

2022 Annual Report

# Alabama

## Public Service Commission



*Ensuring the balance between  
consumers and regulated companies.*

# Table of

# Contents



<b>3</b>	Letter to the Governor	<b>20</b>	Administrative Division
<b>4</b>	Mission	<b>25</b>	Electricity Policy Division
<b>5</b>	Commissioners	<b>35</b>	Utility Services Division
<b>12</b>	Commission Staff	<b>42</b>	Utility Enforcement Division
<b>14</b>	Executive Director	<b>49</b>	Gas Pipeline Safety Division
<b>18</b>	Legal Division	<b>55</b>	History



**STATE OF ALABAMA**

ALABAMA PUBLIC SERVICE COMMISSION  
P.O. BOX 304260  
MONTGOMERY, ALABAMA 36130-4260

TWINKLE ANDRESS CAVANAUGH, PRESIDENT  
JEREMY H. ODEN, ASSOCIATE COMMISSIONER  
CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

JOHN A. GARNER, EXECUTIVE DIRECTOR

January 10, 2023

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 (APSC) for the fiscal year commencing October 1, 2021 and ending September 30, 2022. 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 [psc.alabama.gov](http://psc.alabama.gov).

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

Sincerely,

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

John A. Garner  
Executive Director

JAG:klr  
Attachment

# Mission

***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) has remained committed to ensuring 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 telecommunication 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 commissioners' terms. A complete listing and historical record of past commissioners is included at the end of this report. The list includes some of the men and women who have been chronicled among Alabama's most famous public servants.

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.

This report presents a summary of the regulated activities, accomplishments and financial results for the APSC for the period of October 1, 2021, through September 30, 2022 (FY-2022). Although not all-inclusive, this report represents a good overview of the many services and functions provided by the Commission.

# Meet the Commissioners



**Chris "Chip"  
Beeker Jr.**

**Twinkle Andress  
Cavanaugh**

**Jeremy H. Oden**

# 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.

Twinkle continues tireless advocacy for state and federal energy policies, which 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 service on the Commission, Twinkle has established a model ethics policy, cut government waste to save taxpayers millions of dollars annually and assured the return of hundreds of millions of dollars to Alabama consumers.

Prior to her tenure at the APSC, Twinkle 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, Twinkle’s faith and her family remain the driving forces in her life.

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



*President Cavanaugh's staff from left: Hanna Lombardi, Debbie Williams and Lindsey Ward*



**Left photo:** Commissioner Cavanaugh visited with Crenshaw County farmer Christopher Hilburn to learn more about the importance of poultry production as it relates to the utilities the APSC regulates. **Right photo:** Commissioner Cavanaugh frequently speaks at local organizations and gives updates about Alabama energy and utilities.

# Commissioner, Place 1

## Jeremy H. Oden



A native of the Vinemont/Eva area in Cullman County, Jeremy H. Oden was appointed to serve as Commissioner for Place 1 on the APSC beginning December 2012. Commissioner Oden was first elected by the people of Alabama in 2014 and again in 2018 and 2022, allowing him to continue serving the state through 2026.

Commissioner Oden serves in active roles on the National Association of Regulatory Utility Commissioners (NARUC). At NARUC, he currently serves as a member of the board of directors and on the Electricity Committee. He previously served as past chair of the subcommittee on Clean Coal and Carbon Management. He was appointed by President Trump's Department of Energy Secretary to serve as a member of the National Coal Council and served until the end of his appointment in 2022.

Throughout the COVID-19 pandemic, Commissioner Oden stayed in close contact with key individuals at regulated utility companies. He and his fellow Commissioners requested extended grace periods be offered to protect vulnerable consumers and their concerns from pandemic layoffs. Throughout Alabama, many natural disasters occur, including hurricanes and tornadoes during the year. He maintains close contact with the affected utilities for service to be quickly repaired and restored to customers.

Commissioner Oden is also extremely involved in the Southeastern Association of Regulatory Utility Commissions (SEARUC), where he currently serves on the Executive Committee as Treasurer. At past SEARUC meetings, he has been a featured speaker and led various panel discussions. Most recently, he led a full association panel on the impact of electric vehicles on the southeastern power grid and reliability factors of implementation of electric vehicles to the transportation arena. In addition to his involvement with NARUC and SEARUC, he has 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 leads and attends many meetings, summits and conferences within the state concerning multiple energy-related topics. He continues to participate in safety-related industry classes and studies the effects of environmental, social and governance investing and operational motives on industries and regulated entities.

Most Alabamians would agree the past couple of years have been trying and challenging. Throughout various stay-at-home orders, virtual meetings and newly designed in-person meetings, Commissioner Oden and his staff continue to show their willingness to serve constituents on both the national and local levels. 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's staff: Greg Pool and Aisha Smith*



**Left photo:** Commissioner Oden attends regular meetings and conferences of affiliated organizations with the APSC, including the Southern States Energy Board. **Top photo:** Commissioner Oden visited the Lowman Pipeline Compressor Station in Choctaw County and discussed the station's conversion from coal to natural gas.

# Commissioner, Place 2

## Chris "Chip" Beeker Jr.



A native of Greene County, Alabama, Commissioner Chris "Chip" Beeker Jr. was elected to the APSC in 2014 and was reelected in 2018. During the 2022 primary election, he faced two republican opponents, which ended in a runoff. He went on to win all 67 of Alabama's counties in the primary runoff election and was reelected for a third term in November 2022. He will continue to serve Alabama through 2026.

Commissioner Beeker brings a lifelong commitment to service and a successful business record to the APSC. After completing eight years of post-high school service with the National Guard, 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. He then worked at the James M. Barry Steam Plant and the William Crawford Gorgas Electric Generating Plant, which provided him first-hand opportunities to see how vital reliable energy is to Alabama's citizens and economy.

After a brief stint in the timber industry, Commissioner Beeker started Beeker Timber Company, which managed, bought and sold timber. He also founded Beeker Catfish and the Beeker Cattle Company in the early '90s. His farms have received national acclaim for achieving high standards of quality.

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 him as a Pillar of West Alabama.

From 1986 through 2006, he was a member of the Greene County Commission and served as chairman for 10 years. During his tenure, the Greene County Commission achieved great success in economic development.

A man of faith, Commissioner Beeker has served 35 years as an elder and Sunday School teacher at First Presbyterian Church in Eutaw. He began a prison ministry at the Greene County Jail and has also received a degree from the New Covenant School of Ministry.

He and his wife of 50 years, Teresa, have three children: Diana Beeker Browning (Brandon), Inge Beeker (Elizabeth) and Chris Beeker III (Carlley). The couple has been blessed with 11 grandchildren.

Commissioner Beeker promises to oppose crippling federal mandates and has consistently lived up to that commitment. Since being elected to the APSC, he has established a conservative voting record and promoted and protected Alabama industries. He continues to work to oppose the federal government's reckless environmental agenda while making sure Alabamians receive the most reliable and affordable energy possible.



Commissioner Beeker's staff: Kaitlyn Rayborn and Mary Caitlyn Montgomery



**Left photo:** Commissioner Beeker traveled to CMC Steel in Birmingham, Alabama, to see their daily operations and the start-to-finish production of steel manufactured in Sweet Home Alabama. **Right photo:** Commissioner Beeker visited a pipeline construction site to view different phases of construction. He saw firsthand how extensive the footprint of pipeline construction is and its importance to Alabama.

# Commission Staff

## Executive Director of the Commission/Legal Division

### Office of the Executive Director of the Commission

John A. Garner  
*Executive Director*

#### Personnel Section

Rachel Archer  
*Departmental Personnel Specialist*

Rozetta Parker  
*Personnel Assistant III*

### Information Systems Services Section

Kay Oswald  
*IT Systems Specialist, Senior*

Debra Jackson  
*IT Systems Technician, Senior*

Chalandra Betts  
*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*

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 III*

## Administrative Division

Walter L. Thomas Jr.  
*Commission Secretary*

Tashenma Lawrence  
*Administrative Support Assistant III*

### Finance Section

Stephanie Hamil  
*Accounting Manager*

Kimberly Holt  
*Senior Accountant*

Miles Gagner  
*Senior Accountant (retired 12/31/21)*

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*

A'shia Rainey  
*Public Utility Analyst I*

### Federal Affairs Section

John D. Free  
*Director*

### Public Affairs Section

Caleb Hicks  
*Communications and Public Relations  
Manager*

## Utility Services Division

Darrell Baker  
*Director (retired 2/1/22)*

Jeff Johnston  
*Director (2/1/22)*

**Natural Gas Section**  
Donald C. Powell  
*Public Utility Analyst Manager*

Stacie Berry  
*Public Utility Analyst I*

William Partlow Jr.  
*Staff Accountant*

**Telecommunications Section**  
Tom Jones  
*Public Utility Analyst Manager (retired 2/1/22)*

Janet Conway  
*Public Utility Analyst Manager (retired 5/1/22)*

Dee Newman  
*Public Utility Analyst II*

**Services Section**  
David Peeler  
*Public Utility Analyst Manager*

**Consumer Services Staff**  
Aquilla Spivey  
*Consumer Services Manager*

Stephanie Sweet  
*Consumer Services Specialist*

**Water and Wastewater Staff**  
Jennifer Lyle-Mattox  
*Public Utility Analyst I*

## Utility Enforcement Division

G. Scott Morris  
*Director and State Rail Safety Program Manager*

Monica J. White  
*Administrative Support Assistant III*

**Motor Carrier Services Section**  
Amanda D. Shehane  
*Transportation Regulatory Manager*

Devon D. Beaty  
*Public Utility Analyst II*

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, Senior*

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*

Brett Cochran  
*Pipeline Safety Investigator*

# Executive Director



## About the Division

The Office of the Executive Director is responsible for day-to-day operations of the APSC and managing the administrative functions throughout the agency.

# Executive

## Director: John A. Garner



*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. The Commission determined 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 his office 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 is further charged with recommending any policy changes appearing necessary for the agency's betterment.

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

### **PERSONNEL SECTION**

The Personnel Section consists of Rachel Archer, Departmental Personnel Specialist and Rozetta Parker, Personnel Assistant III, who perform the many day-to-day functions necessary to implement the requirements of the State Merit System. The Personnel Section is responsible for all actions affecting Commission employees' employment status and maintaining all records of those actions.

# Executive

A primary function of the Personnel Section is to identify and implement changes in payroll expenditures resulting from appointments, resignations, promotions, terminations, etc. and using 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 division director coordination.



*Personnel Section staff: Rozetta Parker and Rachel Archer*

As Departmental Personnel Specialist, Rachel Archer, acts as the liaison with SPD, ensuring all personnel transactions align with state

laws and SPD rules and regulations. She also represents the Commission at SPD Board meetings and the Council of Personnel Administrators. The Personnel Section also develops and assists in developing and updating job descriptions for Commission employees when necessary. This ensures appropriate classifications are selected for a particular job and may also be used as an indicator for change in classification and pay.

## **INFORMATION SYSTEMS SERVICES SECTION**

The Information Systems Services Section (IT Section) is another important section organized under the Executive Director. Kay Oswalt, IT Systems Specialist, senior, is the IT Section supervisor. Along with her, Dana Cheek, Programmer/Analyst, Chalandra Betts, 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.

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 user needs, which were established and maintained by the IT Section. These include

# Executive

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.



*IT Section staff: Dana Cheek, Chalandra Betts and Kay Oswald (not pictured: Debra Jackson)*

The IT 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 IT 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 monthly APSC public meeting and makes it available for viewing on the agency's website.

## STATE LEGISLATIVE AFFAIRS SECTION

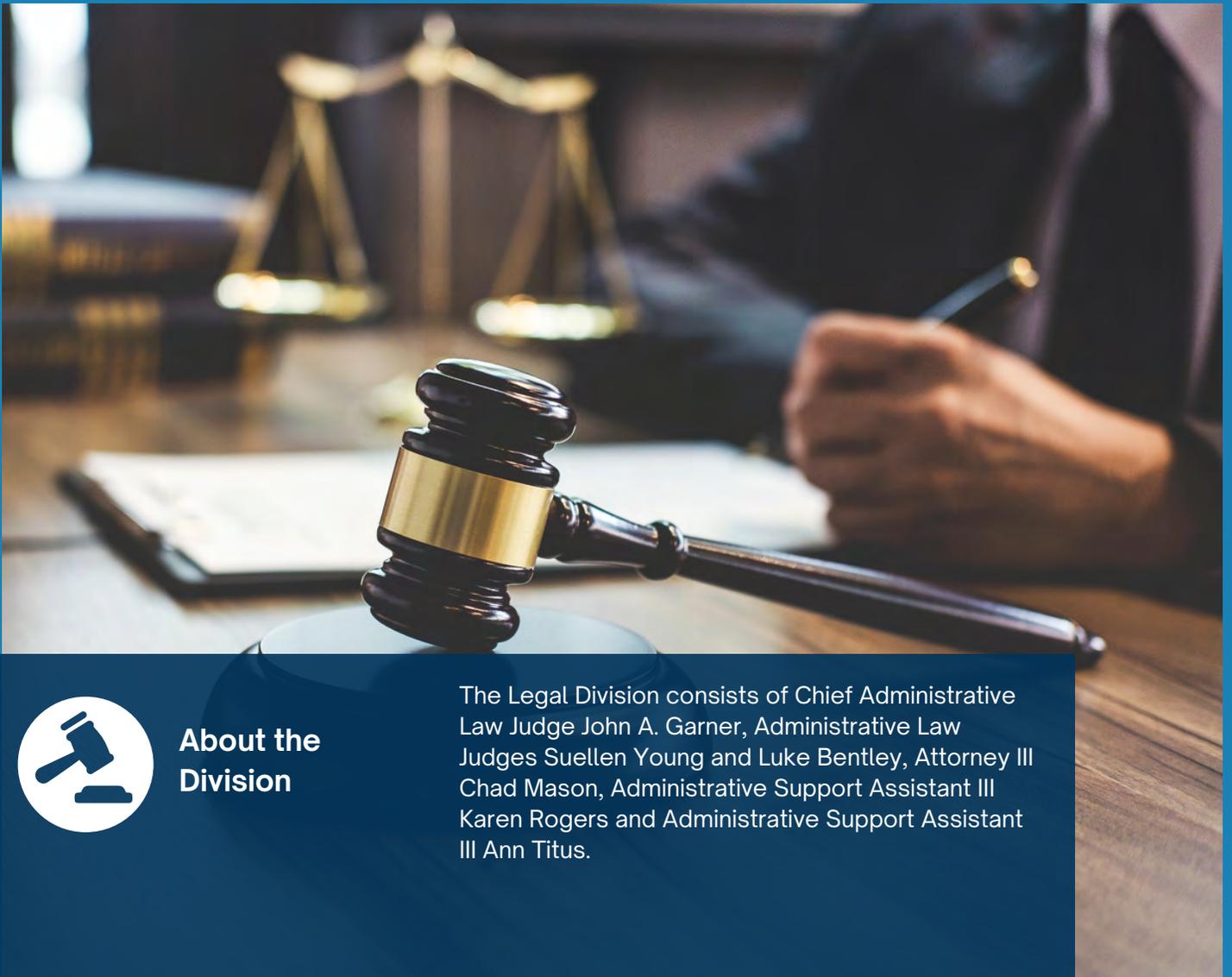
Clarence Duncan, Manager of the State Legislative Affairs Section, is responsible for researching and recommending changes in law deemed necessary to enable the Commission to effectively perform its duties and functions. He is also responsible for monitoring all state legislative activity as it pertains to the Commission and keeping the Commission and its staff fully informed of the status of such matters in a timely manner.

Additionally, he 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.



*State Legislative Affairs Manager Clarence Duncan*

# Legal Division



## About the Division

The Legal Division consists of Chief Administrative Law Judge John A. Garner, Administrative Law Judges Suellen Young and Luke Bentley, Attorney III Chad Mason, Administrative Support Assistant III Karen Rogers and Administrative Support Assistant III Ann Titus.

# Legal

## Chief Administrative Law Judge: John A. Garner

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 Commission meetings 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 orders that reflect the decision of the Commission and are signed by the Commissioners. The Legal Division’s Attorney III Chad Mason participates in hearings to assist in the development of appropriate records, which

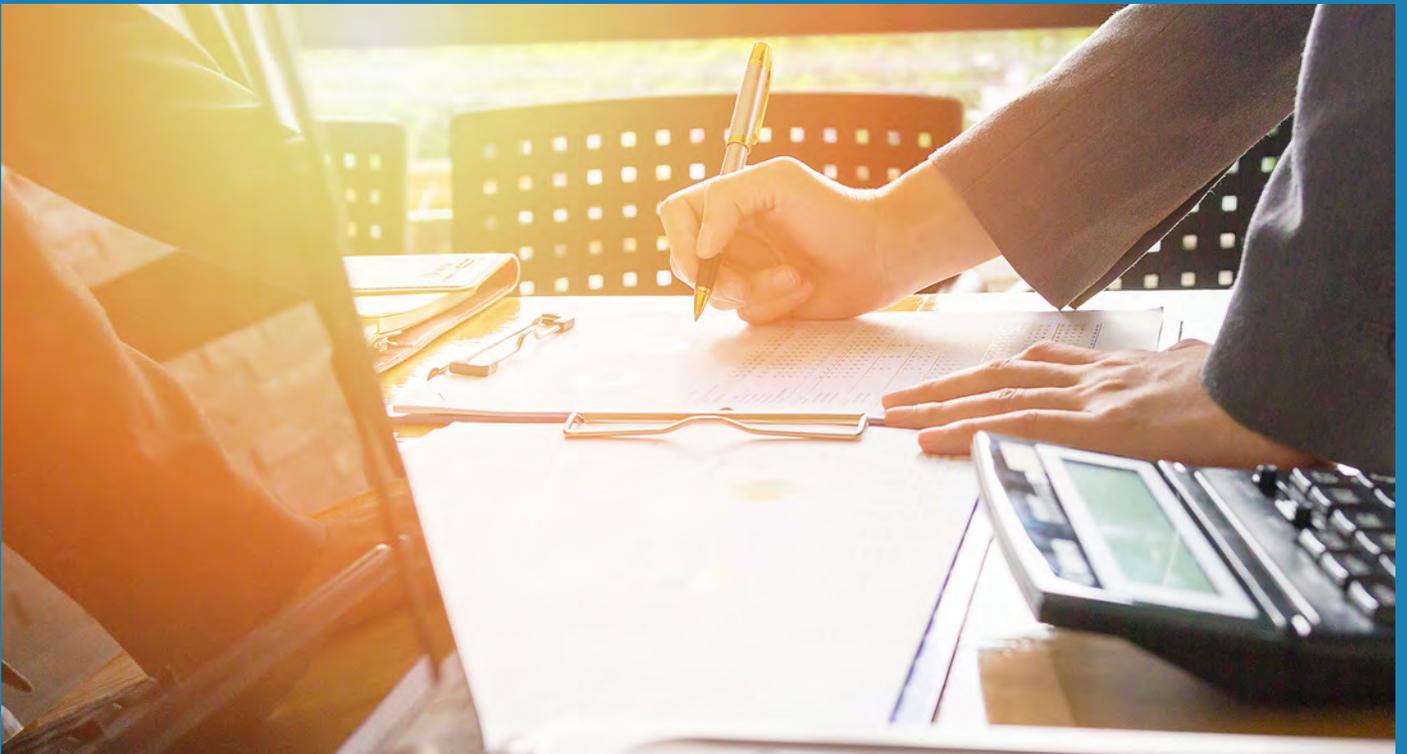
allow the administrative law judges to arrive at soundly supported recommendations and decisions.

In addition to hearing cases and making recommendations for the disposition of pending cases, the Legal Division’s administrative law judges and attorney III provide legal advice and guidance to the Commissioners, Commission staff, representatives of utilities regulated by the Commission and the public. The administrative law judges and attorney III also handle any other legal responsibilities that 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.



*From left: Ann Titus, Chad Mason, John A. Garner, Luke Bentley, Suellen Young and Karen Rogers*

# Administrative Division



## About the Division

The Administrative Division receives all filings made to the APSC and distributes them to the appropriate divisions. The division also assigns docket numbers to cases requiring public hearings and maintains an electronic file on cases so the status of any case may be obtained quickly.

# Administrative

## Commission Secretary: Walter Thomas Jr.

Other division responsibilities include recording and distributing the minutes of each Commission meeting and attesting to and filing orders of the Commission. The division also certifies copies of orders and other documents of record in the official files. Filings include 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 Commission

Secretary signs orders to authorize transportation companies to place reduced rates into effect on less-than statutory time to meet an emergency. The division provides public officials, attorneys, transportation and utility executives and other interested parties with the operating policies of the Commission upon request.

The Administrative Division is responsible for the retention and destruction of all Commission records and coordinates the



*From left: Tashenma Lawrence, Ernestine Huffman, Kim Holt, Stephanie Hamil, Amber Green and Walter Thomas Jr. (not pictured: Kathleen McPherson and Miles Gagner)*

# Administrative

transfer of records to the Department of Archives and History, according to record retention policies. The division acknowledges receipt of filings and advises parties of requirements of the Rules of Practice and statutes governing proceedings in which they are involved, gives general procedural information and answers inquiries requiring research into APSC records.

Lastly, the division is responsible for coordinating parking deck cards and departmental telecommunications services, which entails ensuring telephone and data lines are working properly. A tabulation of the principal activities of the division during FY-2022 is outlined in the table below.

<b>Commission Orders Issued</b>	<b>740</b>
<b>Public Hearings Held</b>	<b>36</b>
<b>Report and Recommended Orders Issued</b>	<b>3</b>

## FINANCE SECTION

The Finance Section plans, coordinates and directs the fiscal functions of the Commission and oversees 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 deviations and makes any necessary corrections; verifies and processes invoices and expense reports for payment; coordinates and maintains payroll and associated records; bills and maintains collection records of utility inspection and supervision fees; notifies the Legal Division of any delinquent companies; collects Transportation Network Company (TNC) local assessment fees and distributes a portion of these fees to the jurisdictions where the TNC rides originated; and conducts special studies or assignments, as requested.

The Finance Section also maintains the agency’s office supplies; develops and administers internal accounting procedures and administers a centralized purchasing service of approved materials, supplies and equipment; and is responsible for maintaining property records and conducting an annual physical inventory inspection.

## MOTOR CARRIER RECORDS SECTION

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

# Administrative

**Dual Party Relay Fund  
Statement of Operations  
For the Fiscal Year Ending September 30, 2021 and 2022**

	<u>Total Sept. 30, 2022</u>	<u>Total Sept. 30, 2021</u>
<b>Comptroller's Beg. Cash Balance :</b>	\$ 5,837,938	\$ 6,662,456
Dual Party Relay	-	46
<b>Total Cash Available:</b>	<u>5,837,938</u>	<u>6,662,502</u>
<b>Disbursement of Encumbrances:</b>		
Utilities & Communications	53,175	69,159
Grants and Benefits	-	-
<b>Total Encumbrances:</b>	<u>53,175</u>	<u>69,159</u>
<b>Disbursement of Operating Costs:</b>		
Travel In-State	-	-
Utilities & Communications	230,285	315,752
Grants and Benefits	539,625	439,653
<b>Total Operating Costs:</b>	<u>769,910</u>	<u>755,405</u>
Transfer to General Fund	-	-
Transfer to General Fund: Prior year cash	-	-
<b>Total Disbursements &amp; Transfers:</b>	<u>823,085</u>	<u>824,564</u>
<b>Comptroller's Cash Balance, Ending:</b>	5,014,853	5,837,938
Encumbrances	53,715	84,248
<b>Unencumbered Cash Balance, Ending</b>	<u>\$ 4,961,139</u>	<u>\$ 5,753,690</u>



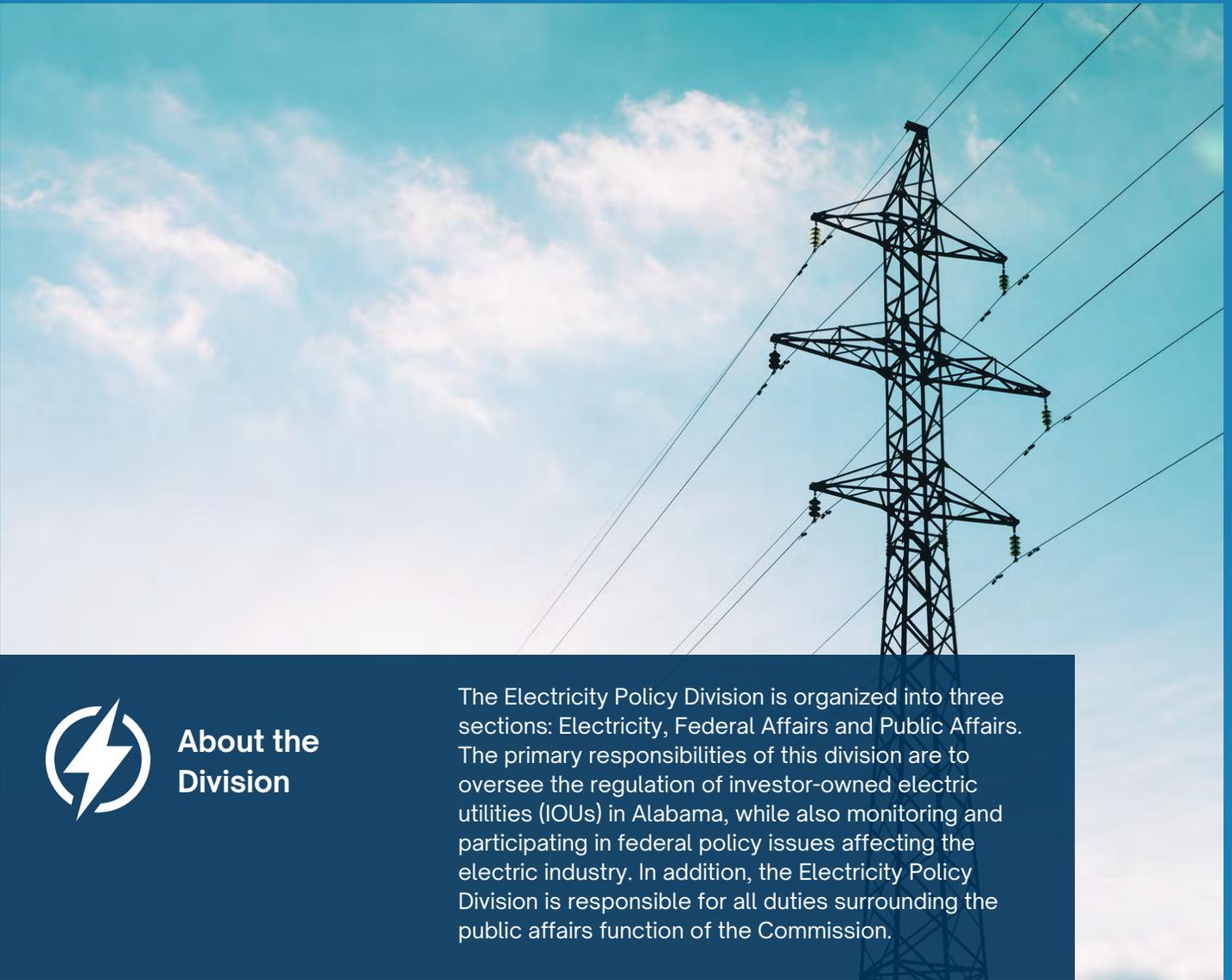
*As Commission Secretary, Walter Thomas Jr. is charged with accurately distributing all filings made to appropriate divisions and managing the APSC operating fund.*

# Administrative

**Alabama Public Service Commission Operating Fund and Gas Pipeline Safety Fund  
Statement of Operations  
For the Fiscal Year Ending September 30, 2021 and 2022**

	<b>PSC Operating Fund</b>	<b>Gas Pipeline Safety Fund</b>	<b>Total Sept. 30, 2022</b>	<b>Total Sept. 30, 2021</b>
<b>Comptroller's Beg. Cash Balance:</b>	\$ 1,973,130	\$ 1,497,142	\$ 3,470,272	\$ 5,271,358
Inspection & Supervision Fees -				
Utility/Water Companies	11,815,311	-	11,815,311	11,067,454
Telecommunications/Railroads	1,003,406	-	1,003,406	1,082,239
Motor Carrier Ins. & Reg. Fees	2,450,800	-	2,450,800	2,451,808
Gas Service Line Fees	-	540,691	540,691	550,845
Federal Dept. of Transportation	-	819,142	819,142	896,058
Alabama Dept. of Transportation	50,000	-	50,000	50,000
TNC Local Assessment Fees	292,783	-	292,783	181,870
Miscellaneous Receipts	13,617	129	13,746	16,839
<b>Total Receipts:</b>	<u>15,625,918</u>	<u>1,359,962</u>	<u>16,985,879</u>	<u>16,297,113</u>
<b>Total Cash Available:</b>	<u>17,599,048</u>	<u>2,857,104</u>	<u>20,456,151</u>	<u>21,568,471</u>
<b>Disbursement of Encumbrances:</b>				
Personnel Costs	-	-	-	59
Employee Benefits	-	-	-	18
Travel- In State	1,374	7,449	8,823	4,042
Travel- Out of State	1,737	-	1,737	-
Repairs & Maintenance	299	-	299	165
Rentals & Leases	7,256	264	7,519	1,399
Utilities & Communications	9,122	2,187	11,309	10,828
Professional Services	9,883	669	10,552	9,215
Supplies & Operating Expenses	2,715	1,600	4,315	4,503
Transportation Equipment Operations	2,977	3,567	6,544	5,085
Grants and Benefits	-	-	-	-
Transportation Equipment Purchases	-	-	-	45,136
Other Equipment Purchases	9,141	-	9,141	9,459
Transfer to State General Fund 100	-	-	-	-
<b>Total Encumbrances:</b>	<u>44,503</u>	<u>15,736</u>	<u>60,240</u>	<u>89,909</u>
<b>Disbursement of Operating Costs:</b>				
Personnel Costs	3,926,005	837,885	4,763,890	4,796,541
Employee Benefits	1,356,825	317,531	1,674,356	1,718,246
Travel- In state	23,572	29,671	53,243	50,137
Travel- Out of State	14,318	22,446	36,764	18,622
Repairs & Maintenance	2,028	400	2,428	9,833
Rentals & Leases	779,270	60,866	840,136	826,565
Utilities & Communications	106,192	24,956	131,148	132,119
Professional Services	199,444	13,141	212,585	188,095
Supplies & Operating Expenses	188,800	18,224	207,024	199,621
Transportation Equipment Operations	21,382	36,937	58,319	38,840
Grants and Benefits	-	-	-	2,500
Transportation Equipment Purchases	60,265	57,930	118,195	-
Other Equipment Purchases	32,717	12,296	45,013	27,172
<b>Total Operating Costs:</b>	<u>6,710,818</u>	<u>1,432,282</u>	<u>8,143,101</u>	<u>8,008,291</u>
Transfer to General Fund / Other Agencies	10,000,000	-	10,000,000	10,000,000
Transfer to General Fund: Prior year cash	-	-	-	-
<b>Total Disbursements &amp; Transfers:</b>	<u>16,755,322</u>	<u>1,448,019</u>	<u>18,203,340</u>	<u>18,098,200</u>
<b>Comptroller's Cash Balance, Ending:</b>	843,726	1,409,085	2,252,811	3,470,271
Encumbrances	91,034	31,652	122,686	81,091
<b>Unencumbered Cash Balance, Ending</b>	<u>\$ 752,692</u>	<u>\$ 1,377,433</u>	<u>\$ 2,130,125</u>	<u>\$ 3,389,180</u>

# Electricity Policy Division



## About the Division

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

# Electricity Policy

Director: John D. Free

## ELECTRICITY SECTION

The Electricity Section is responsible for regulatory oversight of rates and services of electric IOUs in the state, as prescribed in Title 37, *Code of Alabama, 1975*, as amended. In Alabama, this jurisdiction applies to Alabama Power Company (APC), 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, staff submits various inquiries to utility management to remain informed as to the manner and methods in which APC conducts its business.

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



## ALABAMA POWER COMPANY

### Rate Stabilization and Equalization (Rate RSE)

Rate RSE is designed to lessen the impact, frequency and size of retail rate increase requests by permitting APC to adjust its charges periodically to provide a reasonable opportunity to achieve the rate of return allowed by the rate order of the Commission. Rate RSE is the rate approved by the Commission in Dockets 18117 and 18416. These rates are determined through the operation of a formula rate that was filed and approved by the APSC.

By provisions in the rate, the charges are increased if projections for the upcoming year show the designated rate of return range will not be met and are decreased if such projections show 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.

The point-of-test for Rate RSE is December 31 of each year with the approved Weighted Return on Average Retail Common Equity (WRRCE) range being 5.75% - 6.15%. The adjusting point is 5.98% with an opportunity for an additional seven basis points if certain performance criteria are met.

Actual results for 2021 indicated APC's WRRCE exceeded the top of the RSE range.

# Electricity Policy



*From left: A'shia Rainey, Tanya Champion, John Free, Patricia Smith, Caleb Hicks and Jerry Delancey*

Accordingly, APC established a regulatory liability of \$54.8 million for Rate RSE refunds, which were distributed to customers through bill credits issued in July 2022. See Rate ECR and NDR sections for additional details.

On December 1, 2021, APC filed the 2022 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, 2022, was 6.07%.

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 also prepares a summary report of this information for presentation at each monthly Commission meeting. As of September 30, 2022, the re-projected WRRCE for the 12-month period ending December 31, 2022, was 6.95%.



# Electricity Policy

## Energy Cost Recovery (Rate ECR)

Rate ECR, the rate approved by the Commission in Docket 18148, is the mechanism used to recover retail customers' portion of certain energy-related costs. The ECR factor (ECRF) is 59.10 mills/kWh (5.910 cents/kWh), as established under the Commission's Order dated October 8, 2008. With APC'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.

By Consent Order dated July 12, 2022, the Commission increased the interim ECRF of 19.60 mills/kWh (1.960 cents/kWh) to 25.57 mills/kWh (2.557 cents/kWh) for the billing months of August 2022 through December 2024. Absent a further order from the Commission, the ECRF for billing months January 2025 and thereafter will be as established under the Commission's Order, dated October 8, 2008, with an ECRF of 59.10 mills/kWh (5.910 cents/kWh).

As noted earlier, APC's actual results for 2021 exceeded the approved Rate RSE range. After determining the refund amount for customers, APC was ordered to apply \$126 million of that amount to Rate ECR in January 2022.

As part of its routine oversight, staff performs a monthly review of the over- and under-recovery of APC's energy-related costs. On September 30, 2022, the accumulated

energy cost balance was approximately \$506.2 million under-recovered.

## Certified New Plant (Rate CNP, Part A)

Rate CNP, Part A (Part A) was established in 1982 in conjunction with Rate RSE in 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. In March 2017, Part A was updated to encompass the addition of new plant through acquisition and to provide for the recovery of projected operation and maintenance expenses related to new resources.

On July 12, 2022, in Docket 33182, the Commission approved APC's petition concerning the acquisition of Calhoun Power Company LLC, including its four simple-cycle combustion turbine generating units (Calhoun Power Facility). The acquisition closed on September 30, 2022. See the Certificates of Convenience and Necessity section for additional details related to the acquisition of the Calhoun Power Facility.

## (Rate CNP, Part B)

Rate CNP was modified 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 costs (excluding fuel) associated with each agreement. Since the approval of Part B, APC has entered various PPAs with companies to acquire the rights and assume payment obligations for third-party supply

# Electricity Policy

resources. Under all the described PPAs involving renewable generation, APC 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.

## 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 years	11/2000	05/2011	(11 Yrs.) *12/2022	Rate ECR (Energy); Rate CNP-B (Capacity)
9/9/2011	31653	Chisholm View Wind Project LLC	202 MW Wind Energy (Oklahoma)	20 years	12/2012	12/2032	NA	Rate ECR (All Costs)
9/17/2012	31859	Buffalo Dunes Wind Project LLC	202 MW Wind Energy (Kansas)	20 years	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 years	12/2017	12/2045	NA	Rate ECR (All Costs)
8/14/2020	32953	Hog Bayou Energy Center	224 MW Combustion Turbine - Gas	18 years	9/2020	11/2038	NA	Rate ECR (Energy); Rate CNP-B (Capacity)
7/13/2021	32382	HEP Greenville Solar LLC	80 MW AC - Solar	**15 years	1/2024	1/2039	NA	Rate ECR (All Costs)

\*With the closing of APC's acquisition of Calhoun Power Company on September 30, 2022, the PPA was terminated.

\*\*Per letter dated June 21, 2022, from APC, the term of the HEP Greenville Solar Project was reduced from 25 years to 15 years.

The Lafayette Solar Project involves an energy purchase agreement under which APC receives the output from the new solar photovoltaic electric generating facility built in Chambers County. In conjunction with that PPA, APC entered into a 15-year participation contract for a renewable participation program with Walmart. The commercial operation date for the Lafayette Solar Project was declared December 15, 2017.

The HEP Greenville Solar Project also involves an energy purchase agreement under which APC receives the output from the new solar photovoltaic electric generating facility built in Butler County. In conjunction with that PPA, APC entered into participation contracts for renewable

# Electricity Policy

participation programs with Wells Fargo (46.94% for 10 years), Southwire Company (19% for 10 years) and Walmart (34% for 15 years). The commercial operation date for the HEP Greenville Solar project is expected to be January 2024.

By order dated December 7, 2021, in Docket 32382, the Commission approved the Letohatchee Solar Project. Under that energy purchase agreement, APC was to receive the output from the new solar photovoltaic electric generating facility to be built in Lowndes County by March 2024 and had entered a 15-year participation contract for a Renewable Participation Program with Mercedes-Benz U.S. International Inc. By letter dated June 21, 2022, APC informed the Commission that the Letohatchee Solar Project had been terminated, along with the associated customer participation agreement.

In accordance with the provisions of Part B, APC filed with the Commission on February 1, 2022, the Information and Calculations Associated with CNP Purchase Factors. Although the filing reflected a projected under-recovery of costs that would be recoverable under the terms of Part B in the billing months of April 1, 2022, through March 31, 2023, APC agreed to the current factors remaining in place for cost year 2022, as provided under the Commission's Consent Order dated March 1, 2022.

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 provided a mechanism to recover compliance costs associated with "environmental mandates." Beginning 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 March 3, 2015, in Dockets 18117 and 18416, the Commission authorized further revisions to Part C. APC's filing for these revisions complied with the Commission's December 9, 2014, Accounting Order in Docket U-5135 that directed APC 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 APC, to readily identify cost pressures that are beyond APC's reasonable control. These costs resulting from laws, regulations and other mandates directed at the utility industry (both environmental and non-environmental) have thus been recovered through the revised Part C mechanism, which took effect January 2016.

In accordance with the provisions of Part C, APC filed with the Commission on November 22, 2021,

# Electricity Policy

the calculations associated with its costs of complying with governmental mandates. The filing reflected a projected under-recovery of such costs that would be recoverable under the terms of Part C in the billing months of January 2022 through December 2022. APC agreed the current factors could remain in place for cost year 2022, as provided in the Commission Consent Order dated December 7, 2021.

## **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 facilities to produce electricity, except for ordinary extensions of existing systems in the usual course of business (Certificate).

By Order dated August 11, 2021, in Docket 32382, the Commission approved the petition of APC for a limited modification to the Renewable Generation Certificate (RGC). Originally granted by Order dated September 16, 2015, the RGC authorized APC to develop or procure up to 500 MW of capacity and energy from renewable energy and environmentally specialized generating resources for six years. The modification extended the term by another six years (to September 16, 2027), with all criteria, conditions and procedures applicable to the exercise of authority under the RGC remaining in effect. To date, APC has issued four Requests for Proposals (RFP) for renewable or environmentally specialized energy resources for projects ranging from 5 MW to 80 MW, with the most recent RFP being in 2022. Projects approved by the Commission under the RGC Certificate are also discussed in the Part B section of this report.

By Order dated July 15, 2022, in Docket 33182, the Commission granted APC a Certificate authorizing the acquisition of Calhoun Power Company and its existing combustion turbine generating capacity located in Calhoun County. The Calhoun Power Facility has a winter rating of 743 MW. The acquisition closed on September 30, 2022.

## **Natural Disaster Reserve (Rate NDR)**

In October 1994 in Docket U-3556, the Commission granted APC authority to establish a Natural Disaster Reserve (NDR) of \$32 million for which the costs of extraordinary operation and maintenance expenses resulting from natural disasters would be charged. The NDR was established to help mitigate the disruptive effects of significant natural disasters in APC's service territory. Over time, the Commission has made modifications to the NDR in furtherance of its purpose. These include authorizing discretionary accruals by APC, increasing the authorized balance to \$75 million and expanding the costs chargeable against the NDR to include reliability-related expenditures. The Commission also implemented Rate Rider NDR, which is designed to address a negative balance in the NDR and reestablish a balance sufficient to address the costs of future natural disasters. Rate Rider NDR applies a small monthly charge to each account served

# Electricity Policy

under the APC's retail rate schedules until the approved balance is restored. By Order dated July 12, 2022, in Docket U-3556, the Commission authorized APC to make certain revisions to Rate Rider NDR, including a reduction to the maximum negative balance charge that could be assessed under the rate. The Commission also transitioned existing authority relating to the use of NDR amounts for reliability-related expenditures to a newly established Reliability Reserve, as authorized by Order issued July 12, 2022, in Docket U-5425. The revisions to Rate Rider NDR were effective with August 2022 billings.



As noted earlier, APC's actual results for 2021 exceeded the approved Rate RSE range. After determining the refund amount for customers, APC made a discretionary accrual of \$65 million to the NDR. Additionally, approximately \$4.8 million in undistributed amounts following the customer-specific RSE refunds was also applied to the NDR.

In FY-2022, as a result of storm damages, APC incurred additional operation and maintenance costs of approximately \$16.2 million. As of September 30, 2022, the NDR had a positive balance of approximately \$102.7 million.

## Reliability Reserve

By Order dated July 12, 2022, in Docket U-5425, the Commission approved the request by APC to (i) establish a Reliability Reserve and the associated regulatory liability account; and (ii) authorize APC to make discretionary accruals to the Reliability Reserve.

## Other Activities/Functions

The *Code of Alabama, 1975*, Title 37, as amended, identifies numerous responsibilities of the Commission regarding utility regulation in Alabama. The Electricity Policy Division staff performs various activities/functions, in addition to those listed previously. This furthers the responsibility in regulatory oversight of APC.

The auditing function of the Electricity Section's staff includes monthly analytical reviews and/or audits to test completeness and reasonable accuracy of financial information and/or other data submitted by APC. For this activity, the staff's monthly fuel audit is particularly important, because APC's fuel-related costs account for a significant percentage of total operation and maintenance expense.

In addition to the fuel audit, staff engages in various other audits/reviews including, but not limited to, the audit of Rate CNP, Part B Factors (filed annually by February 1), the Jurisdictional Separation 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 APC's

# Electricity Policy

standard residential rate and a review of APC's compliance activities associated with environmental and governmental regulations.

The table below identifies filings and petitions by APC that were reviewed, analyzed, evaluated and/or researched during FY-2022 by staff, which were subsequently presented for Commission action.

Order Date	Docket No.	Filing Date	Description
11/2/2021	U-5403	10/15/2021	Petition for approval of Rate FD-D (Family Dwelling – Demand) (new, optional residential rate).
11/2/2021	U-4226	10/15/2021	Petition for approval of Modifications to Rate Rider RGB (Supplementary, Back-Up, Maintenance Power).
2/1/2022	U-5017	1/18/2022	Petition for approval of Modifications to Rate Rider EDI (Economic Development Incentive).
2/1/2022	U-5016	1/18/2022	Petition for approval of the Extension of Rate Rider CRI (Community Redevelopment Incentive).
3/1/2022	18005	2/15/2022	Petition for approval of the 43rd Revision to Rate PAE (Purchase of Alternate Energy).
3/1/2022	U-5213	2/15/2022	Petition for approval of the 5th Revision to Rate CPE (Contract for Purchased Energy).
3/1/2022	U-5055	2/15/2022	Petition for approval of Revisions to Rate Rider PEV (Plug-In Electric Vehicle).
4/5/2022	U-4016	3/15/2022	Petition for approval of the Withdrawal of Rate Rider PV (Photovoltaics).
9/13/2022	U-4553	8/29/2022	Petition for approval to Freeze E-Rates (Rates LPLE, LPME, LPSE).
9/13/2022	U-5397	8/29/2022	Petition for approval of an Amendment to APC's Financing Authority.



*Lay Dam in Clanton, Alabama, produces hydro electricity.*



*Public Utility Analyst Manager Patricia Smith delivers a report during a monthly Commission meeting.*

# Electricity Policy

## 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). During FY-2022, AMEA filed one petition with the Commission related to a Limited Assignment Agreement, which the organization would assign certain rights and obligations under its 2012 Amended and Restated Power Supply Agreement with APC to Morgan Stanley Capital Group. By Order dated June 14, 2022, in Docket U-3013, the Commission issued its approval of the Limited Assignment Agreement.

## FEDERAL AFFAIRS

The Federal Affairs Section monitors the activities of various federal agencies and other industry groups. These include the Federal Energy Regulatory Commission, the Environmental Protection Agency, the Nuclear Regulatory Commission and the Department of Energy.

The Federal Affairs Section, in conjunction with the Commission's Legal Division, also reviews federal judicial appeals and decisions on electric utility issues and makes recommendations to the Commission



regarding appropriate actions to be taken. This section also reviews proposed federal legislation affecting the electric industry and Alabama electric consumers and prepares summary documentation for the Commission's review, as needed. The section monitors and reports to the Commission on various positions taken by other state commissions and the National Association of Regulatory Utility Commissions (NARUC) on issues affecting electric utility regulation. To remain informed of these matters, Federal Affairs staff conducts research, monitors news briefings, participates in conference calls and may attend various industry conferences for affiliated organizations. 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 news media, the public and other state, governmental and regulatory agencies. The section also provides news briefings to the Commissioners daily.

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 and the APSC Facebook page. Staff attends Commission hearings, meetings and other functions and monitors related media coverage.

# Utility Services Division



## About the Division

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 division is organized into three sections: the Natural Gas Section, the Telecommunications Section and the Services Section.

# Utility Services

Director: Jeff Johnston

## 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. This section is also responsible for monitoring 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 since 1984 as a method to keep rates as low as possible while assuring quality service.

### Spire Alabama Inc.

Each month, the Natural Gas Section examines 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, rates for Spire Alabama are established each year based on the budget approved by the utility's board of directors and an authorized return range

determined by the Commission. Those rates are reviewed throughout the year at points-of-test, which can yield only decreases or no change to the rate. For FY-2022, the authorized return range for Spire Alabama was 10.15% - 10.65%.

Spire Alabama also has an incentive program, the Cost Control Measure (CCM), 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 programs to ensure they were conducted in accordance with the approved tariff.

From April 1, 2022, to May 8, 2022, representatives from Spire Alabama, the Office of the Attorney General and Commission staff conducted numerous meetings to review Spire Alabama's operations under RSE and consider the extension of RSE for Spire Alabama.

Based on this review, by order dated September 30, 2022, the Commission modified and extended RSE for Spire Alabama. These modifications, effective October 1, 2022, include an authorized Return on Equity (ROE) range of 9.50% to 9.90% with an ROE adjusting point of 9.70%; an equity cap of 55.5%; a limit on equity growth; and modifications to the Cost Control Mechanism. Spire Alabama has an Off System Sale and Capacity Release program designed to reduce

# Utility Services

its customers' overall gas costs. Off System Sales are defined as any Spire Alabama 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.

Under the RSE plan, rates for Spire Gulf are established each year based on the budget approved by the utility's board of directors and an authorized return range determined by



Back row from left: Donald Powell, William Partlow Jr., Jeff Johnston, David Peeler and Terry Jackson  
Front row from left: Aquilla Spivey, Jennifer Lyle-Mattox, Dee Newman, Stacie Berry and Stephanie Sweet  
(not pictured: Darrell Baker and Tom Jones)

# Utility Services

the Commission. Those rates are reviewed throughout the year at points-of-test, which can yield only decreases or no change to the rate. For FY-2022, the authorized return range for Spire Gulf was 9.70% - 10.30%.

Spire Gulf also has an incentive CCM program, 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 programs to ensure they were conducted in accordance with the approved tariff.

## Local Distribution Companies

Another function of the Natural Gas Section is to maintain statistical data and keep the Commission informed of all facets of the gas utilities' operations. Under that function, the following reports are prepared regularly: Revenue and Expense Analysis; Competitive Fuel Clause; Gas Supply/Purchased Gas Adjustment; and Return on Average Common Equity.

During FY-2022, 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. Findings are documented and evaluated in written reports and, when appropriate, meetings with officials of respective gas companies are held to discuss results. For matters requiring Commission approval, the section presents them, with recommendation, to the Commission.

## Intrastate Storage and Pipeline Companies

During FY-2022, 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
- NextEra Energy Pipeline Holdings (Lowman) Inc.

## 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 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

# Utility Services

(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. The Commission retained pricing jurisdiction for stand-alone basic service, optional telephone features, emergency telephone (911) services billing, consumer complaints, Federal Universal Service Fund (USF) administration and all wholesale service pricing. As of September 30, 2022, 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 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, 2022, 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 Act to eliminate the Commission’s complaint and dispute jurisdiction. Carriers no longer desiring to remain under the Commission’s complaint and dispute jurisdiction must make their election known to the Commission. As of September 30, 2022, 14 ILECs and 13 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
- Regulation of Inmate Calling Service

# Utility Services

## Section Activities (FY-2022)

- Processed 50 tariff filings, three name changes and 44 interconnection, resale and collocation agreements for CLECs, wireless providers and ILECs
- Processed five applications for Certificate of Public Convenience and Necessity 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
- 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 381 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
- Investigated and approved two "Safety Valve" petitions from ILECs requesting the Commission overturn denials by NANPA for the issuance of additional numbering resources

## SERVICES SECTION

The Services Section is a diversified section 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 USF High-Cost Fund and Connect America Fund distributions. The staff is also responsible for the regulation of COCOT providers and Shared Tenant Service providers. The Services Section Water/Wastewater staff reviews and evaluates annual filings, applications and petitions submitted by water utilities and wastewater Management Entities (ME) and for setting rates and charges for water and wastewater utilities under the Commission's jurisdiction.



*Utility Services Division Director Jeff Johnston delivers a report during a monthly Commission meeting.*

Staff regulates/monitors the activities of nine private water utilities and the financial viability of eight MEs that operate decentralized wastewater systems in Alabama. The duties

# Utility Services

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)
- 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 Wastewater Systems LLC
- Riverbend Marina LLC (Regulated Non-Management Entity)

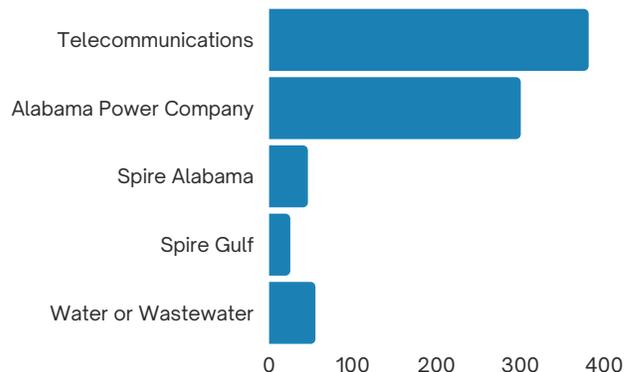
The Services Section Consumer Services staff assists the public in resolving disputes or inquiries made to the Commission related to regulated utilities. Resolution of these

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.

Water and Wastewater Activities	Total
• 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 COMPLAINTS



# Utility Enforcement Division



## About the Division

The Utility Enforcement Division is responsible for the supervision and regulation of motor carriers, including insurance, registration, rates and services offered by transportation companies authorized by the APSC to operate in Alabama. The division also regulates transportation network companies operating in Alabama.

# Utility Enforcement

Director: G. Scott Morris



*From left: Amanda Shehane, Retha Bryant, Jennifer Morgan, G. Scott Morris, Devon Beaty and Monica White*

The Utility Enforcement Division (UED) is also responsible for safety oversight of all mainline and classification railroad yards and systems in Alabama. The Railway Safety Section enforces applicable federal safety regulations in partnership with the Federal Railroad Administration (FRA). UED staff worked closely with the FRA and other state agencies, including the Alabama Department of Transportation, on railroad safety matters, Alabama's Safety Outreach Task Force, the Southern Rail Commission and the National

Association of Regulatory Utility Commissioners.

The UED also provides technical regulatory support to the Commission on matters relating to the plant, infrastructure and facilities of all investor-owned (private) water utilities and wastewater management entities serving customers within Alabama. This responsibility includes the inspection and investigation of operation and maintenance of water utility and wastewater management

# Utility Enforcement

entity assets to ensure provision of safe, reliable, efficient and economic services. The staff reviews the adequacy and sufficiency of infrastructure and assesses adherence with Commission and industry standards in the operation of such facilities. Beginning in FY-2023, these responsibilities will move to the Utility Services Division.

The UED staff monitors national and local regulatory, congressional and legislative issues that concern infrastructure of water, wastewater and transportation companies. The division also has the responsibility of assisting with the protection of railroad signal and train control facilities from third-party damage.

The subsequent paragraphs discuss each section’s significant regulatory policies, duties and major activities and accomplishments during FY-2022.

## MOTOR CARRIER SERVICES Insurance and Registration

The Insurance and Registration staff registers intrastate, for-hire transportation companies that are not exempt from state oversight by law; registers interstate commercial motor carriers, private motor carriers, freight forwarders and brokers under the Unified Carrier Registration (UCR) Act; requires such intrastate carriers to file verifiable forms of liability insurance, cargo insurance, bonds and self-insurance; and issues motor carrier vehicle registration numbers to intrastate, for-hire companies. Staff 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.

The section collects, accounts for and processes any 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.

In addition, staff attends and participates in UCR board meetings and subcommittee meetings. Solicitation by mail and email is sent to carriers subject to the UCR throughout each registration year to ensure carriers are aware they need to pay the UCR registration fee for that year. The staff performs UCR audits on carriers each year, as required by UCR board policy.

<b>Insurance Filings</b>	
• Self-Insurance, bonds for liability and cargo, certificates for liability and cargo, bonds for brokers	3,846
• Insurance Correspondence	355
<b>Registrations</b>	
• UCR Registrations:	
◦ Online	14,582
◦ Office	138
• UCR Audits:	
◦ Companies Audited	56
◦ Audit Correspondence	184
• Intrastate Authority Applications Received:	
◦ New authority applications	90
◦ Transfers of authority	3
◦ Applications to provide service for nonprofit organizations	14
• Motor Carrier Vehicle Registration Numbers issued	166
<b>Revocations and Reinstatement of Authority</b>	
• Revoked for not complying with Commission rules and regulations	271
• Reinstated after compliance	150

# Utility Enforcement

## Rates and Services

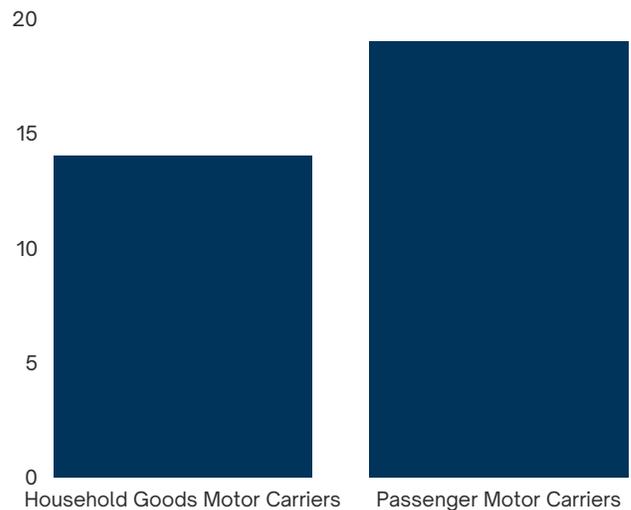
The Rates and Services analysts advise the Commission on matters pertaining to the rates, fares, charges, services and facilities of all regulated modes of intrastate transportation. Staff maintains a file of all tariffs setting forth rates, fares, charges, classification and rules and regulations for service provided by intrastate transportation companies. Staff also verifies tariffs and supplements issued follow Commission rules and regulations. They also analyze tariff changes and justification statements from the motor carrier to determine the effected outcome to the public.

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

The Rates and Services staff receives and maintains motor carrier annual reports that are required to be filed by April 30 of each year, covering the previous calendar year of operation. The staff also handles requests for verification of rates, fares and charges of transporters of passengers and household goods. The staff also verifies rates and services provided by motor carriers through compliance audits of carriers' records. Further, this arm of the Motor Carrier Safety Section handles and resolves transportation

complaints filed by the public and industry representatives.

## MOTOR CARRIER TARIFFS FILED



## ANNUAL REPORTS FILED



**154**  
Annual reports filed.

# Utility Enforcement

## Transportation Network Companies

The Commission regulates transportation network companies (TNCs) that offer an online platform for private citizens to provide ride-sharing opportunities to the public using their own personal vehicles. The staff performs annual inspections of TNC records to ensure they follow Commission rules and investigates complaints against TNCs or TNC drivers.

## Railway Safety Section

The Railway Safety Section conducted safety compliance inspections on all railroad common carriers' track and equipment in Alabama under state and federal standards. Track inspections were conducted on mainline tracks, siding and lead tracks and yard tracks on which operations were conducted over the general rail system. These routes included, but were not limited to, hazardous materials routes, Strategic Rail Corridor Network, 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 can operate legally on public roads and by rail). These inspections also monitored compliance with regulations for Railroad Workplace Safety.



*Railway Safety Section staff Chris Hester and Heath Thompson inspect a section of track in Montgomery, Alabama, to ensure track is up to proper standards.*

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 U.S. These yards are also the terminus for many trains coming in from other states. Also, located throughout the state are many switching yards. Thousands of units of rolling stock traverse these tracks each day hauling a multitude of different commodities.

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

# Utility Enforcement

staff participated in two 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 most derailments that occurred in the past in Alabama happened on yard tracks. Utilizing 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 36% from FY-2021 to FY-2022. 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 handled complaints from railroads, railroad employees, labor unions, other governmental agencies and the public in all matters pertaining to railway safety.

Track inspection staff also conducts education seminars for railroad employees. Employees attended a two-day event where presentations and demonstrations on the 49 CFR Part 213 and 214 regulations were given. The education seminars explain interpretation and understanding of the regulations and allow for interactive Q&A sessions between the railroad employees and regulatory enforcement staff.

Activity	Motive Power & Equipment	Track
Track Miles Inspected	--	2,185
Turnouts Inspected	--	1,275
Locomotives Inspected	82	--
Freight Cars Inspected	7,949	--
Hazmat Cars Inspected	784	--
End of Train Devices Inspected	--	--
Railroad Records Inspected	314	142
Bridge Observations	--	246
Roadway Worker Observations	--	130
Roadway Machines Observed	--	112
Blue Flag Observations	25	--
Noncompliant Conditions Identified	1,777	976
Violations Recommended	10	5
Complaints Investigated	--	16
Accidents/Derailments Investigated	--	3

# Utility Enforcement



*Railway Safety Section staff from left: Eddie Nix, Heath Thompson and Chris Hester*

## Field Services Section

The Field Services Section is responsible for providing technical assessments of regulated water utility and wastewater management entity infrastructure. These assessments include the inspection, oversight and monitoring the operations and maintenance of all regulated, investor-owned water and wastewater utility plants, facilities and infrastructure.

Twenty 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.

Ten water utility facilities 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 APSC.

The Field Services staff and responsibilities will be transferred to the Utility Services Division in FY-2023.

# Gas Pipeline Safety Division



## About the Division

The Gas Pipeline Safety Division is charged by the federal agency of Pipeline and Hazardous Material Safety Administration to perform regulatory inspections of operators within Alabama. The work of this division ensures compliance in meeting federal minimum safety standards.

# Gas Pipeline Safety

## Director: Wallace Jones

During FY-2022, the Gas Pipeline Safety Division (GPS) conducted and carried out 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 APSC 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 pursuant to the Natural Gas Pipeline Safety Act of 1968.

Each 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 federal regulations. The state inspections are conducted in person by the GPS investigators and include evaluations of records and physical properties of operators. Investigators conducted follow-up inspections to complete inspections that were not resolved initially.

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 Center in Oklahoma City, Oklahoma, or complete online courses. Over the course of FY-2022, GPS staff completed six instructor-led trainings and sixteen web-based training courses to become and remain qualified to conduct natural gas and hazardous liquid pipeline system inspections.

There were also two webinars and two workshops GPS personnel attended. Most of the GPS personnel had completed their required courses, and the division only had two investigators who have not completed their required courses. However, they have been engaged in instructor-led and web-based training courses throughout FY-2022.

With the incorporation of Distribution Integrity Management Programs, Public Awareness Program Effectiveness Evaluations, Control Room Management, an Operator Qualification class and a Drug and Alcohol web-based training, GPS investigators have experienced increased training requirements. The addition of these inspection processes means even more classes will be required for investigators over the next several years. Along with the new inspections, some inspectors have been nominated to industry standards boards to help create and develop the standards that will guide the pipeline industry. They will establish the requirements of these listed programs and will also establish the criteria for the required inspections.

In addition to attending classes for maintaining job-related skills and knowledge levels, GPS sponsored training by hosting the 34th Annual Gas Pipeline Safety Seminar in December 2021. Topics for this seminar presented by GPS personnel, vendors and operators included updates to federal guidelines and the minimum federal safety standards the division enforces. More than 300 natural gas and hazardous liquid system

# Gas Pipeline Safety

operators were in attendance. Normal attendance for this seminar is about 350 people. There were more than 32 vendors in attendance that displayed and demonstrated equipment for natural gas and hazardous liquid application use. This was also a reduction due to COVID-19. There are normally 45 vendors in attendance.

At the end of FY-2022, the Commission exercised jurisdiction over the safety functions of 74 intrastate natural gas

distribution systems (of these 74 systems, 10 also have transmission assets within their service territories that are also jurisdictional to GPS), 20 intrastate natural gas transmission systems, two liquefied natural gas (LNG) systems, two intrastate hydrogen transmission systems, one offshore natural gas transmission system and 15 master meter distribution systems. GPS also has jurisdictional authority over five segments of gas gathering lines, which are included in the transmission systems. The Commission also



*Back row from left: Randall Hand, Greg Meadows, Jonathan Kimbril, Daniel Trapp and Shawn Emmons  
Front row from left: Randy Hammond, Felisa Webster, Asia Skillman, Jamar Robinson and Brett Cochran  
(not pictured: Wallace Jones)*

# Gas Pipeline Safety

exercised jurisdiction over the safety functions of 10 on-shore hazardous liquid transmission systems, including six 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, they outline the immediate corrective actions that are necessary and ensure such actions are taken by the operators in question. Other areas of involvement for GPS included attendance at virtual Alabama Public Awareness Cooperative Training sessions. Also in attendance at these training sessions are first responders, emergency officials, contractors 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 other stakeholder groups 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 helps to steer the state towards a more aggressive posture in damage prevention. GPS personnel participated in the 8th Annual Damage Prevention Summit in December 2021. The focus of this summit each year is to educate and encourage participation in safe excavation practices. The GPS director served as the Administrator of the Alabama Underground Damage Prevention Authority (ALUDPA) during FY-2022. As administrator,

he had the responsibility of receiving the online violation complaints that are generated on the ALUDPA website ([aludap.org](http://aludap.org)), processing all information and forwarding 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-2022, the GPS director 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. In previous years, the examination resulted in a failing grade for Alabama. After changes to the Alabama 8-1-1 Law, the entities charged with the responsibility for assessing fines for utility damages were found adequate. The ALUDPA enforced the law through training and penalties. PHMSA found that there was adequate enforcement, which resulted in a passing grade.

Also, during FY-2022, the GPS staff began the drafting process for proposed GPS Rule #15, which will establish calibration and maintenance requirements for equipment used during the construction, maintenance and operation of pipeline facilities. This will be done through manufacturer recommendations and industry standards.

The GPS staff continued involvement with the National Association of Pipeline Safety Representatives (NAPSR). Alabama was represented on several NAPSR and PHMSA task forces. These taskforces allow for GPS

# Gas Pipeline Safety

to have input in decisions affecting how things are performed within the pipeline industry.

The GPS staff continued to sit on multiple committees during FY-2022. This participation helps to keep Alabama current with changes to federal regulations and involved in providing input into decisions that impact pipeline safety in Alabama and throughout the country.

Another area of involvement for GPS staff is with the Alabama Natural Gas Association (ANGA). ANGA is comprised of most natural gas operators in 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). The Fall Training Seminar was conducted in September 2022. During the training sessions, GPS staff assist in training at both seminars. They also attend the ANGA annual meeting each year. Although this is not a federally qualified training opportunity for GPS staff, the meeting presents a viable networking opportunity and exposes staff to valuable information and discussions on current issues. This meeting draws mayors, directors and managers of utility boards, which presents a chance to discuss aspects of safety culture in various operations in a more relaxed and open atmosphere.

A total of 637 inspections and operator training sessions were conducted during FY-2022, utilizing 1,096.625 person-days for inspections and operator training activities and an additional 248 person-days for investigator training.

Inspection by Type	Natural Gas	Hazardous Liquid	Total
Standard	150	12	162
Construction	121	7	128
Integrity Management	23	3	26
Operator Qualification	69	1	70
Control Room Management	0	7	7
Incident/Accident	11	0	11
Public Awareness	5	4	9
Follow-up	106	4	110
Drug and Alcohol	22	3	25
Section 114	60	0	60
Operator Training	29	0	29
<b>TOTAL</b>			<b>637</b>

# Gas Pipeline Safety

An important function of this division has always been accident prevention. GPS developed and presented programs to promote safe operations by natural gas transmission and distribution systems. These training opportunities included natural gas firefighting techniques and procedures and polyethylene plastic fusion qualification classes.

Work Activities	Person Days
Standard Inspections	544.375
Construction Inspections	179
Integrity Management Inspections	44
Operator Qualification Inspections	45
Control Room Management Inspections	0
Incident/Accident Inspections	14.625
Public Awareness Inspections	8.5
Follow-up Inspections	160
Drug and Alcohol Inspections	25
Section 114 Inspections	66.125
Operator Training	10
Investigator Training	248
<b>TOTAL PERSON DAYS</b>	<b>1344.625</b>

During FY-2022, a total of 35 training sessions were conducted with 621 personnel receiving certificates for plastic fusion qualification and an additional 29 personnel receiving training on natural gas fire-fighting techniques.

There were two incidents in Alabama during FY-2022 that met the criteria for reporting to the PHMSA. Such criteria include: 1) death, 2) hospitalization or 3) damage over \$122,000.00. Only one incident happened on GPS jurisdictional pipeline. However, GPS was also called in to assist PHMSA investigate a separate incident, which involved PHMSA regulated pipelines and/or facilities.

1) Spire Alabama reported an incident in June 2022. This incident was due to the landowner performing work on drainage ditches. He struck a 4-inch high-pressure distribution main with a front-end loader getting it stuck. He then used a personal vehicle to try and pull the loader free causing the rupture in the pipeline. The loader and vehicle were a complete loss to the fire. The landowner suffered burns and broke two bones trying to flee the ignition of the gas. Approximately 5,750,000 cubic feet of natural gas was lost.

2) PHMSA Incident – Transco’s Alabama Main Line A 30-inch natural gas line in Sweet Water, Alabama, ruptured on April 12 at approximately 8:15 a.m. Upon hearing the explosion, employees at the William’s Facility enacted their emergency plan and activated the emergency shutdown devices isolating Main Line A. An emergency blow down was then activated with 55 to 60 minutes of venting natural gas to the atmosphere. Main Line A is approximately fifteen miles in length. From the time of discovery to isolation was approximately 35 minutes. The line had an operating pressure of 789 psi at time of incident. The rupture site is approximately 50 feet in length by 40 feet in width and 18 to 20 feet deep. Discharged materials were blown as far as 250 yards away, including a portion of Main Line A that was discharged approximately 235 yards away from rupture point. The discharged portion of the pipe was approximately four feet by eight feet in length. A concrete anchor that was speculated to be on top of the pipeline was also ejected approximately 80 yards away from the point of rupture.

# APSC History

The Alabama Public Service Commission (APSC) 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 APSC responsible for regulating utility rates.

# History

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 APSC rules and regulations. Similarly, the



*The APSC was originally established as the Railroad Commission of Alabama in 1881. Photo provided by Encyclopedia of Alabama.*

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 all regulated carriers comply with applicable safety standards.

# History

With the passage of the Telecommunications Act of 1996, Congress opened 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 APSC'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 large ILECs and any rural ILEC agreeing to surrender its rural exemption from competition. As of September 30, 2022, 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 certain privately owned wastewater systems that discharge below the surface should be subject to the APSC jurisdiction. Such wastewater management entities who operate and maintain cluster or community wastewater systems were made subject to APSC regulation regarding 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, 2022, 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 Commission's jurisdiction 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**

*\*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*

## 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**

2022 Annual Report

# Alabama Public Service Commission



*Ensuring the balance between consumers and regulated companies.*

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