of gas, or gas bundled with pipeline transportation, made to parties at locations off the Company's distribution system with any savings shared between the Company and the customer.

SPIRE GULF INC.

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

NATURAL GAS SECTION

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

Under the RSE plan, the only time Spire Gulf can increase its base rates is on December 1. If the projected return, based on the budget approved by the utility's board of directors, is less than 10.45 percent, rates are increased on December 1 to bring the projected return at the end of the rate year to 10.7 percent (the adjusting point of the authorized return range). If the projected return is more than 10.95 percent, rates are decreased to bring the return to 10.7 percent. If the projected return is between 10.45 and 10.95 percent, inclusive, no adjustment is made. Subsequent test points, conducted on January 31, April 30, July 31, and September 30, can yield only decreases or no change.

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

From February 11, 2021, to July 30, 2021, the Company, representatives from the Office of the Attorney General, and the Commission Staff conducted numerous meetings to review Spire Gulf's operations under RSE and consider the extension of RSE for Spire Gulf.

Based on this review, by Order dated September 30, 2021, the Commission modified and extended RSE for Spire Gulf. These modifications, effective October 1, 2021, include an authorized Return on Equity range of 9.70 percent to 10.30 percent with an ROE adjusting point of 9.95 percent; an equity cap of 55.5 percent; and modifications to the Cost Control Mechanism.

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-2021, the Natural Gas Section was responsible for evaluating and making recommendations to the Commission on all matters relating to the following local distribution companies:

- ***Spire Alabama Inc.***
- ***Spire Gulf Inc.***
- ***Wheeler Basin Natural Gas Company***

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

Utility Services Division Director Darrell Baker listens closely during a monthly Commission meeting.

SPIRE ALABAMA INC.

Regarding Spire Alabama Inc., the section:

- Monitored the company's gas purchasing and storage activities;
- Examined the company's research and development expenditures;
- Participated in the company's corporate allocations meeting;
- Evaluated Gas Supply Adjustment filings;
- Evaluated a request to issue and sell long-term debt;
- Evaluated the purchase of interest rate derivative instruments;
- Worked with the Commission's Consumer Services Section to review activities in the company's policies regarding disconnects, reconnects, and collecting arrearages;
- Reviewed the Rate Stabilization and Equalization filing for Rate Year (RY)-2021;
- Reviewed the company's Cost Control Measure;
- Reviewed the company's Accelerated Infrastructure and Modernization monthly report;
- Reviewed the company's Off-System Sales reports;
- Evaluated a Base Contract with Emera Energy Services, Inc.;
- Evaluated the modification of the Firm and Interruptible section, i.e., "Rate Schedule P" in the Tariff.;
- Evaluated a Special Services Agreement with WPM Holdings, LLC.;
- Evaluated an Amendment to a Special Services Agreement with Food Ingredient Technology Company, LLC (FITCO);
- Evaluated a Base Contract for Sale and Purchase of Natural Gas with BBT Alabama Intrastate, LLC (formerly American Midstream);
- Evaluated a Base Contract for Sale and Purchase of Natural Gas with CIMA Energy, LP;
- Evaluated a Special Services Agreement with Bryan Whitfield Memorial Hospital;
- Evaluated a Special Services Agreement with John Soule Foods Alabama, LLC;
- Evaluated a Base Contract for Sale and Purchase of Natural Gas with Koch Energy Services, LLC;
- Evaluated an Amendment to a Special Services Agreement with Solutia, Inc.;
- Evaluated Amendment No. 3 to a Special Services Agreement with Kronospan, LLC.; and
- Reviewed the company's annual report and requested and received clarification of certain portions of the report.

SPIRE GULF INC.

Regarding Spire Gulf, the section:

- Monitored the company's gas purchasing and storage activities;
- Met with the company concerning corporate allocations;
- R eviewed the company's Cast Iron retirement monthly reports;
- Evaluated a Cast Iron Main Replacement (CIMR) Factor filing;
- Evaluated a Cost Control Measurement filing;
- Evaluated a Weather Impact Normalization filing;
- Evaluated Purchased Gas Adjustment filings; and
- Reviewed the company's annual report and requested and received clarification of certain portions of the report.

WHEELER BASIN NATURAL GAS COMPANY

Regarding Wheeler Basin Natural Gas Company, the section:

- Evaluated the monthly Purchase Gas Adjustment; and
- Reviewed the company's annual report.

Intrastate Storage and Pipeline Companies

During FY-2021, the Natural Gas Section was responsible for evaluating and making recommendations to the Commission on matters pertaining to the following intrastate pipeline and storage companies:

- American Midstream (Alabama Intrastate) LLC;
- American Midstream (Bamagas Intrastate) LLC;
- American Midstream (Tennessee River) LLC;
- Arapaho Communications;
- Bay Gas Storage Company, Inc.;
- Genesis Pipeline, LLC;
- Pine Energies, Inc.;
- Third Coast Alabama, LLC; and
- NextEra Energy Pipeline Holdings (Lowman), Inc.

American Midstream (Tennessee River), LLC

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

American Midstream (Alabama Intrastate), LLC

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

American Midstream (Bamagas Intrastate) LLC

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

Arapaho Communications

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

Bay Gas Storage Company, Inc.

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

Genesis Pipeline, LLC

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

Pine Energies, Inc.

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

Third Coast Alabama, LLC

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

NextEra Energy Pipeline Holdings (Lowman), Inc.

The section continued to monitor the progress of the construction of facilities to commence service.

SUPPORT OF COMMISSION OFFICES

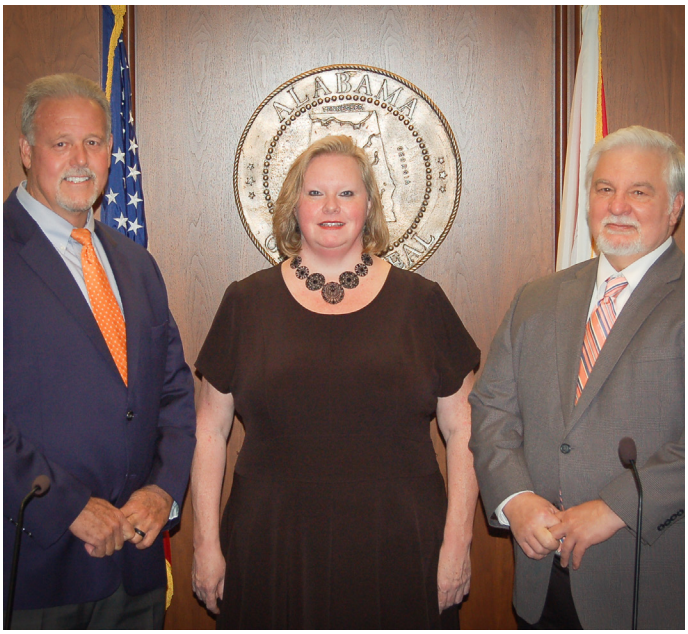
The section:

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

Miscellaneous

The section:

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



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

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 telecommunication services. For those providers electing regulation under the Act, the Commission's pricing jurisdiction was eliminated for bundled service offerings, services offered under contract, broadband internet services, and most retail telecommunications services. The Commission retained pricing jurisdiction for stand-alone basic service, optional telephone features, emergency telephone (911) services billing, consumer complaints, Federal Universal Service Fund (USF) administration, and all wholesale service pricing. ILECs were required to file a letter with the Commission indicating their choice for either regulation under the terms of the Act or to remain regulated under the price cap provisions of the Commission's Alabama Telecommunications Regulation Plan. As of September 30, 2021, four independent telephone companies, along with six toll and competitive telephone companies in Alabama, have not opted for regulation under the Act. Pricing for the services offered by those carriers remains wholly within the Commission's regulatory jurisdiction.

In 2009, the Legislature amended the Communications Reform Act to eliminate the Commission's pricing jurisdiction over stand-alone basic service and optional telephone features for BellSouth, CenturyLink, and any rural telephone company agreeing to surrender their rural exemption from competition. As of September 30, 2021, only Windstream Communications, Frontier Telephone Companies, and Ardmore Telephone Company have agreed to end their rural exemption claim, while 23 incumbent telephone companies remain regulated under either the 2005 Act or the Commission's price regulation plan that existed prior to its passage.

In 2014, the Legislature amended the Communications Reform Act to eliminate the Commission's complaint and dispute jurisdiction. Carriers no longer desiring to remain under the Commission's complaint and dispute jurisdiction have to make their election known to the Commission. As of September 30, 2021, twelve (12) ILECs and sixteen (16) CLECs have requested a waiver seeking exclusion from the Commission's complaint and dispute jurisdiction.

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

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

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

SECTION ACTIVITIES

During FY-2021, the section:

- Processed eighty three tariff filings, three name changes, ten cancellations, and forty-five interconnection, resale, and collocation agreements for CLECs, wireless providers, and ILECs;
- Processed four applications for Certificate of Public Convenience and Necessity (CPCN) to provide toll resale and/or competitive local exchange service in Alabama;
- Received and reviewed LEC and toll carrier's Family Violence Shelter Confidentiality plans in accordance with the *Code of Alabama, 1975,* as amended Sections 37-2A-4 and 30-6-1, and with Commission Docket 29878;
- Participated with the Legal and Administrative Divisions to ensure that telecommunications companies are compliant with required submission of Inspection and Supervision (I&S) fees;
- Participated in Show Cause proceedings and processed Commission Orders to revoke CPCNs of companies that failed to comply with the Show Cause proceedings;
- Calculated the maximum annual increase in basic service rates authorized under the 2005 version of the Act based on the change in the Consumer Price Index and disseminated to the applicable ILECs;
- Calculated the average statewide telephone bill for the Alabama Department of Human Resources to use in conjunction with federal distribution of public assistance funds;
- Investigated and resolved 398 consumer inquiries associated with telephone service and/or billing;
- Participated with the North American Numbering Plan Administrator (NANPA) and the Alabama Telephone Industry Working Group to implement the new 988 National Suicide Hotline Improvement Act;
- Participated with NANPA in the management of telephone numbering resources statewide to include assignment of numbering codes to telecommunications carriers and recovery of underutilized numbering resources;
- Investigated and approved two "Safety Valve" petitions from ILECs requesting the Commission overturn denials by NANPA for the issuance of additional numbering resources;
- Prepared twelve monthly code and block reports to NANPA;
- Monitored the Inmate Calling Service rates and fees for all Department of Corrections facilities, county jails, and municipal detention facilities;
- Performed on-site compliance inspections at five separate detention facilities; and
- Cancelled one ICS certificate and one COCOT certificate.

SERVICES SECTION

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

The Services Section 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. The staff is also responsible for the regulation of Customer-Owned Coin-Operated Telephone (COCOT) providers, Shared Tenant Service providers, and for setting rates and charges for water and wastewater utilities under the Commission's jurisdiction. The Services Section Water/Wastewater staff reviews and evaluates annual filings, applications, and petitions submitted by water utilities and wastewater Management Entities (ME).

UTILITY SERVICES DIVISION

Staff regulates/monitors the activities of nine private water utilities and the financial viability of eight Management Entities that operate decentralized wastewater systems in Alabama. The duties performed by the Water/Wastewater staff consist of analysis of rate, financing, and service petitions; performance of periodic financial reviews; and audits of the utility's accounting books and records. The staff also corresponds with the permitting agencies for water/wastewater utilities: the Alabama Public Health Department and the Alabama Department of Environmental Management.

The Services Section is responsible for regulating the following nine water systems under the Commission's jurisdiction in accordance with the *Code of Alabama, 1975,* as amended:
Asbury Water System;
Central Water Works, Inc. (FL);
East Lowndes Water Association (MS);
Escambia Community Utilities, LLC;
Hiwannee Water Association, Inc. (MS);
Integra Water Creola, LLC;
Plantation Water System;
Tishomingo County Water District (MS); and
Asset Management Professionals, LLC (Formally Water Works, Inc.)

Regulated wastewater utilities include:
Alabama Wastewater Systems, Inc.;
Arbor Utility Management, LLC;
Bio-Flow, Inc;
Community Utilities of Alabama, Inc.;
Integrated Wastewater Management, Inc.;
O'Brien Environmental Service, LLC;
Pinnacle Wasterwater Systems, LLC; and
Riverbend Marina, LLC (Regulated Non-Management Entity).

SERVICES SECTION

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

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

Members of the Consumer Services staff are trained to mediate disputes, clarify action taken by the utility and respond to general and complex inquiries made regarding a utility and/or the Commission's rules. Additionally, the staff seeks to educate consumers on utility-related matters.

SECTION ACTIVITIES

Water and Wastewater:

- Certificate of Financial Viability Modification applications evaluated-8
- Certificate Renewal applications evaluated-4
- Tariff revision petitions evaluated-1
- Water Utility Rate Cases-0
- Wastewater Utility Rate Cases-1
- Wastewater system inspections and audits-3

Consumer Services:

- Telecommunication Company complaints-381
- Alabama Power Company complaints-300
- Spire Alabama complaints-46
- Spire Gulf complaints-25
- Water or Wastewater complaints-55

UTILITY ENFORCEMENT DIVISION

G. Scott Morris
DIRECTOR

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

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

The safety oversight of all mainline and classification railroad yards and systems in Alabama is a high priority of the Commission and was included within the scope of the UED through the Railway Safety (RWS) Section's enforcement of the applicable federal safety regulations. UED staff worked closely with the Alabama Department of Transportation on railroad safety matters and various other state agencies on the state's Safety Outreach Task Force, the Southern Rail Commission, and the National Association of Regulatory Utility Commissioners.

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

The Commission also regulates transportation network companies (TNCs) engaging in statewide operations under Alabama Legislative Act No. 2018-127. The UED staff has responsibility for some of the TNC regulatory oversight. The subsequent paragraphs discuss each section's significant regulatory policies, duties, and major activities and accomplishments during FY-2021.

RAILWAY SAFETY SECTION

The Railway Safety Section conducted safety compliance inspections on all railroad common carriers' track and equipment in Alabama under state and federal standards. Track inspections were conducted on mainline tracks, siding and lead tracks, and yard tracks on which operations were conducted over the general rail system. These routes included, but were not limited to, hazardous materials routes, the Strategic Rail Corridor Network (STRACNET), passenger train routes, and crude oil/ethanol routes.

The equipment inspections included examinations of rolling stock (rail cars), locomotives, roadway maintenance machines (rail-bound work equipment), and hi-rail vehicles (vehicles that are capable of operating legally on public roads and by rail). These inspections also monitored compliance with regulations for Railroad Workplace Safety.

There are over 3,900 miles of track in the state. This trackage is owned and maintained by four major Class One railroads, one Class Two railroad, and 25 Class Three railroads. There are railroad classification yards located in Birmingham, Mobile, Montgomery, and Sheffield, where trains are built for departure to multiple points around the United States. These yards are also the terminus for many trains coming in from other states. Also, located throughout the state are many switching yards and each metropolitan area has a major switching hub. Thousands of units of rolling stock traverse these tracks each day hauling a multitude of different commodities.

The Railway Safety Section also reviewed data gathered by itself and the FRA to determine where areas of concern with railway safety may exist. Once these areas were identified, plans were made to perform focused inspections or joint inspections with the FRA and our staff with multiple inspectors to ensure that any problems could be addressed thoroughly and accurately. Railway Safety staff participated in six focused inspections on carriers that had shown patterns of noncompliance that were identified through data collected from regular inspections. They also performed numerous inspections jointly with FRA inspectors on various rail carriers in the state throughout the year, where two or three inspectors would team up to offer more detailed examinations.

Through data collection and review, it was discovered that a majority of the derailments that have occurred in times past in the state happened on yard tracks. In light of this information, inspection staff directed more time and resources to performing inspections in these locations. There has been a reduction in derailments in Alabama of about 12% from fiscal year 2020 to fiscal year 2021. This improvement can be partially attributed to inspection staff focusing on areas where derailments would normally occur.

This section investigated railroad accidents and derailments to determine probable causes and assisted the FRA and the National Transportation Safety Board (NTSB) in major accident investigations. This section also handled complaints from railroads, railroad employees, labor unions, other governmental agencies, and the general public in all matters pertaining to railway safety.

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

ACTIVITY	MP&E*	TRACK
Track Miles Inspected	--	1,636
Turnouts Inspected	--	932
Locomotives Inspected	42	--
Freight Cars Inspected	8,461	--
Hazmat Cars Inspected	294	--
End of Train Devices Inspected	5	--
Railroad Records Inspected	262	291
Bridge Observations	--	139
Roadway Worker Observations	--	131
Roadway Machines Observed	--	197
Blue Flag Observations	29	--
Noncompliant Conditions Identified	1,317	1,006
Violations Recommended	5	6
Complaints Investigated	--	9
Accidents/Derailment Investigated	--	4

Motive Power and Equipment

Inspections are also conducted on railroad rehabilitative projects administered by the Alabama Department of Transportation (ALDOT). Agreements between the railroads and ALDOT typically specify adherence to FRA Class II standards and encompass a ten-year time frame.

RWS staff provided assistance to the Heart of Dixie Railroad museum by means of performing courtesy inspections for their track and equipment that is used during their excursion train operations.

MOTOR CARRIER SERVICES SECTION

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

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

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

Third, the staff issues motor carrier vehicle registration numbers to intrastate, for-hire companies and processes all qualified Alabama-based interstate companies' Unified Carrier Registration fees.

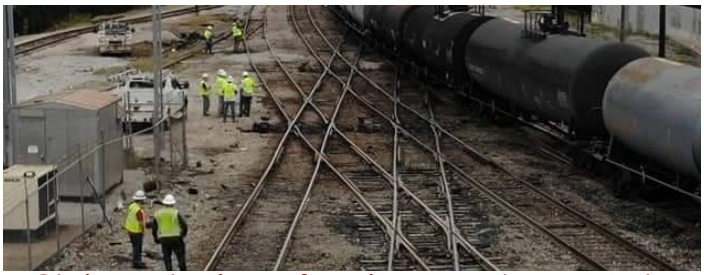
It also collects, accounts for, and processes the payments to be deposited into the State Treasury or the federal UCR depository, as required by law. It is responsible for maintaining journals, ledgers, receipts, and various other financial and certification records and reports of payments received and deposited.

INSURANCE AND REGISTRATION SECTION

INSURANCE FILINGS	
Self-Insurance, bonds for liability and cargo, certificates for liability and cargo, bonds for brokers	4,012
Insurance correspondence	434
REGISTRATION	
UCR registration	13,816
Online	13,684
Office	132
UCR Audits Results:	
Companies Audited	56
Audit Correspondence	211
Intrastate Authority Applications Received:	
New authority applications	106
Transfers of authority	2
Applications to provide service for non-profit organizations	19
Motor Carrier Vehicle Registration Numbers issued	232
REVOCATIONS AND REINSTATEMENT OF AUTHORITY	
Revoked for not complying with Commission rules & regulations	313
Reinstated after compliance	206

The table above details the section's inspection activity for FY-2021.

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.



Chris Hester is performing Roadway Worker Protection (RWP) inspection activities in downtown Birmingham.

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

In addition to the above-mentioned regulations of motor carriers, the Insurance & Registration professionals are called upon to provide information to the general public, permitting services, attorneys, insurance companies, transportation companies, and other state and federal agencies concerning various regulatory matters. The Commission's website is a clearinghouse for transportation regulatory information, including application forms for registration and non-fee based annual report forms for motor carriers.

RATES AND SERVICES

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

When the Commission institutes a formal investigation of a proposed tariff, a public hearing is set and held to review the matter. When the record is complete, the hearing officer and other PSC staff members study and analyze the evidence of record and make recommendations to the Commission. After a Commission decision is made, an order of the Commission is prepared for their approval.

MOTOR CARRIER TARIFFS FILED	
Household Goods Motor Carriers	18
Passenger Motor Carriers	7
ANNUAL REPORTS FILED	
Motor Carriers	166

The Rates and Services staff received and maintained motor carrier annual reports that were required to be filed by April 30 of each year covering the previous calendar year of operation. The staff also handled requests for verification of rates, fares, and charges of transporters of passengers and household goods. It also verified rates and services provided by motor carriers through compliance audits of carriers' records.

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

UTILITY ENFORCEMENT DIVISION

MOTOR CARRIER SERVICES SECTION

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

Transportation Network Companies

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

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

Field Services Section

The Field Services Section (FSS) is responsible for providing the majority of the engineering and technical assessments of regulated utility infrastructure, which are necessary for the Commission to fulfill its statutory responsibilities. Some of those assessments include but are not limited to, the inspection, oversight and monitoring the operations, maintenance, construction and reliability of all regulated, investor-owned electric, water and wastewater utility plants, facilities and infrastructure.

In Fiscal Year 2021, the FSS section performed limited field inspections of electric power generation plants (steam and hydroelectric), local electric distribution operations, and regulated water and wastewater facilities due to the ongoing Covid pandemic.

The task of reviewing power generation, transmission, and distribution projects was resumed on a limited basis in the later portion of fiscal year 2021, to include a hydroelectric plant and a distribution project.

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

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

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

Utility Enforcement Director G. Scott Morris discusses the tasks, inspections, and activities accomplished by his staff during a monthly meeting.

GAS PIPELINE SAFETY DIVISION

Wallace Jones
DIRECTOR

During Fiscal Year 2021, the Gas Pipeline Safety Division (GPS) conducted and carried out the inspection and monitoring activities of every natural gas and hazardous liquid intrastate pipeline system operating in Alabama, including offshore and in state waters. The responsibility was given to the Public Service Commission by the Alabama Legislature to assure and obtain compliance with the Minimum Federal Gas Pipeline Safety Standards adopted by the United States Department of Transportation (USDOT) pursuant to the Natural Gas Pipeline Safety Act of 1968. Each calendar year, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) performs an audit of the activities and finances to ensure compliance with all aspects of the federal regulations. The state inspections are conducted in person by the GPS Investigators and include evaluations of the records and physical properties of the operators. The GPS Investigators, in accordance with federal and state guidelines, conducted virtual inspections using Microsoft Teams, Zoom, WebEx and other virtual meeting platforms when required due to the lingering effects of COVID-19. When in-person meetings were allowed, the Investigators conducted follow-up inspections to complete any part of the inspections that were not resolved during the virtual inspections. GPS staff ended FY-2021 consisting of the Division Director; one Administrative Support Assistant III; three Pipeline Safety Investigations Supervisors; one Gas Pipeline Safety Investigator, Senior-Training Option; one Gas Pipeline Safety Investigator, Senior; two Pipeline Safety Engineering Graduates; and one Gas Pipeline Safety Investigator.

The personnel charged with this responsibility must meet the training requirements set forth by the PHMSA. Investigators must attend in-person classes at the PHMSA Training and Qualification (TQ) Center in Oklahoma City, Oklahoma, or complete on-line courses. Over the course of FY-2021, GPS staff completed five Instructor-Led Training (ILT) courses (conducted on virtual platforms), and ten Web-Based Training (WBT) courses to become, and remain, qualified to conduct natural gas and hazardous liquid pipeline system inspections. There was also one webinar and one workshop that GPS personnel attended on virtual platforms during FY-2021. Due to the COVID-19 Pandemic, TQ was not operational for in-person classroom instructions for FY-2021. Most of the GPS personnel had completed their required courses and GPS only had one Investigator that had not completed his required courses, but he has been engaged in the ILT and WBT courses throughout FY-2021.

Several of the Investigators attended refresher and other courses to maintain their qualifications. With the incorporation of Distribution Integrity Management Programs (DIMP), Public Awareness Program Effectiveness Evaluations (PAPEE), and Control Room Management (CRM), GPS Investigators have

GAS PIPELINE SAFETY DIVISION

From left: Shawn Emmons, Asia Skillman, Felisa Webster, Randy Hammond, Jamar Robinson, Jonathan Kimbril, Wallace Jones, Randall Hand, Daniel Trapp, and Greg Meadows

experienced increased training requirements. The addition of an Operator Qualification class and a Drug and Alcohol WBT into the inspection process, means that even more classes will be required of the Investigators over the course of the next several years.

In addition to attending classes for maintaining job-related skills and knowledge levels, GPS sponsored training by hosting the 33rd Annual Gas Pipeline Safety Seminar in December 2020. Topics for this seminar, presented by GPS personnel, vendors and operators, covered updates to federal guidelines and the Minimum Federal Safety Standards that GPS enforces. Approximately 170 natural gas and hazardous liquid system operators were in attendance. This was a reduction in attendance of approximately 50% due to COVID-19 over previous years. Normal attendance for this seminar is about 350 people. There were over 30 vendors attending that displayed and demonstrated equipment to be used in natural gas and hazardous liquid applications. This was also a reduction due to COVID-19. There are normally 45 vendors in attendance.

At the end of FY-2021, 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), 20 intrastate natural gas transmission systems, one liquefied natural gas (LNG) system, two intrastate hydrogen transmission systems, one offshore natural gas transmission system, and 17 master meter distribution systems. GPS also has jurisdictional authority over six segments of gathering lines, which are included in the transmission systems. The Commission also exercised jurisdiction over the safety functions of 10 on-shore hazardous liquid transmission systems, including 6 break-out tanks, and one on-shore hazardous liquid gathering system. When the facilities and practices of these operators are found to be in noncompliance through the investigations performed by GPS staff, the staff outlines the immediate corrective actions that are necessary and ensures that such actions are taken by the operators in question.

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

Underground utility damage prevention continued to be a major concern of GPS. Involvement of GPS staff in the Alabama Damage Prevention Alliance (ADPA) helped to steer the state towards a more aggressive posture in damage prevention. GPS personnel participated in the 7th Annual Damage Prevention Summit in December 2020. The focus of this "Summit" each year is to educate and encourage participation in safe excavation practices. The GPS Director began serving as the Administrator of the "*Alabama Underground Damage Prevention Authority*" (ALUDPA) during FY-2021. As Administrator, he has the responsibility of receiving the on-line violation complaints that are generated on the ALUDPA website (www.aludap.org), processing all the information, and forwarding this information to the ALUDPA Executive Committee to determine the outcome of the complaint. The alleged violator is subject to penalties that include training and/or fines.

During FY-2021 the Director of GPS met with representatives of PHMSA to discuss Alabama's adequacy regarding damage prevention. This is a recurring examination of the state's damage prevention efforts that will be conducted by PHMSA each year. As in previous years, the result of the FY-2021 examination resulted in a failing grade for Alabama due to the entities charged by Alabama law with the responsibility for assessing fines for utility damages having levied only a single fine or penalty, nor was there "adequate enforcement" as determined by PHMSA.

GAS PIPELINE SAFETY DIVISION

This is an above-ground regulator station. It is used to reduce the pressure from a transmission pipeline to a distribution pipeline.

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

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

During FY-2021 the GPS staff utilized GPS Rule #14, which allows the GPS Director, with the approval of the Executive Director and the Commission, to levy fines not to exceed $1,000.00 for certain violations/ repeat offenders. This rule was used during FY-2021 to fine a municipal natural gas system for not submitting the Annual Report required in GPS Rule 7. The utility did not submit the report to PHMSA or the APSC until May. The required submittal date was March 15.

The GPS staff continued to be very involved with the National Association of Pipeline Safety Representatives (NAPSR). Alabama was represented on several NAPSR and PHMSA task forces and committees during FY-2021. 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. The GPS Director served in the position of National Past Chair of NAPSR for FY-2021.

Another area of involvement for the GPS staff is with the Alabama Natural Gas Association (ANGA). ANGA is comprised of most of the natural gas operators in the state of Alabama. They normally conduct two training seminars each year: the Spring Seminar (conducted in March of each year) and the Fall Training Seminar (conducted in September of each year). Due to the COVID-19 Pandemic, the Spring Seminar was not conducted during FY-2021. The Fall Training Seminar was conducted during September 2021. During the training sessions GPS personnel assist in training at both seminars. GPS staff also attends the ANGA Annual meeting each year. Although this is not a federally qualified training opportunity for the GPS staff, the meeting presents a very viable networking opportunity and exposes the staff to valuable information and discussions on current issues. This meeting draws the mayors, directors, and managers of the utility boards which presents a chance to discuss aspects of the safety culture of the various operators in a more relaxed and open atmosphere.

This is the aftermath of an explosion at the Selma Convention Center. It was caused by improper regulation of the meter serving the building.

GAS PIPELINE SAFETY DIVISION

A total of 548 inspections and operator training sessions were conducted during FY-2021 utilizing 1125 person-days for inspections and operator training activities, and an additional 129 person-days for investigator training.

Gas Pipeline Inspections by Inspection Type	Natural Gas	Hazardous Liquid	Total
Standard	146	9	**155**
Construction	116	2	**118**
Integrity Management	11	5	**16**
Operator Qualification	86	3	**89**
Control Room Management	1	0	**1**
Incident	3	0	**3**
Public Awareness	5	1	**6**
Follow-Up	124	1	**125**
Operator Training	35	0	**35**

A tabulation of the division's work activities for FY-2021 is reflected in the tables above and below. An important function of this division has always been accident prevention. The Gas Pipeline Safety Division developed and presented programs to promote safe operations by natural gas transmission and distribution systems. Some of these training opportunities included natural gas firefighting techniques and procedures, and polyethylene (PE) plastic fusion qualification classes.

During FY-2021 a total of thirty-five (35) training sessions were conducted with 763 personnel receiving certificates for plastic fusion qualification and an additional twenty-nine (29) personnel receiving training on natural gas fire-fighting techniques.

There were three incidents during FY-2021 that met the criteria for reporting to the PHMSA: 1) death, 2) hospitalization or 3) damage over $122,000.00. 1) Spire-Alabama reported an incident in November 2020. This incident was due to employees failing to properly secure a bolt-on fitting during a main replacement. The fitting pulled loose and caused a loss of 8,100,000 cubic feet of natural gas. 2) The Athens Gas Department reported a damaged main in July 2021. The escaping natural gas ignited and burned a piece of equipment. The equipment operator was hospitalized overnight with burns. 3) Spire-Selma reported an explosion at the Selma Convention Center. This explosion was the result of employee error. The service mechanic had not installed a regulator to reduce the operating pressure. The resulting over-pressure in the equipment in the boiler room resulted in the explosion.

Gas Pipeline Safety	Person-Days
Work Activities	
Standard Inspections	522.00
Construction Inspections	185.50
Integrity Management Inspections	22.50
Operator Qualification	70.50
Control Room Management	1.00
Field Inspections	
Incident/Accident Investigations	6.00
Public Awareness Inspections	7.00
Follow-Up Inspections	184.50
Operator Training	124.00
Investigator Training	134.00
Total Person-Days	1257.00

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

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

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

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

APSC HISTORY

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

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

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

In 2014, the Alabama Legislature again amended the Communications Reform Act of 2005 to allow telecommunications carriers the option of removing themselves from the Commission's jurisdiction concerning complaints. As of September 30, 2021, 12 ILECs and 16 CLECs have exercised the allowed election to remove themselves from the Commission's complaint jurisdiction.

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

PAST AND PRESENT COMMISSIONERS

PRESIDENT

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

COMMISSIONER, Place 1

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

COMMISSIONER, Place 2

Colonel Charles P. Ball:
February 1881 – February 1885
Wiley C. Tunstall:
February 1885 – February 1895
Ross C. Smith:
February 1895 – February 1899
Osceola Kyle:
February 1899 – December 1900
Wiley C. Tunstall:
December 1900 – January 1907
John G. Harris:
January 1907 – July 1908
John A. Lusk:
August 1908 – January 1911
Frank N. Julian:
January 1911 – January 1915
S.P. Gaillard:
January 1915 – January 1923
*Frank P. Morgan:
January 1923 – May 1936
W.C. Harrison:
June 1936 – January 1947
C.C. (Jack) Owen:
January 1947 – January 1951
T.O. Walker:
January 1951 – January 1955
Sibyl Pool:
January 1955 – January 1971
Juanita W. McDaniel:
January 1971 – January 1977
C.C. Whatley:
January 1977 – January 1979
Jim Folsom, Jr.:
January 1979 – November 1986
Charles B. Martin:
November 1986 – November 1998
George C. Wallace, Jr.:
November 1998 – November 2006
**Susan D. Parker, PhD.:
November 2006 – November 2010
Terry L. Dunn:
November 2010 – November 2014
Chris "Chip" Beeker, Jr.:
November 2014 - Present

**Also served as President of the National Association of Regulatory Utility Commissioners (NARUC);*

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

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