

GEORGIA PUBLIC SERVICE COMMISSION

2006 Annual Report



Chairman Stan Wise
Vice Chairman David L. Burgess
Commissioner Robert B. Baker, Jr.
Commissioner H. Doug Everett
Commissioner Angela Elizabeth Speir

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Georgia Public Service Commission
2006 Annual Report

LETTER TO THE GOVERNOR

January 1, 2007

The Honorable Sonny Perdue
Governor of Georgia
Office of the Governor
State Capitol
Atlanta, Georgia 30334

Dear Governor Perdue:

The Georgia Public Service Commission is proud to present its 2006 Annual Report which highlights the agency's major achievements during the past year regarding the state's utility and transportation industries.

Despite an ever-changing regulatory environment and diminishing resources, the Commission continues to ensure that Georgia consumers receive the best possible value in utility and transportation services, while enforcing natural gas pipeline safety and protecting the utility infrastructure from damage.

The Georgia Public Service Commission looks forward to serving Georgia's citizens in 2007 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Stan Wise", is written in black ink. To the right of the signature is a vertical line.

Stan Wise, Chairman
David L. Burgess, Vice Chairman
Robert B. Baker, Jr., Commissioner
H. Doug Everett, Commissioner
Angela Elizabeth Speir, Commissioner

Georgia Public Service Commission
2006 Annual Report

EXECUTIVE SUMMARY

The Commission's major achievements during 2006 regarding utility regulation, transportation, pipeline safety and facilities protection are set forth below.

ELECTRIC

The Commission approved new rates for Georgia Power and Savannah Electric, allowing these companies recovery of under-collected fuel costs incurred since 2005. Average bills of Georgia Power Company customers increased about \$5 a month (about \$4 a month lower than the increase proposed by Georgia Power), while Savannah Electric's customers saw no change in their rates. Given the magnitude of under-recovered fuel costs and the recent volatility of fuel prices, Georgia Power was ordered to file updated fuel cost recovery rates every six months, beginning September 20, 2006.

On June 22, 2006, the Commission adopted a proposal allowing the Georgia Power Company to record costs incurred in developing, filing and obtaining permits for the possible development of new nuclear power generation. The Company will record its costs related to pre-construction and pre-licensing of a nuclear facility and seek Commission approval for recovery at a later date.

Finally, the Commission approved a \$1.00 reduction in the cost of the Green Power premium to \$4.50 per 100 kilowatt hours. This voluntary program allows electric utility customers to purchase part of their electric power generated by renewable resources, such as landfill gas, solar, wind, limited hydro and limited biomass.

NATURAL GAS

During 2006, the Commission approved the distribution of \$13.5 million from the Universal Service Fund to give qualified low-income consumers and senior citizens assistance for the 2006 winter heating season. Since the Fund's inception, the Commission has disbursed more than \$40 million. The Commission increased the low-income senior citizen income eligibility standard from \$12,000 to \$14,355 to allow more participants in the Atlanta Gas Light Company senior citizen discount program.

The Commission approved the applications of four new natural gas marketers—Gas South, Catalyst Energy, MxEnergy and Dominion Retail—bringing the number of gas marketers actively serving customers in the state to eleven.

TELECOMMUNICATIONS

Mandatory ten-digit dialing began on April 3, 2006 in the 706 area code, which includes Athens, Augusta, Columbus, Cornelia, Dalton, LaGrange, Rome and Toccoa. This change was due to the implementation of 762 as the new overlay area code, providing area code relief in the 706 service area. Based on planning projections, this new area code should last at least 13 years before another one is needed in this service area.

On August 18, 2006, the Commission approved the merger of AT&T and BellSouth, subject to conditions required by Georgia law. The Commission will begin a separate proceeding in 2007 to examine the effects of the merger on Georgia and determine what, if any, actions should be taken.

Hamilton Telephone Company became the new Georgia Relay service provider on April 1, 2006. Headquartered in Aurora, Nebraska, Hamilton has provided relay service to 12 states since 1991. The Company has opened a relay center in Albany, Georgia, processing an average of 40,000 relay calls per month.

On March 21, 2006, the Commission approved the National Federation of the Blind as the provider for the Audible Universal Information Access Service (AUIAS), which became operational on June 1, 2006. The Georgia General Assembly approved House Bill 669 (in 2005) which directed the Commission to establish the service no later than July 1, 2006. The AUIAS allows blind or otherwise print disabled persons, through the use of a telephone, to access a range of print media, which in turn is read to the caller by way of synthetic speech.

CONSUMER AFFAIRS

The Commission approved an innovative natural gas customer education plan for the period 2006 through 2010. The plan is a collaborative effort with the Commission Staff, the Consumers' Utility Counsel, the Atlanta Gas Light Company, natural gas marketers and the University of Georgia Cooperative Extension Service to provide a statewide education program for natural gas customers, including how to choose a rate plan, financial assistance, customer rights and how the deregulated natural gas market works.

TRANSPORTATION

In 2006, the Transportation Unit processed 376 applications, investigated 135 complaints, conducted 67 audits, conducted 23 training classes and reviewed over 2,500 insurance filings.

FACILITIES PROTECTION

The 32nd Annual Pipeline Safety Seminar set an all time attendance record with over 350 participants. This seminar provides important updates to the operators of natural gas systems in the operation and maintenance of their facilities.

Facilities Protection Manager Danny McGriff received the “Georgia Utilities Coordinating Council’s Outstanding Achievement Award” for providing leadership in the reduction and prevention of utility facility damage through legislative, educational and enforcement efforts.

LOCAL AND NATIONAL ACTIVITY

The Atlanta Business League honored Commissioner David Burgess at the group’s 28th Annual Chief Executive Officer Appreciation Luncheon with its Catalyst Award—recognizing leaders who make a difference in the lives of Atlantans in all walks of life.

Commission Chairman Stan Wise testified before the House Energy Subcommittee on Energy and Air Quality on September 13, 2006. He urged Congress to support the Nuclear Fuel Management and Disposal Act and end delays in building the Yucca Mountain Nuclear Waste Repository.

Governor Perdue named Chairman Stan Wise to the State Energy Advisory Panel, which is charged with drafting the Comprehensive State Energy Plan.

HISTORY AND MISSION OF THE COMMISSION

HISTORY

On October 14, 1879, Georgia became one of the first states to establish a regulatory body to resolve complications resulting from increased railroad expansion and competition. Known at that time as the "Railroad Commission of Georgia," the members of this body originally were appointed by the Governor for the purpose of regulating railway freight and passenger rates. In 1906, the Legislature allowed the voters to elect the Commission.

In 1891, telegraph and express companies came under the Commission's jurisdiction. Sixteen years later, the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies, and increased the number of Commissioners from three to five. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry. Cognizant of the changing role of this regulatory body, the General Assembly in 1922 changed the name of the Railroad Commission of Georgia to the Georgia Public Service Commission. In 1943, the Commission became a constitutional body. Its powers and duties are established by the legislation and described in Georgia Code, Title 46. In 2005, Commissioner Angela Speir became the first woman to preside over the Commission as Chairman.

MISSION

The Commission is a quasi-legislative, quasi-judicial agency comprised of five Commissioners elected on a statewide basis. The Commission's mission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, electric and natural gas services from financially viable and technically competent companies. The regulatory side of the Commission's activities is most prevalent in relation to investor-owned natural gas and electric power utilities. The Commission has the authority to set rates, require long-range energy plans and projections, provide for the safety of natural gas pipelines and protect underground utility systems from damage.

Over the past decade, growth, competition and technological advances have significantly changed the Commission's role. With the onset of competition in the telecommunications and natural gas industries, the Commission facilitates market development and arbitrates complaints among competitors. This trend is expected to continue.

PUBLIC SERVICE COMMISSIONER PROFILES



Stan Wise

Commissioner Since: January 1, 1995

Elected: 1994; Re-Elected: 2000, 2006

Serves Through: December 31, 2012

Republican, Cobb County, Georgia

Chairman, Georgia Public Service Commission

Stan Wise won re-election to his third six-year term on the Commission in November 2006. He previously served as Commission Chairman in 1997 and 1999. He was first elected to public office as a Cobb County Commissioner in 1990 and had previously served that county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise was a Board Member of the ten-county Atlanta Regional Commission from 1992 to 1994.

Wise served as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003 - 2004 and is a member of the NARUC Board of Directors. He is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC) and serves on the Gas Committee of NARUC. He also serves on the U.S. Department of Energy's State Energy Advisory Board and on the Cobb County Public Schools Educational Foundation, Inc. He has also served on the Board of Directors of the Cobb YMCA, the Boys Club of Cobb County and the Advisory Board of the North Georgia Law Enforcement Academy.

Governor Sonny Perdue appointed Commissioner Wise to the State Energy Policy Council in 2006. The Governor also named Wise to the Commission for a New Georgia where he served as Team Leader for the Aerospace Technical Advisory Group. The Atlanta Business Chronicle also named Commissioner Wise as one of Georgia's 100 most Influential Citizens in 2006.

Charleston Southern University named Wise the Outstanding Alumnus of the Year. In 2005 the Bonbright Center of the Terry College of Business named him its Honoree of the Year.

Wise was awarded his B.S. in Business Management from the Charleston Southern University in 1974. He owned and operated an insurance agency in Cobb County for over twenty years. He and his wife, Denise, have two grown children.



David L. Burgess

Commissioner Since: April 8, 1999

Elected: November 3, 2000

Serves Through: December 31, 2006

Democrat, DeKalb County, Georgia

Vice-Chairman, Georgia Public Service Commission

Governor Roy E. Barnes appointed David Burgess to fill a vacant Commission seat on April 8, 1999. His appointment to the Commission is one of several “firsts.” Burgess is the first African-American person to serve on the vital utility board, the first former PSC staff member to hold a Commission seat and the first Georgia Tech graduate to serve on the Commission. He was elected to a full six-year term in November 2000. He served as Commission Chairman in 2002.

Burgess graduated from Georgia Tech in 1981 with a Bachelor of Science Degree in Electrical Engineering. He served as a member of the PSC staff for 17 years. Burgess began as public utilities engineer, rose through the ranks in six years to become the PSC’s Director of Rates and Tariffs; and served as the Director of the PSC’s Telecommunications Unit for two years prior to his appointment. He effectively resolved various electric, gas and telecommunications issues during his tenure at the commission. As a Commissioner, Burgess continued to lead the PSC’s efforts to implement the requirements of the 1996 Federal Telecommunications Act. Burgess served as the Chairman of the Commission’s Telecommunications Committee, a member of the Georgia Utilities Facility Protection Act Advisory Committee and the Advisory Board of the Georgia Center for Advanced Telecommunications Technology (GCATT).

An Atlanta native, Burgess and his wife, Phyllis, have two daughters, Crystal and Christina. Burgess is the Superintendent of Sunday School and Vice-Chairman of the Steward Board at Turner Monumental A.M.E. Church.



Robert B. Baker, Jr.

Commissioner Since: January 1, 1993

Elected: 1992; Re-Elected: 1998, 2004

Serves Through: December 31, 2010

Republican, Clarke County, Georgia

Commissioner, Georgia Public Service Commission

Bobby Baker was first elected to the Public Service Commission in 1992, and was the first Republican elected to a statewide constitutional office since Reconstruction.

Since that time, he has established a reputation as a fair and forthright champion of the Georgia consumer – fighting to keep utility rates reasonable while maintaining a strong climate for economic development. Baker has worked aggressively to develop competitive markets for utility services, reduce regulation, and expand toll free calling throughout the state. He was elected to a third term in November 2004.

Bobby Baker grew up in DeKalb County and attended DeKalb County public schools. He went on to graduate from Oglethorpe University with honors and receive his law degree from the University of Georgia.

After graduating from law school, Bobby Baker joined the Southeastern Legal Foundation, a regional conservative public interest law firm. While he later entered private practice, he continued to seek opportunities to make an impact on people's lives – a goal he has accomplished during his tenure on the PSC.

Bobby Baker has been recognized on numerous occasions by both Georgia Trend magazine and the Atlanta Business Chronicle as one of the city and state's most influential leaders. He has served on the board of directors for the Georgia Center for Advanced Telecommunications Technology (GCATT) and also as Vice-Chairman of the

Gwinnett County Planning Commission. Bobby and his wife, the former Joselyn Butler, were married in 2001.



H. Doug Everett

Commissioner Since: January 1, 2003

Elected: November 5, 2002

Serves Through: December 31, 2008

Republican, Sylvester, Georgia

Commissioner, Georgia Public Service Commission

A native of Cordele, Georgia, Commissioner Doug Everett is the first Republican elected to the Commission from Southwest Georgia. In 1996, he was elected to the Georgia House from Albany and served three terms before his election to the Commission in 2002. As a State Representative, he served on the House Industry Committee and the Subcommittee on Utilities.

Commissioner Everett was born in Cordele, Georgia but moved to Sylvester where he graduated from high school. He entered Georgia Tech but later transferred to Georgia Teachers College (now Georgia Southern University) and majored in math.

After moving to Albany, Commissioner Everett worked for Albany First Federal Savings and Loan before starting his own business in 1974, Southern Appraisal Company that specializes in appraising large commercial and industrial properties. In 1980, he received his MAI appraisal designation, the highest appraisal designation one can receive. Prior to serving as a legislator, Everett served on the Albany Zoning and Planning Board of Appeals, the Albany Zoning and Planning Board of which he was Chairman, the Board of Tax Assessors and three terms on the Albany City Commission, including two years as Mayor Pro Tem.

Everett is married to Janice Perry Johnson of Montezuma. The couple has three grown children, Mitch, Mike and Denice Delk, and four grandchildren. Everett is a former member of the Albany Rotary Club, the Sylvester JAYCEES and the Sylvester Kiwanis Club.



Angela Elizabeth Speir

Commissioner Since: January 1, 2003

Elected: November 5, 2002

Serves Through: December 31, 2008

Republican, Duluth, Georgia

Commissioner, Georgia Public Service Commission

Angela Elizabeth Speir is the first woman elected to the Public Service Commission and the second Republican woman elected to a statewide office. In 2005 she became the first woman to chair the Commission. A Georgia native, Commissioner Speir grew up in DeKalb County and graduated from Agnes Scott College with a B.A. in Biology. She is also a graduate of CEO International.

After graduation from Agnes Scott, Angela Speir served as the Assistant Administrator of the medical complex at the United Methodist Children's Home providing medical aid and counseling to children who are victims of abuse.

She first ran for public office in 1992 as a candidate for the Georgia State Senate.

Ms. Speir's interest in helping others led her to a career in the employment industry. Through positive leadership and mentoring, Ms. Speir is recognized as a leader in the field. In 2006, the Council on Aging awarded Commissioner Speir their Community Service Award for her efforts on behalf of senior adults.

Georgia Trend Magazine has named Ms. Speir as one of their 100 Notable Georgians for 2006. Ms. Speir is a member of the National Association of Regulatory Utility Commissioners Committee on Telecommunications, the Gwinnett County Chamber of Commerce and the CEO Executive Roundtable.

Ms. Speir is a supporter of the Gwinnett County Children's Shelter, The United Methodist Children's Home, and Children's Healthcare of Atlanta. Commissioner Speir and her husband reside in Gwinnett County.

PUBLIC SERVICE COMMISSION MANAGERIAL PERSONNEL

DECEMBER 31, 2006

Commissioners

Stan Wise, Chairman
David L Burgess, Vice Chairman
Robert B. Baker, Jr., Commissioner
H. Doug Everett, Commissioner
Angela Elizabeth Speir, Commissioner

Administration Division

Deborah Flannagan, Executive Director
Reece McAlister, Executive Secretary
Bill Edge, Public Information Officer/Legislative Liaison
James Youngs, Fiscal and Budget Officer
Margie Conley, Human Resources Officer
Jada Brock, Director of Information Technology

Utilities Division

Tom Bond, Utilities Division Director
Leon Bowles, Director of the Telecommunications Unit
Pandora Epps, Director of Internal Consultants Unit
Sheree Kernizan, Director of the Electric Unit
Cynthia Johnson, Director of Consumer Affairs Unit
Nancy Tyer, Director of the Natural Gas Unit

UTILITIES DIVISION

Historically, the Georgia Public Service Commission has been responsible for setting the rates charged by telecommunications, natural gas, electric and transportation companies and for establishing and enforcing quality of service standards. The telecommunications, natural gas, and electric industries previously were natural monopolies. Now a number of these industries are evolving to a competitive market that allows customers to choose among multiple providers for certain services. Other services continue to be fully regulated by the Commission.

The pace at which competition is being implemented varies among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, local telephone service was opened to competition by state and federal legislation, respectively. In 1998, Georgia opened the natural gas industry to competition. Restructuring of the electric utility industry has taken place in a number of states, with varying results; however, it appears unlikely that electric utility restructuring will take place in Georgia in the near future.

In spite of these changes in the regulatory environment, the Commission's mission remains the same—to ensure that consumers receive the best possible value in telecommunications, electric, transportation and natural gas services, to enforce natural gas pipeline safety and to protect utility infrastructure from damage. An overview of the role that the Commission has played in each of these utility industries over the past year, as well as key decisions of this agency, are set forth in the following sections.

Electric

Electricity is an energy form that is vital to the economy of the state and to the quality of life of Georgia's citizens. Of the industries regulated by the PSC, the electric industry is the most universally utilized and the most essential to Georgia's citizens and industries. The two former investor-owned electric utilities, Georgia Power Company and Savannah Electric and Power Company, were merged into one entity—Georgia Power Company—during 2006, now serving over 2 million customers statewide. Georgia Power Company is fully regulated by the Commission. It must seek approval from the Commission to increase its base and fuel rates and to secure resources to meet the growing demand for electricity in its service territory. The Commission has limited regulatory authority over the 42 electric membership corporations (EMCs) and 52 municipally-owned electric systems in the state.

SIGNIFICANT MATTERS IN THE ELECTRIC UTILITY INDUSTRY IN 2006

Commission Approves Increase in Georgia Power Company and Savannah Electric and Power Company Fuel Rates; Reviews the Merger of Both Companies

On June 15, 2006 the Commission unanimously approved new rates for Georgia Power and Savannah Electric and Power Companies to allow these utilities to pay for forecasted fuel prices for the year beginning July 1, 2006, as well as recover fuel costs that have been under-collected since the previous approval of fuel rates in 2005. Savannah Electric customers will see no change in their total electric bills, while Georgia Power customers will see their average bills increase by about \$5 monthly. In the same decision, the Commission approved the Companies' request for approval to effect their proposed merger. As part of this approval, Georgia Power must submit an accounting of all one-time costs associated with the merger to the Commission in mid-2007 and, as a result of the merger, Savannah Electric customers avoided a potential \$10 monthly increase in their bills.

During the 4th quarter of 2006, Georgia Power filed its request for an increase in its fuel rates, as required by the Commission in the previous case. This fuel cost recovery case will be decided in February 2007.

The Commission approved a reduction in the cost of the Green Power premium to \$4.50 for one block (100 kilowatt hours) for customers of Georgia Power and those customers in the former Savannah Electric territory. The Commission had previously set the premium at \$5.50 per block for Georgia Power customers and \$6.00 per block for Savannah Electric customers. The Commission first approved the Companies' Green Power programs in 2003. Additionally, the Commission granted an increase in the price Georgia Power pays for solar energy from 15 cents to 17.4 cents per kWh. This will help to encourage the development of solar resources in the state. This voluntary program will allow customers to purchase part of their energy needs from electricity generated from renewable resources such as landfill gas, solar, wind, hydro and biomass.

The Commission approved an agreement to allow Georgia Power Company to record the costs incurred in developing, filing and obtaining permits and licensing costs for the possible development of new nuclear power generation in Georgia. This accounting treatment allows the Company to record its costs related to pre-construction and pre-licensing of a possible nuclear power facility and then seek Commission approval or certification at a later date. However, the Commission retains full authority to determine whether and how the Company will recover its costs and whether they were prudently incurred. The Commission also adopted an amendment concerning energy conservation measures, known as demand-side management. The amendment requires the Company to file as part of its 2007 Integrated Resource Plan (IRP) a

detailed assessment of the maximum achievable cost-effective potential for energy efficiency and demand response programs in its service area.

The Commission approved the request of ERCo Worldwide in Valdosta to transfer its retail electric service from Colquitt Electric Membership Corporation (EMC) to Georgia Power Company. In approving the transfer, the Commission found that Colquitt EMC's rates were discriminatory. In its Order, the Commission declared that opt out clauses such as that contained in the ERCo contract are contrary to public policy and in violation of the Georgia Territorial Act.

After hearing testimony on the method of recovery Georgia Power uses to collect municipal franchise fees from all of its customers, the Commission on December 19, 2006 decided to reduce the franchise fee such that, by 2008, half of the current 4% allowed (or 2%) will be charged to residents who live in unincorporated areas of Georgia Power's territory.

Commission Continues to Monitor

The Commission Staff continues to investigate and monitor the following aspects of the regulated utilities:

- The hedging programs of Georgia Power Company and Savannah Electric for effectiveness in mitigating potentially high natural gas costs;
- Flat billing tariffs for residential and commercial customers (provides price stability during fluctuating market conditions);
- Performance And Reliability Of The Utilities' Generating Plants.

Pursuant to O.C.G.A. §46-3A-1 et seq., the Integrated Resource Planning Act, the Commission is responsible for evaluating and approving integrated resource plans (IRP) filed by the investor-owned utilities on a three-year cycle and certifying applications for supply- and demand-side resources. The Independent Evaluator (IE) process is working well and continues to ensure an open and fair solicitation process for all bidders, independent power producers and affiliates of the Company.

The Commission also oversees territorial assignments for all electricity suppliers pursuant to the Georgia Territorial Electric Service Act, O.C.G.A. §46-3-1 et seq., by reviewing and authorizing requests for transfers of retail electric service, resolving disputes over service territories and maintaining the electric supplier territorial maps for each of the 159 counties in Georgia. The Commission approves the financing applications of electric membership corporations.

The Commission Continues Its Involvement In Federal Activities That Impact The Electric Utility Industry

The Georgia Public Service Commission is active in its regional association, the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as its national organization, the National Association of Regulatory Utility Commissioners (NARUC), to ensure that Congressional legislation and decisions by federal agencies will benefit Georgia ratepayers. Commissioners and Staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council (SERC), Georgia Green Pricing Accreditation Group, Georgia Energy and Environment Group, Governor's Energy Task Force and the Southern States Energy Board.

PSC Seeks To Protect Ratepayer Interests In Environmental Policy Decisions

The Commission continues to monitor Georgia's Environmental Protection Division (of the Georgia Department of Natural Resources), and the U.S. Environmental Protection Agency rulemaking proceedings. The Commission staff continues to monitor developments in the Environmental Protection Agency's lawsuits against Georgia Power Company and Savannah Electric and Power Company for violations of the New Source Review Standards.

Although President Bush approved Yucca Mountain as the repository for nuclear waste, the Commission continues to oppose delays to fully comply with laws that require the Department of Energy to remove spent nuclear fuel from plants in Georgia. The Department of Energy's inaction has resulted in the need for Georgia Power Company to construct, at ratepayers' expense, additional on-site storage facilities to handle the accumulation of spent nuclear fuel and to engage in activities to construct an interim storage site. The Commission has addressed the Department of Energy's position on this matter at formal hearings and in written documents to emphasize the severity of this situation. The Commission continues to work on a national level to ensure that any proposed federal legislation that seeks to address this problem provides an appropriate solution.

Natural Gas

In 2006, the Commission approved the release of over \$13.5 million from the Universal Service Fund (USF) to give qualified low-income and senior citizens in Georgia some relief for the 2006 winter heating season. Since the Fund's inception, the Commission has disbursed more than \$40 million in assistance.

The Commission extended the current Asset Management agreement between Atlanta Gas Light Company (AGLC) and Sequent Energy Management until March 31, 2008. In addition to the extension, the sharing percentages that are deposited into the USF were modified from 50%-50% sharing to 40%-60% sharing between Sequent and the USF for all transactions except for capacity release transactions and off-system sales. These transactions will continue to be shared between Sequent and the USF on a 10%-90% and 50%-50% basis, respectively.

The Commission approved the applications of GasSouth, LLC, Catalyst Energy, MxEnergy, Inc., and Dominion Retail, Inc. for natural gas marketer certificates of authority. In addition, the Commission granted Southern Company Gas, LLC's withdrawal application, bringing the number of gas marketers in the state to 13 (11 of which are actively serving customers).

The Commission approved several Staff requests for customer education materials to be produced and distributed throughout AGLC's natural gas distribution territory. The Commission approved a customer education plan that resulted in the creation of the Natural Gas Collaborative Team to educate consumers on deregulation. This team is a combined effort with the PSC, the University of Georgia's College of Family and Consumer Services, AGLC and certificated marketers.

In September 2006, the Commission approved a Rulemaking concerning multiple natural gas systems within a single certificated area. The goal of this rule is to ensure all natural gas owners and operators comply with safety standards in cases where one or more distribution system is located within the same certificated territory.

Natural gas is important to the development and economic prosperity of Georgia. Approximately 1,600,000 customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Atmos Energy Corporation (Atmos Energy). In early 1997, the Georgia Legislature passed the Natural Gas Competition and Deregulation Act (the Act), O.C.G.A. § 46-5-

150 et seq., which allowed these companies the option of electing to be governed under a new regulatory framework. More specifically, the Act provided for the transition of the natural gas commodity market from a regulated monopoly to a competitive marketplace. The Commission's role under the Act was to facilitate this transition.

Although Atmos Energy elected not to be governed under the Act, AGLC filed notification of its intent to be subject to the new regulatory model in November 1997. In managing the transition to competition in what traditionally were AGLC's service areas, the Commission's main objective was to implement the Act in a manner that allowed a majority of end-users to realize the benefits of competition, which include a greater choice among gas providers and better customer service.

In 2002, the Legislature passed the Natural Gas Consumers' Relief Act (House Bill 1568). The Commission enforced the provisions of House Bill 1568 by ensuring compliance with all of the newly enacted Commission Rules and creating additional protections for natural gas consumers.

SIGNIFICANT MATTERS IN THE NATURAL GAS INDUSTRY IN 2006

Certificated Natural Gas Marketers

At the end of 2006, 13 natural gas marketers were certificated. Eleven of these were actively serving customers.

In January 2006, the Commission approved the application of Gas South, LLC for a natural gas marketer certificate of authority. In addition, the Commission approved the transfer of Southern Company Services natural gas customers to the newly certificated GasSouth. In February 2006, the Commission approved the application of Catalyst Energy for a natural gas marketer certificate of authority.

In June 2006, the Commission approved the applications of MxEnergy and Dominion Retail, Inc. for natural gas marketer certificates of authority. The following month the Commission approved the transfer of Shell Energy Services' natural gas customers to the newly certificated MxEnergy.

In October 2006, Utility Resource Solution, LP, filed an application to become a certificated natural gas marketer. The Commission will make a determination on the application in January 2007. In November 2006, the Commission approved the transfer of Commerce Energy's natural gas customers, except for a few commercial accounts, to Georgia Natural Gas.

Regulated Provider

On June 29, 2005, the Commission approved SCANA Energy as the Regulated Provider of natural gas under Docket No. 20069 for the period of September 1, 2005 to August 30, 2007. On August 31, 2005, the Commission and SCANA agreed upon a consent order for the Regulated Provider. As of December 5, 2006, the Regulated Provider had a total of 90,914 customers, with 22,871 designated as Group 1 and 68,043 as Group 2. The Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are bad debt customers that cannot obtain service from other marketers due to poor credit. Since September 2002, the Commission has approved over \$8.6 million in disbursements to SCANA Energy to offset bad debts related to Group 1 customers. During 2006, the Commission approved over \$1.7 million for Group 1 customer assistance. No such funds are available for Group 2 customers. Although the Regulated Provider program was developed to provide better pricing to low-income citizens, the overall pricing has been average to above average.

Rulemaking

Docket No. 8044: Marketer's Certificate of Authority. On November 17, 2006, the Commission issued a Notice of Proposed Rulemaking (NOPR) to revise certain sections of the current marketer rule. Comments were received in December 2006. The Commission will consider a final rule during 2007.

Docket No. 21205: Notice of Rulemaking on Multiple Natural Gas Systems Within a Single Certificated Area. On March 1, 2006, the Commission issued a NOPR regarding whether duplicative natural gas distribution systems should operate within the same certificated area. A second NOPR was issued on July 25, 2006. The Commission adopted a final rule on September 19, 2006.

Docket No. 24304: Notice of Inquiry (NOI) regarding the Selection of Independent Evaluator. On December 28, 2006, the Commission issued a NOI to solicit comments from interested parties concerning an evaluation process and procedure for selection an independent evaluator to be utilized for contract and/or asset management bids. Comments are due on January 31, 2007. The Commission may consider the issuance of a NOPR following review of the comments

Bankruptcy Filings Monitored By The Commission

There were no bankruptcy proceedings during 2005. The Commission staff continually monitors the financial viability of all of the certificated marketers through monthly and quarterly reporting requirements and data requests.

Interim Pooler

During 2005, the Commission concluded that if the Interim Pooler provision becomes necessary during the period of July 1, 2005, through June 30, 2007, the Commission will randomly assign affected customers to all certificated marketers. The Commission will issue a Request for Proposals for the 2007 Interim Pooler in March of 2007.

Audits

Docket No. 4167: Atlanta Gas Light Company's Manufactured Gas Plant (MGP) In March 1992, Atlanta Gas Light Company filed an Environmental Response Cost Recovery Rider setting forth a proposed mechanism for recovering costs associated with the clean up of manufactured gas plant (MGP) sites. On August 20, 1992, the Commission conducted a hearing at which several parties presented a settlement agreement to the Commission. On September 1, 1992, the Commission entered an Order adopting the settlement, subject to certain modifications. The staff conducts quarterly audits of capital expenditures related to the MGP cleanup at fifteen MGP sites, three of which are in Florida, where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and ground water. The ratepayers of Georgia are assessed a surcharge to assist with this cleanup. In 2006, Commission staff audited over \$12.0 million of expenditures related to this program.

Docket No. 16193: Order On Audit Report Concerning Atlanta Gas Light Company's Universal Service Fund: In March 2006, the Commission approved Staff's Recommendations to the Audit Report of Sequent Energy Management Transactions for Calendar Year 2003. Originally in the Commission's December 3, 2002 Order in Docket No. 16193, the Commission adopted the "Audit Report Concerning Atlanta Gas Light Company's Universal Service Fund." Included in this Order was a requirement for a 50%-50% sharing mechanism between Sequent Energy Management (Sequent) and the Universal Service Fund (USF) of the aggregate net margin from transactions that utilized the retained capacity assets of AGLC. On January 23, 2006, the Commission approved a Stipulation between the Commission Staff and AGLC in Docket No. 18437: Atlanta Gas Light Company's 2004 - 2007 Capacity Supply Plan. As part of the approved Stipulation, the Parties agreed that "effective April 1, 2006 and extending through March 31, 2008, with the exception of capacity release transactions and off-system sales, which shall continue to be shared

with the USF in accordance with O.C.G.A. § 46-2-23.1(i)(1), AGLC shall remit 60% of the aggregate net margin to the USF from any transactions involving unused AGLC capacity assets, whether made directly by AGLC or indirectly by its agent.” The Staff completed its on-site audit in October 2006 and is currently completing the draft audit report.

Docket No. 8516: Atlanta Gas Light Company’s Pipe Replacement Program (PRP)

The Commission issued a Rule Nisi against the Company on January 6, 1998, in Docket No. 8516 alleging that AGLC had committed numerous and continuing safety violations concerning the operation of the Company’s pipeline system. The majority of the allegations related to the large number of known leaks on the Company’s distribution system. Staff and the Company reached a stipulated agreement to facilitate solutions to the problems listed in the Rule Nisi. The stipulated agreement permitted the Company to recover, through a monthly rider, costs incurred to replace portions of its pipeline system that were corroded or leaking. After a hearing on July 8, 1998, the Commission approved an Order adopting the PRP stipulation on September 3, 1998. At that time 2,312 miles of bare steel and cast iron pipe had been identified for replacement within the 10 years from 1998 to 2008. This mileage was revised to 2,504 miles in 2003. As part of the AGLC rate case agreement, the PRP was extended from a 10-year program to a 15-year program, ending in 2013. The Commission staff currently conducts quarterly audits of the capital expenditures of the program. In 2006, the Commission staff audited over \$40.6 million in expenditures related to the PRP.

Docket No. 12509: Atmos Energy’s Cast Iron and Bare Steel Retirement Program.

In 2006, the Staff performed an audit of Atmos’ cast iron and bare steel retirement program. The period audited was October 1, 2004 through September 30, 2005, Year 5 of the Company’s program. The Company filed its annual report for this period on February 15, 2006, which included a proposed rider amount of \$1.90 to be effective October 1, 2006. During the audit period, Atmos incurred a total of \$6,294,729 of pipeline replacement expenses for both the Cast Iron and Bare Steel projects and savings of \$46,139 in Operation and Maintenance Expenses (O&M) expenses. During this period, the Company replaced 2.77 miles of pipe in the Gainesville service area and 17.31 miles of pipe in the Columbus service area.

In an April 12, 2001 Order, the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Columbus over a 15-year period and 46 miles of bare steel pipe in Gainesville over a 20-year period. To date the Company has replaced 75.17 miles of pipe in the Columbus area and 17.27 miles of pipe in the Gainesville area for a combined total of 92.44 miles replaced. The Commission adopted the following rates to be effective October 1, 2006: residential rider \$1.34; commercial rider three times the residential rate; and industrial rider twenty-five times the residential rider amount.

Docket No.18509: Atmos Energy Corporation's 2004 - 2005 Gas Supply Plan-Purchased Gas Cost Adjustment Rider Audit. During 2006, the Staff performed an on-site audit of Atmos Energy Corporation's purchased gas costs for the period October 2003 through September 2005. The audit period covered the entirety of two of the Company's Gas Supply Plan dockets: Docket No. 18509 (2004 - 2005) and Docket No. 20528 (2005 - 2006). The costs that the Company sought recovery during the two-year period were \$47,402,550 and \$53,470,193, respectively, for a total of \$100,872,743. The Company's gas costs are comprised of commodity costs, interstate transportation costs, variable pipeline costs, such as withdrawal and injection fees, storage and Liquefied Natural Gas (LNG) costs. Also included in the costs are results from the transactions under the Commission-approved hedging program and the credit from ratepayer's sharing from the Company's Performance Based Ratemaking (PBR) program. The Staff is currently working on the audit report and its recommendations to be given to the Commissioners in the early part of 2007.

Other Significant Cases

Docket No. 15326: Amendment to Universal Service Fund Rules and Docket No. 11588: Universal Service Fund (USF) The Georgia Legislature established the Universal Service Fund (USF) under O.C.G.A. § 46-4-166 in 1999 and authorized the Georgia Public Service Commission to create and administer the USF. In 2002, the General Assembly approved House Bill 1568, amending the 1999 law and revising the possible uses for USF funds. In September 2002, the Commission incorporated these changes under Docket No. 15326. The statutory purposes of the USF are to:

- Ensure natural gas is available to marketers for sale
- Enable AGLC to expand its facilities in the public interest
- Assist low-income customers in times of emergency
- Allow the Regulated Provider access to the USF to recover bad debt of its Group 1 customers.

The USF is currently funded by the following statutory funding sources:

- 95% of Interruptible Revenues
- Demand Supply Requirements (DSR)
- Mismatch Incentive Charge (Mismatch)
- E-Gas Surcharge (Emergency Gas)
- Capacity Release
- Off-System Sales
- Supplier Refunds
- Cash-Out
- Marketer Customer Deposits Over Two Years Old

An additional funding source for the USF is Asset Management deposits made by Sequent Energy Marketing (SEM), an affiliate of Atlanta Gas Light Company. SEM provides asset management services by maximizing the excess interstate pipeline capacity and storage assets. SEM, in turn, receives a percentage of any profits that are realized through its asset management functions. Previously, the Commission issued an order requiring AGLC to share 50% of Sequent's profits with the USF. In January 2006, the Commission, AGLC and SEM entered into a stipulated agreement that increased sharing to the USF by 10% creating a 40%-60% sharing between SEM and the USF, to be effective April 1, 2006.

In fiscal year 2006, the USF has provided assistance to low-income senior citizens on AGLC's natural gas system in the amount of \$10.5 million, and \$3.0 million was disbursed to Georgia's Department of Human Resources (DHR) to help other low-income citizens. Over \$3.7 million was disbursed for gas line extensions for AGLC. Additionally, the Commission approved over \$1.7 million to the Regulated Provider of natural gas to help low-income citizens in Group 1.

Since the USF's creation in 1999, the PSC has approved the following USF disbursements:

Year Approved	Universal Service Fund Accomplishments	Totals
2000 - 2006	DN 11588: USF Line-Extension Disbursements	\$15,075,459
2000	DN 12897: GPSC Ordered Refunds for All Ratepayers	\$42,409,000
2001	DN 12897: GPSC Ordered Refunds for All Low-Income Ratepayers	\$8,100,000
2001 - 2006	DN 12897: GPSC Ordered Grants to Low-Income Ratepayers through DHR's LIHEAP Program	\$30,000,000
2002 - 2006	DN 15149 and 20069: Regulated Provider: Group-1 Customer Bad Debt	\$8,420,720
2004	DN 15149: Off-Set Group-1 High Prices	\$750,000
2005 - 2006	DN 12897: GPSC-Ordered AGLC Credit for Direct Assistance to Low-Income Seniors	\$10,536,750
Totals:		\$115,291,929

Certificate for Public Convenience and Necessity

In May 2006, the City of Monroe filed an Application for a Certificate for Public Convenience and Necessity in Docket No. 22850, to extend its natural gas pipelines and distribution facilities in certain areas of Oconee County. The Commission will make a decision on this issue in 2007.

On May 10, June 28 and September 29, 2006, the Commission Staff issued its first, second and third set of data request to municipals located within Georgia to determine the extent of their natural gas systems, structure of city government overseeing such facilities and customer and rate information. From this information, Staff has determined which cities are serving customers outside of their home counties without a certificate of public convenience and necessity. Staff will be issuing a fourth set of data requests in 2007 and is informing all cities without proper certification that they have until a date certain to file an application for the appropriate certification.

Atmos Energy Corporation's Affiliated Transaction Audit Review

In March 2005, Staff began an affiliate transactions audit of Atmos Energy Corporation (Atmos). The purpose of the audit was to review affiliate transactions and the process used to allocate costs to and among various organizational levels within Atmos Energy's Georgia operations. Staff completed the Affiliate Transactions Audit in September 2005 and presented their findings in testimony filed on September 29, 2005 in the Atmos rate case. Atmos has filed three quarterly financial reports during 2006, which Staff is using to monitor affiliate transactions and allocated costs to Georgia.

Atmos Energy Corporation's Gas Supply Plan

The Commission issued an Order for Atmos Energy's 2006 - 2007 Gas Supply Plan in Docket No. 22874 on September 28, 2006. The plan approves the interstate storage and peaking assets needed to achieve the company's forecasted peak for its Gainesville and Columbus service areas. Atmos Energy serves approximately 67,000 customers in Georgia. Significant issues in the 2006 - 2007 Supply Plan include asset management issues and the turning back of excess capacity on the interstate pipelines. Other issues considered in this case include the valuation of the Company's gas inventory and the Company's hedging and performance based regulation programs. This Gas Supply Plan is in effect until September 30, 2007 and the Company is required to file its 2007 - 2008 Plan by July 1, 2007.

Telecommunications

The telecommunications industry is indispensable to the economy of the Georgia. Georgia's Telecommunications and Competition Development Act of 1995 and the Federal Telecommunications Act of 1996 have had a great impact on the Commission's role in this vital industry. The primary goal of these statutes was to replace traditional regulated monopoly service with a competitive market. By the end of 2006, the Commission had certificated 898 resellers, 214 alternative operator service providers, 405 competitive local exchange providers, 134 interexchange service providers and 723 payphone service providers. The Commission also heard an arbitration proceeding and approved 126 interconnection agreements in 2006.

Significant matters in the telecommunications industry in 2006

Merger of AT&T Inc. and BellSouth Corporation Together with its Certificated Subsidiaries

On March 31, 2006, AT&T, Inc., BellSouth Corporation and its certificated Georgia subsidiaries filed with the Commission a Notice of Merger. On July 14, 2006, the Commission issued an Order on Emergency Motion setting dates for the submission of Initial and Reply Comments and evidence, oral argument and a Special Administrative Session for decision. In accordance with that Order, several parties filed comments and/or presented oral argument to the Commission. After analyzing the merger request, the Commission on August 18, 2006 granted its approval subject to certain terms and conditions as outlined in its Order, One of the conditions called for the Commission to initiate a proceeding six months after closing of the merger to examine its effects on Georgia and determine what, if any, actions should be taken.

706 Area Code Relief

During 2006, the Commission Staff continued to monitor the implementation of ten-digit dialing in the existing 706 and new 762 overlay area code in Georgia. The Commission also considered and approved permissive dialing extension requests of security alarm companies to allow them additional time to reprogram customers' alarm systems for 10-digit dialing. Specifically, a six-month extension of the April 3, 2006 deadline for mandatory dialing was requested by A-Com Protection Services, Inc. and granted in part (to October 3, 2006) by the Commission on February 7, 2006. Additionally, on May 2, 2006 the Commission granted the request of Alarm Capital Alliance, LLC (ACA) to extend the deadline for permissive dialing to October 3, 2006. Finally, at its October 3, 2006 Administrative Session, the Commission granted the requests of both ACA and

Columbus Fire & Safety Equipment Company for an extension of the permissive dialing period from October 3, 2006 to December 21, 2006 for certain 706 NPA prefixes.

Assignment of Abbreviated Dialing Codes (N11)

During 2006, the Commission considered and approved two petitions for assignment of N11 codes. N11 codes are abbreviated dialing arrangements (three-digit codes of which the first digit is any digit other than 1 or 0, and the last two digits are both 1) that enable callers to connect to a location in the phone network that otherwise would be accessible only via a seven or ten-digit telephone number. On May 2, 2006, the Commission approved the petition of the Utilities Protection Center, Inc. (Docket No. 22391) for assignment of the 811 abbreviated dialing code to provide for access to state One Call notification systems. On December 19, 2006, the Commission approved the petition of DeKalb County (Docket No. 19330) for assignment of the abbreviated dialing code 511 to be used for access to DeKalb County government's non-emergency services. Both the 811 and 311 abbreviated dialing codes were previously assigned by the Federal Communications Commission (FCC) for nationwide use—811 for use by state One Call notification systems for providing advanced notice of excavation activities to underground facility operators in compliance with the Pipeline Safety Act and 311 for access to non-emergency police and other government services.

Expanded Local Calling Areas

On May 30, 2006, the Commission received a resolution from the Chairman of the Burke County Board of Commissioners, requesting that traffic and cost studies be performed to explore the expansion of the Augusta local calling area (Richmond County) to include the Counties of McDuffie, Burke and Jefferson. The Commission ordered traffic and cost studies to be performed to determine the Community of Interest Factors and cost of implementing such expanded calling areas. The studies are due back no later than February 14, 2007. Afterwards, the Commission will act based on the results of the traffic and cost studies.

Eligible Telecommunications Carriers

2006 also saw the influx of several companies petitioning for Eligible Telecommunications Carrier status. Receiving such a designation would allow the companies to receive discounts on services provided in markets that are considered "high cost" areas, which are mostly rural parts of Georgia. The Commission Staff has reviewed pertinent FCC orders and the methodologies employed by other states in an attempt to forge its own set requirements and standards. In addition, Commission Staff has sent out data requests to each of the petitioners to develop a factual basis from which it will use to present a recommendation to the Commission.

Performance Measurement Review

The Commission's Service Quality Measures (SQMs) include comparative measures that monitor all areas of support (pre-ordering, ordering, provisioning, collocation, maintenance and repair, operator services, directory assistance, E911, trunk group performance and billing) to assess BellSouth's service to Competitive Local Exchange Carriers (CLECs). During 2006, BellSouth paid over \$1.3 million to the State Treasury for failure to meet these performance measures.

Telecommunications Relay Service (TRS)

Hamilton Telephone Company became the new TRS provider on April 1, 2006. Headquartered in Aurora, Nebraska, Hamilton has provided relay service to twelve states since 1991. Hamilton has opened a relay center in Albany, Georgia, operating seven days a week, twenty-four hours a day—providing coordination with the PSC and economic development opportunities for the area.

The Georgia Relay Service does not currently include CapTel (captioned telephone) service; however, this service enhancement will be pursued in mid-2007.

The Commission selected the firm of Devaney & Associates of Towson, Maryland to develop an advertising program to promote and increase awareness of Georgia Relay for a three-year period, beginning April 1, 2006.

For 2006, the Relay Center in Albany was processing an average of almost 40,000 relay calls per month.

Telecommunications Equipment Distribution Program (TEDP)

The Commission established the Georgia TEDP on March 31, 2003 in accordance with the provisions of House Bill 1003. This program provides specialized telecommunications equipment to Georgians who, because of physical impairments (particularly hearing and speech), cannot otherwise communicate over the telephone. Receipt of free equipment under this program is subject to medical and financial eligibility requirements. To date, approximately 2,235 equipment items have been distributed to over 1,100 hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired to be the distribution agency for the Georgia TEDP.

Audible Universal Information Access Service (AUIAS)

House Bill 669 created a state-wide AUIAS to provide blind and print disabled citizens of Georgia with telephonic access to print media publications. The PSC was made responsible for oversight of the service, including establishment, implementation and promotion. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 1, 2006, the AUIAS has provided continuous audible universal access service to all Georgia telephone exchanges, 24 hours a day, 7 days a week, 52 weeks a year and is accessible by way of a toll-free or local number from anywhere in the state.

The system has the capacity to serve an unlimited number of subscribers—currently there are 606. The total number of Georgia citizens that could potentially benefit from this service exceeds 20,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services.

Universal Access Fund (UAF)

As per the Commission's previous Order in Docket No. 17142 (replacing Docket No. 5825), five Tier II ILECs filed requests for disbursements in September of 2005 for the eleventh UAF year. These filings were reviewed by the Commission Staff and subsequently approved by the Commission, as per O.C.G.A § 46-5-167, on July 18, 2006. The aggregate annual amount approved by the Commission for the UAF year beginning July 1, 2006 through June 30, 2007 was \$3,659,712. After the Staff's review of both the Wachovia Lockbox Account and the Georgia Fund One Account, the Staff recommended and the Commission approved a continuance for contributions into the UAF at the previous level.

Subsequent to the July Order by the Commission, ten Tier II ILECs filed requests in September of 2006 for disbursement for the twelfth UAF year for the period July 1, 2007 through June 30, 2008. These requests are under review by the Commission Staff.

Consumer Affairs

The Consumer Affairs Unit is the primary entry point for consumers wishing to make their interests and issues known to the Commission in the form of complaints, inquiries, or opinions, collectively referred to as “contacts.” Consumers file contacts in person or via telephone, fax, regular mail, email and Internet.

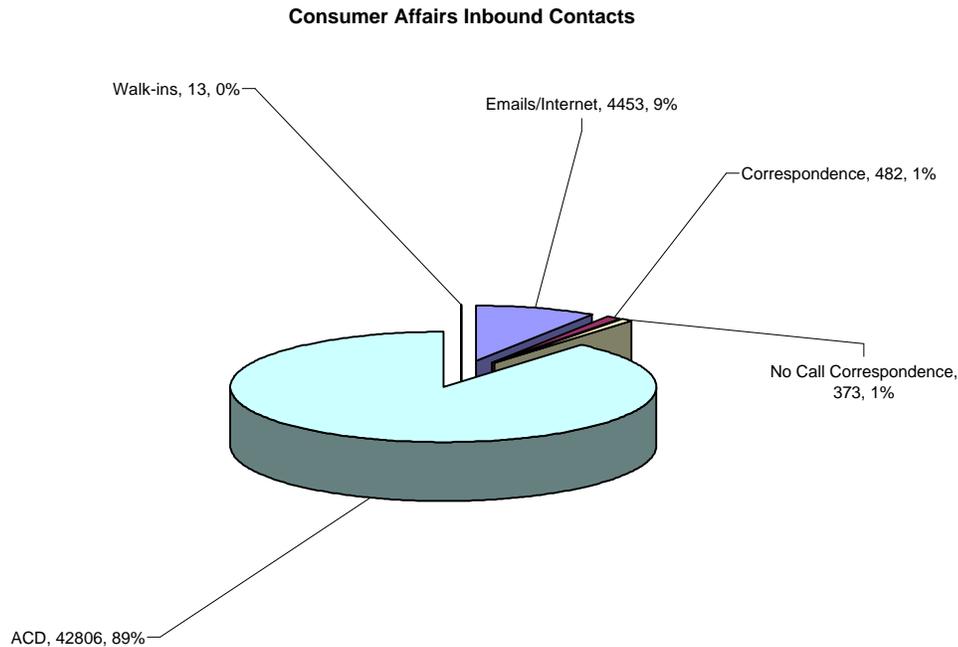
Consumer Affairs Staff regularly interact with representatives from the utility industries to mediate resolutions to consumer complaints, discuss complaint trends and possible courses of action to address problematic trends, and ensure mutual understanding of respective business processes and policies.

Having direct involvement with both the general public and industry representatives gives the Consumer Affairs Unit a unique perspective that makes it a source of valuable information for other work groups within the Commission.

In addition, the Consumer Affairs Unit is responsible for the enforcement of Commission rules and related state laws, consumer education, and community outreach.

Inbound Contacts

Contacts that are filed online through the Commission’s website are forwarded to the Georgia PSC email inbox, gapscc@psc.state.ga.us. Consumers can also send emails directly to this address. In 2006, as in 2005, nine percent (9%) of inbound contacts were filed electronically.



Regular mail and faxes are still popular methods consumers use to communicate with the Georgia Public Service Commission—paper correspondence comprised a smaller proportion of inbound contacts in 2006 (1%) than in 2005 (3%). Letters and application forms specifically related to the Georgia No-Call program accounted for one percent (1%) of the total inbound volume, as they did in 2005. In all, Consumer Affairs representatives received 48,127 inquiries, complaints, and opinions from the general public in 2006, an increase of 3,832 contacts, or 8.7% over 2005’s 44,295 contacts.

Consumers continue to prefer contacting the Commission by telephone over any other contact method. The 42,806 telephone calls answered comprise eighty-nine percent (89%) of total inbound contacts, up from eighty-seven percent (87%) in 2005.

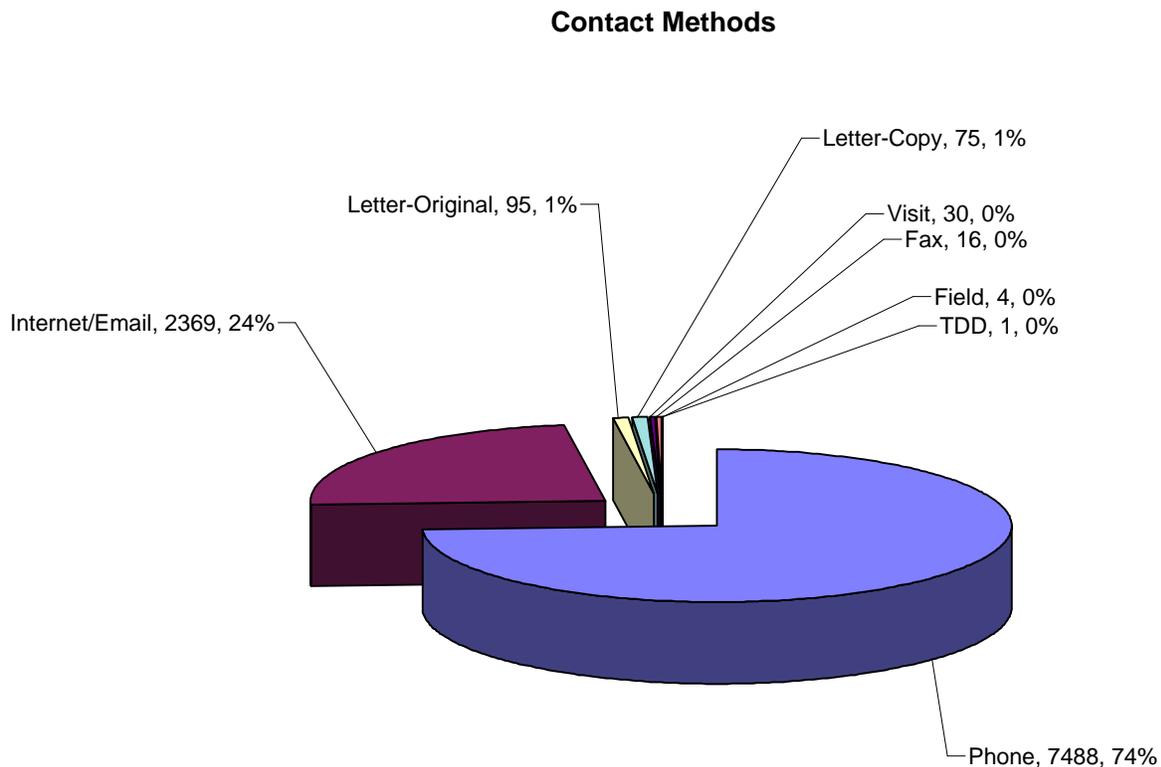
Consumer Affairs received a total of 44,164 inbound calls in 2006, 4,082 more than the 40,082 received in 2005. Despite this ten percent (10%) increase in call volume, representatives maintained a below-industry abandonment rate¹ of 3.1% in 2005 and answered 42,806 inbound calls, or 96.9%. However, the increased call volume directly

¹ The “abandonment rate” is the percentage of incoming calls that disconnected before being transferred to the first available representative.

affected service level measurements. Representatives answered 83.6% of calls in 15 seconds or less, 7.4 percentage points less than the 91% result achieved in 2005.

The dedicated line for Spanish-speaking callers appears to have declined in popularity in 2006. In 2005, bilingual representatives answered 789 calls, or two percent (2%) of the total calls answered. In 2006, they answered 258 calls, only 0.6% of the total calls answered.

Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Of the 48,172 inbound contacts handled, twenty-one percent (21%), or 10,078, were entered in CRS. Ninety-eight percent (98%), or 9,857, of the contacts requiring follow-up were initiated by phone, internet or email.

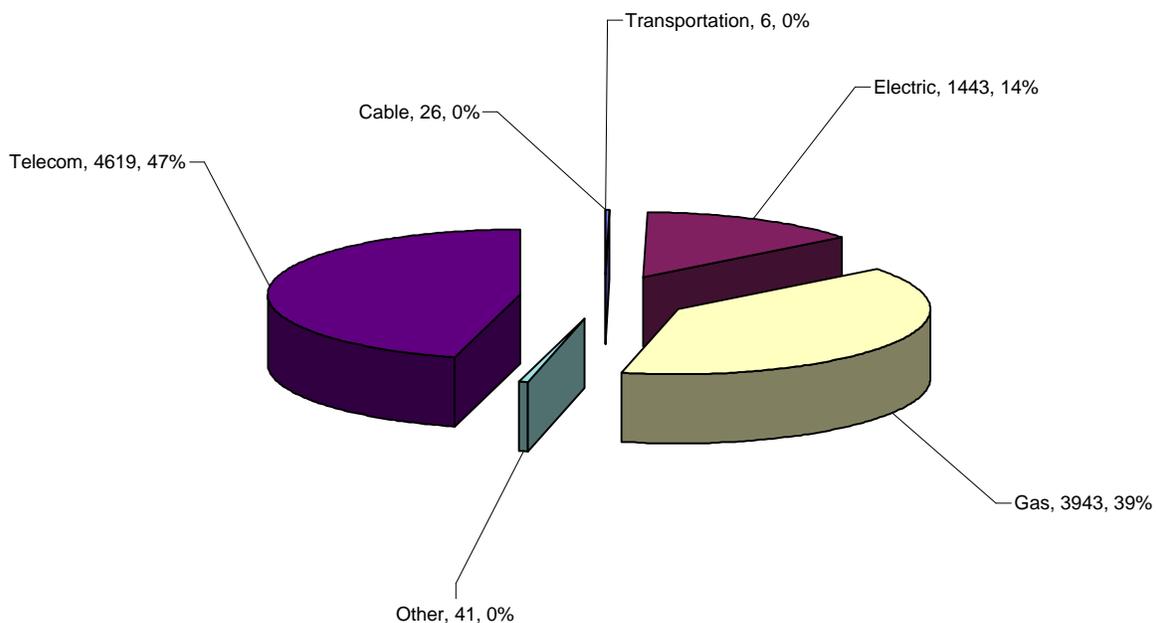


Telecommunications issues comprise the majority of the contacts requiring follow-up at forty-seven percent (47%), followed by Natural Gas issues with thirty-nine percent (39%), and Electric with fourteen percent (14%). Jurisdiction of Transportation matters

involving household goods carriers, towing, and limousines was returned to the Commission in July 2005, and Consumer Affairs allocated the calls until infrastructure was established for the Transportation Unit. In 2005, Consumer Affairs processed 145 Transportation-related contacts, or 2% of the total. In 2006, only 6 Transportation-related contacts were recorded, comprising less than 1% of the total contacts.

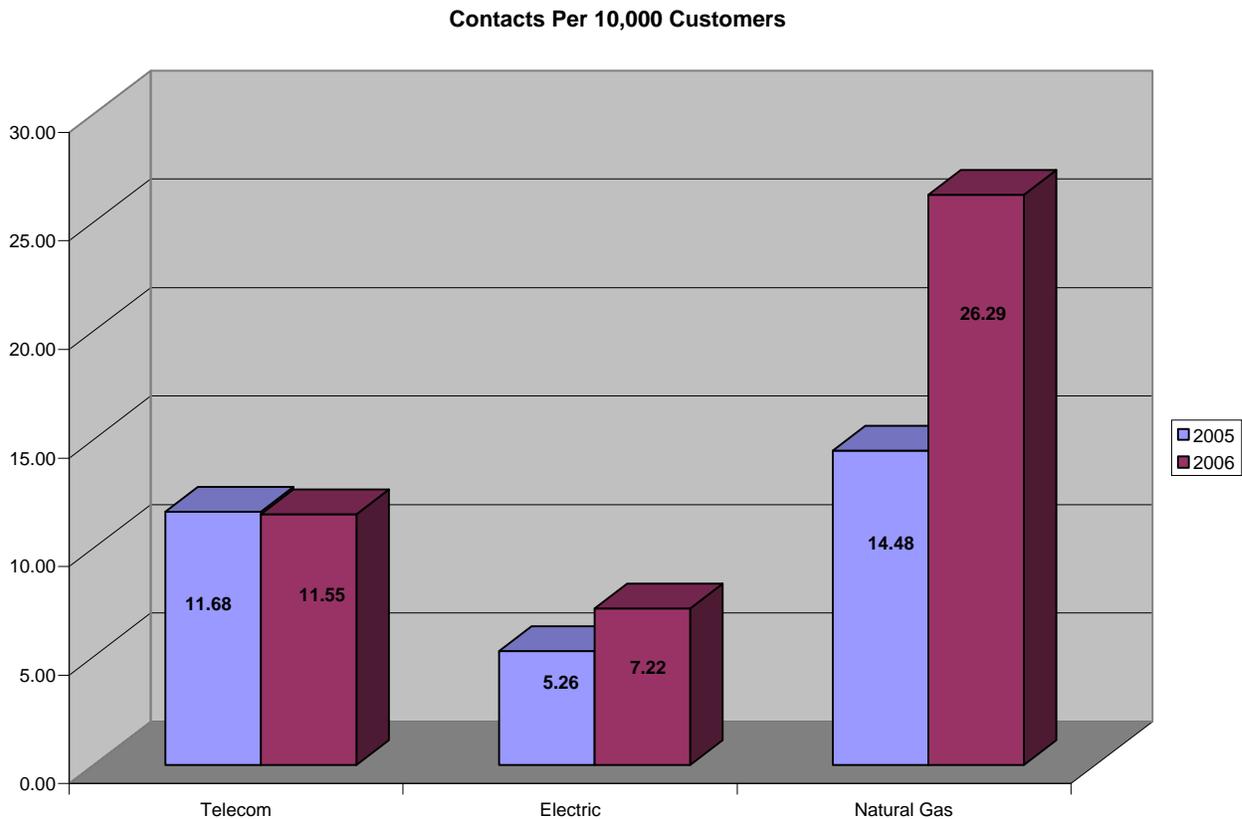
Non-jurisdictional matters and opinions, captured in the category labeled "Other," comprised less than one percent of total contacts in 2006. Cable is a non-jurisdictional industry as well, but contacts were tracked in CRS for a limited period of time in 2006. Cables contacts comprised less than 1% of the total.

Contacts by Industry Type



Telecommunications contacts decreased overall from 2005, from 4,671 to 4,619, a 1% decrease, and the proportionate contribution to total contacts fell from 57% in 2005 to 47% in 2006. Natural Gas contacts in 2006 increased by eighty-two percent (82%), from 2,172 contacts in 2005 to 3,943 contacts in 2006. Electric contacts also increased in 2006, from 1,052 contacts in 2005 to 1,443 contacts in 2006, a thirty-seven percent (37%) increase.

When viewed from a per capita perspective of contacts per 10,000 customers, Natural Gas contacts continue to outpace both Electric and Telecommunications. Consumers contacted the Commission regarding Natural Gas issues at a rate of 14.48 contacts per 10,000 customers in 2005. In 2006, this rate increased to 26.29 per 10,000 customers. The contact rate for Telecommunications matters remained virtually steady at 11.55 contacts per 10,000 customers as compared to 11.68 contacts per 10,000 customers in 2005. More Electric customers contacted the Commission in 2006, the rate increasing slightly more at 7.22 contacts per 10,000 customers over 2005's rate of 5.26.²



² Per capita formula estimates the number of Georgia telecommunications customers at 4 million; electric at 2 million; and natural gas at 1.5 million.

Consumer Education and Outreach

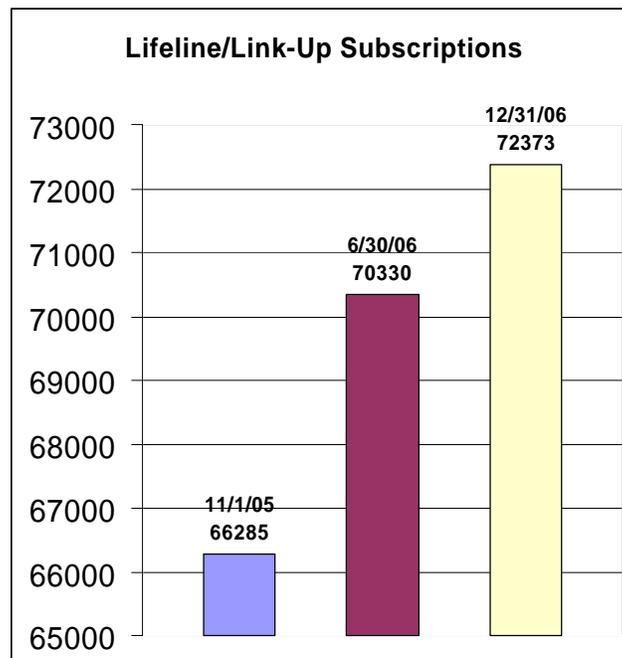
Consumer Affairs Staff coordinated or led sixty-two (62) community outreach events and workshops throughout the state that were attended by 5,112 citizens. Approximately 18,400 brochures were distributed.

The topics featured in consumer advisories and alerts included:

- Mandatory 10-digit dialing in Area Code 706;
- Ways to Keep Bills Affordable . . . and Stay Cool, Too!;
- Your Choice. Use It Wisely; and,
- Commission Investigating Complaints Against Buzz Telecom.

Lifeline/Link-Up

Per Commission Order, eligible telecommunications companies began reporting the number of Lifeline Assistance/Link-Up subscribers served in November 2005. According to the report at that time, there were 66,285 subscribers benefiting from these programs. In June 2006, the number had grown to 70,330—a 6.10% increase in the number of participants. As of December 31, 2006, the number had grown to 72,373—a 2.9% increase over the previous reporting period. There has been a 9.18% increase in the total number of participants in the Lifeline Assistance/Link-Up program since tracking of this program began.



Natural Gas

The Consumer Affairs Unit played a key role in the implementation of Atlanta Gas Light Company's Customer Education Strategic Plan. When it became apparent that a strategic plan would not be approved in time for allocated funds to be expended before the end of the first year of the program, Staff recommended, and the Commission approved, a plan to assist low-income seniors who were disconnected from the system or were threatened with disconnection.

As a result of the program:

- Gas Marketers made payment arrangements with **1,082** seniors.
- **\$278,874.33** was applied to seniors' delinquent balances.
- Marketers matched the grant for **39** seniors in the amount of **\$14,458.12**.
- Approximately **30** seniors were referred to the Home and Heartwarming program.
- **Sixty-two (62)** seniors who had been disconnected from the Regulated Provider were reconnected and their outstanding balances of **\$43,586.16** were paid in full.
- **Sixty-three (63)** seniors were moved from the Group 2 rate to the lower Group 1 rate after their Group 2 balances were sufficiently satisfied.

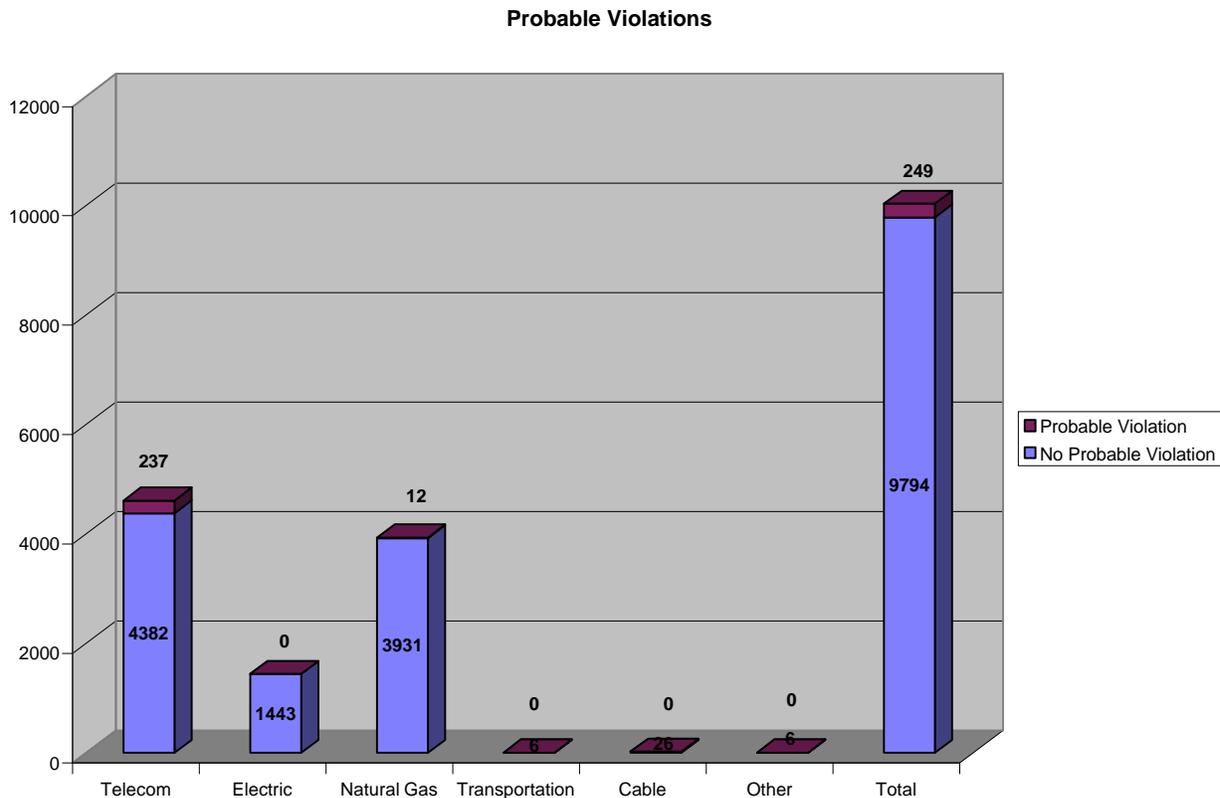
The Commission authorized the hiring of a consultant, Joyce B. Hull, to develop and recommend a Natural Gas Customer Education Strategic Plan. The Commission approved the innovative plan, which includes strategies such as the use of University of Georgia's College of Family and Consumer Sciences (FACS) County Extension agents as natural gas educators and the formation of a Natural Gas Collaborative Team to be comprised of PSC Staff, Consumers' Utility Counsel Staff, Atlanta Gas Light Company representatives, Natural Gas Marketers and representatives from the University of Georgia's FACS.

Enforcement

Consumer Affairs representatives are encouraged to objectively investigate each complaint, ask probing questions of both the consumer and the utility company, and make a determination as to whether they believe a violation of State law or Commission rule has occurred.

In 2006, 9,166 contacts, or ninety-one percent (91%) of the 10,078 contacts requiring referral and follow up, were complaints. A total of 249 complaints, or 2.7%, were flagged as "probable violations."

Because one complaint can be “the tip of the iceberg,” the first sign of a problem that affects or has the potential to affect many consumers, Commission Staff investigates contacts flagged as probable violations to determine if in fact a company has violated a law or rule, to ascertain the root cause of the problem, and to assess its real or potential impact on other consumers.



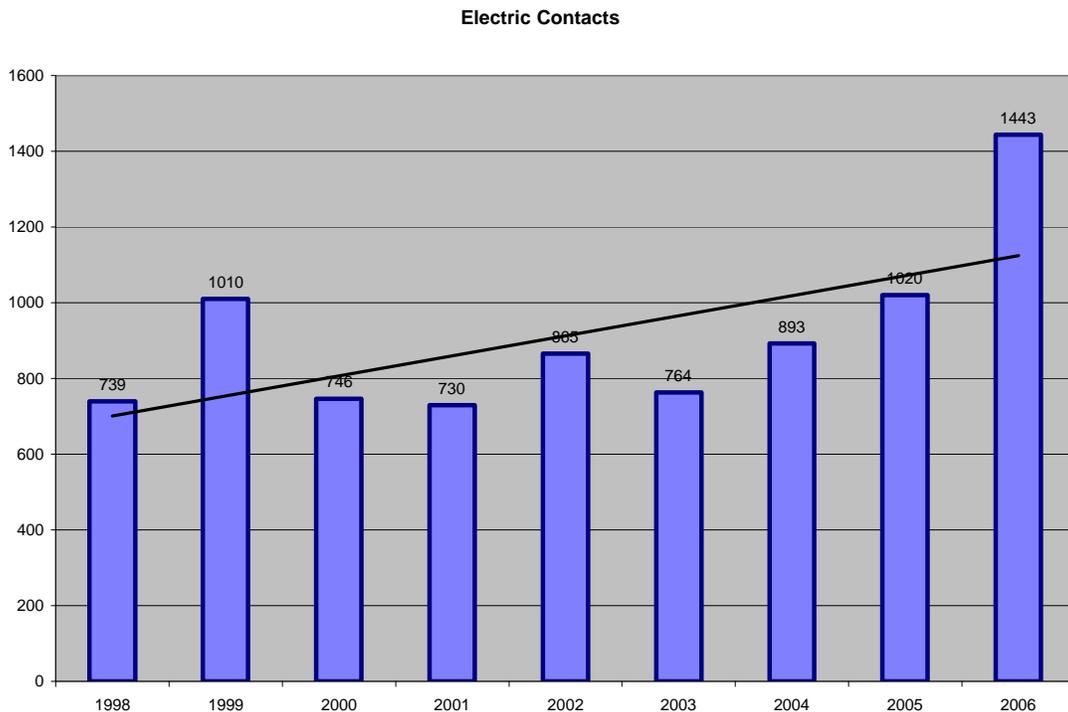
In 2005, the 13 contacts that were flagged as probable violations comprised 0.2% of the total 7,139 complaints that were investigated. The substantial increase in probable violations in 2006, 249 or 2.8% of the total 9,166 complaints, was primarily due to complaints of alleged slamming and cramming by Buzz Telecom, a long distance carrier.

Georgia joins a list of at least a dozen states that are investigating Buzz Telecom’s business practices. Buzz Telecom is accused of targeting elderly customers and using deceptive marketing practices to mislead them into enrolling in long distance plans and including fraudulent charges on bills of customers who did not enroll. In December, the Commission approved the issuance of a Rule Nisi proceeding against Buzz Telecom.

At the end of 2006, the Enforcement Staff was in various stages of investigating fifteen cases involving Telecommunications, Natural Gas and Electric industries. Consumer Affairs staff members in the Enforcement group also serve as consultants to the Commission's industry units, providing specific expertise on consumer issues.

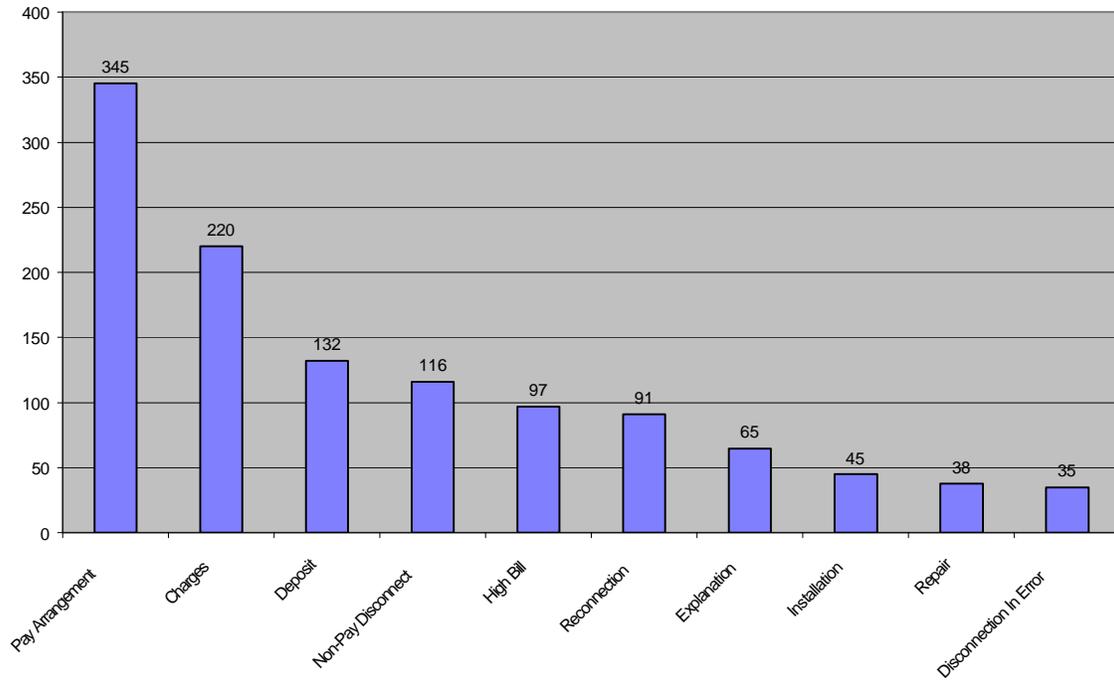
Electric Consumer Issues

The total number of Electric contacts continued its upward trend in 2006.



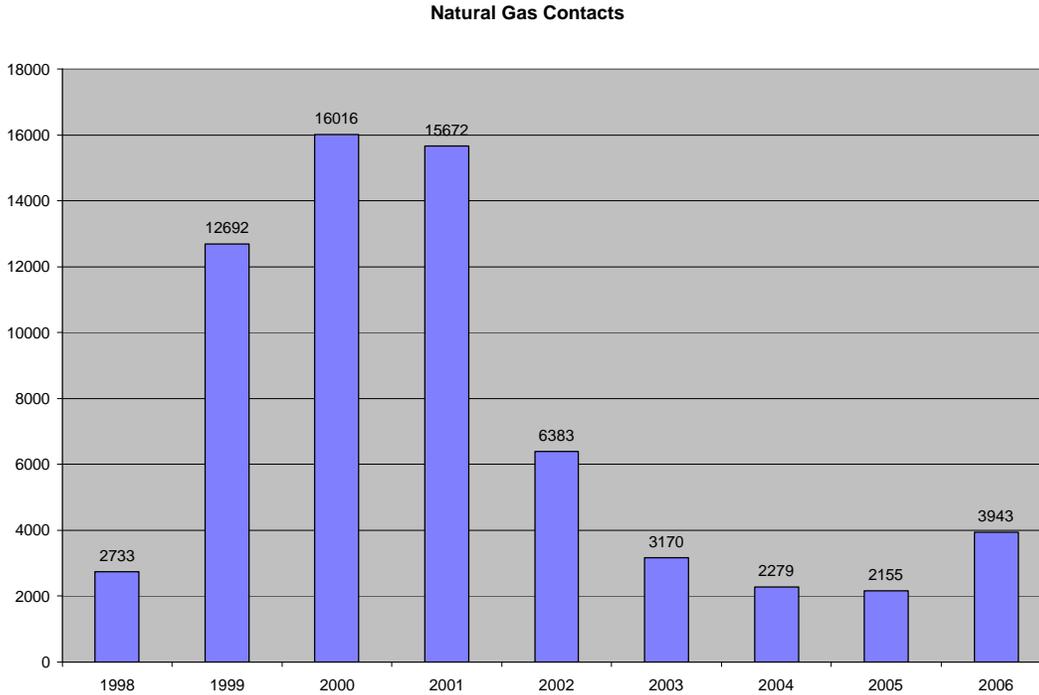
There was movement among the top 10 categories of Electric contacts, with contacts regarding Payment Arrangements overtaking Charges as the top category, and contacts regarding Deposits moving up from fourth place to third.

Electric Top 10 Categories



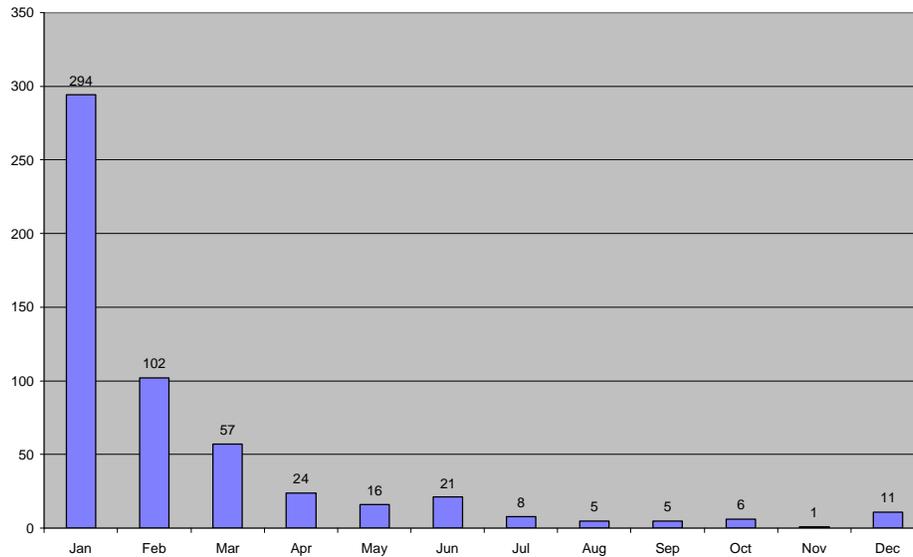
Natural Gas Consumer Issues

Natural Gas contacts reversed the downward trend that began in 2002 with 1,788 more contacts than in 2005, an increase of 82%.



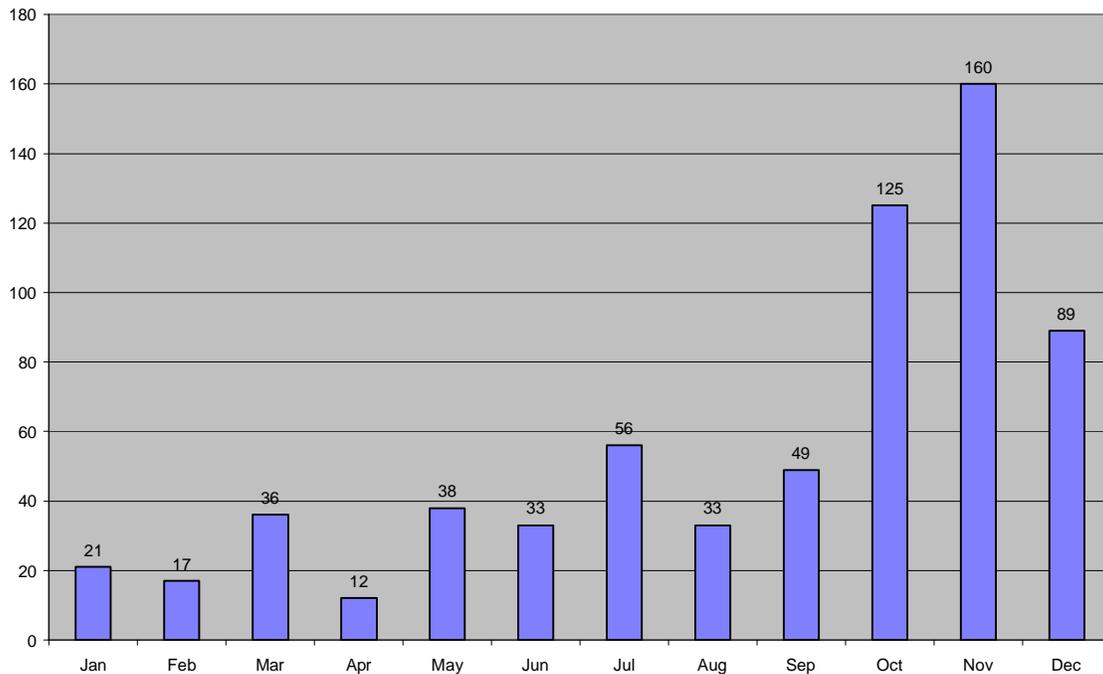
The categories in the Natural Gas Top 10 remained the same, but their placements changed dramatically. High Bill complaints were at their highest in the early part of 2006. An unusually high number of gas meter misreads and a slow fall in post-Hurricane Katrina prices contributed to the increases in both the High Bill and Charges categories. High Bill complaints increased the most with a 290% increase (from 141 contacts in 2005 to 550 in 2006).

High Bill Contacts



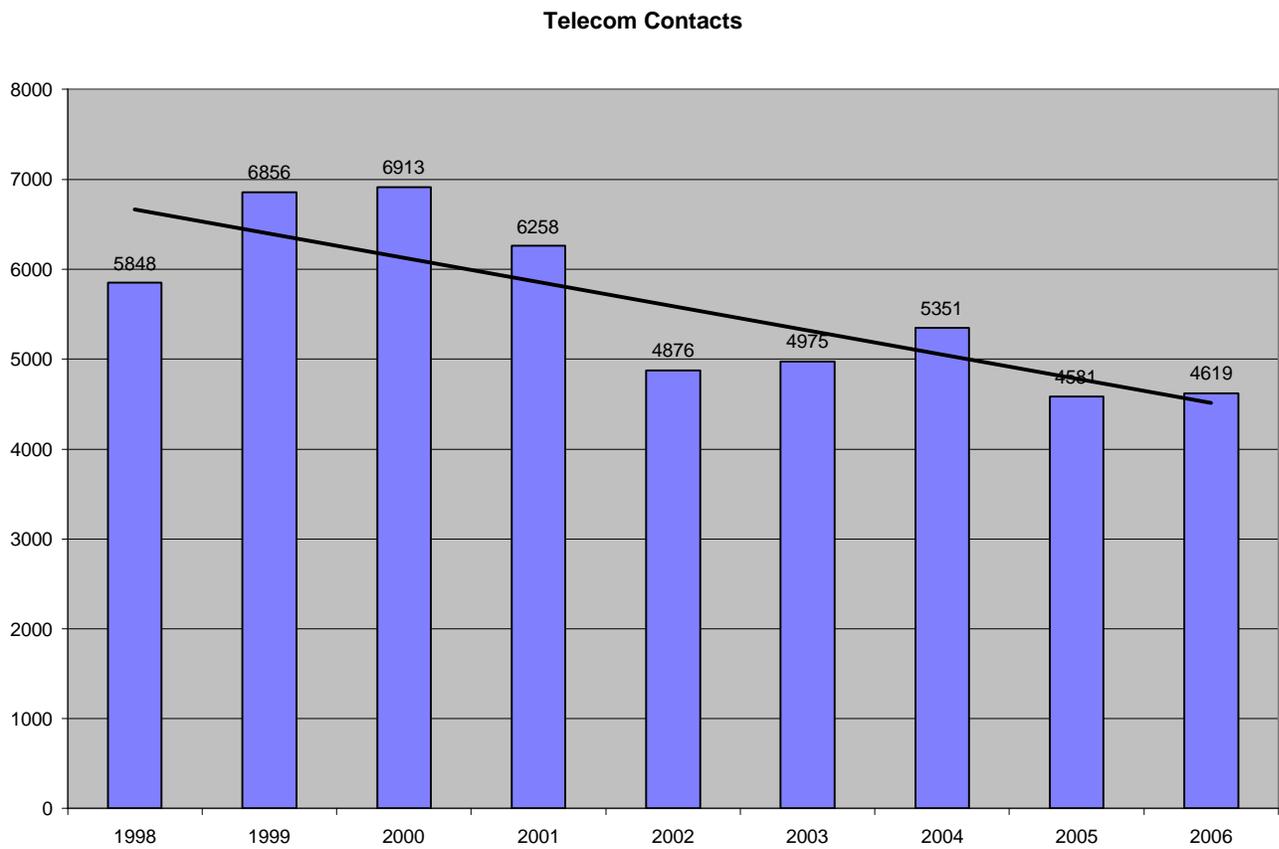
Complaints regarding Reconnections and Installations spiked in the latter part of 2006, prompting Commission Staff to launch an investigation to examine service levels relating to the scheduling of reconnections and initial turn-ons.

Reconnection and Installation Contacts

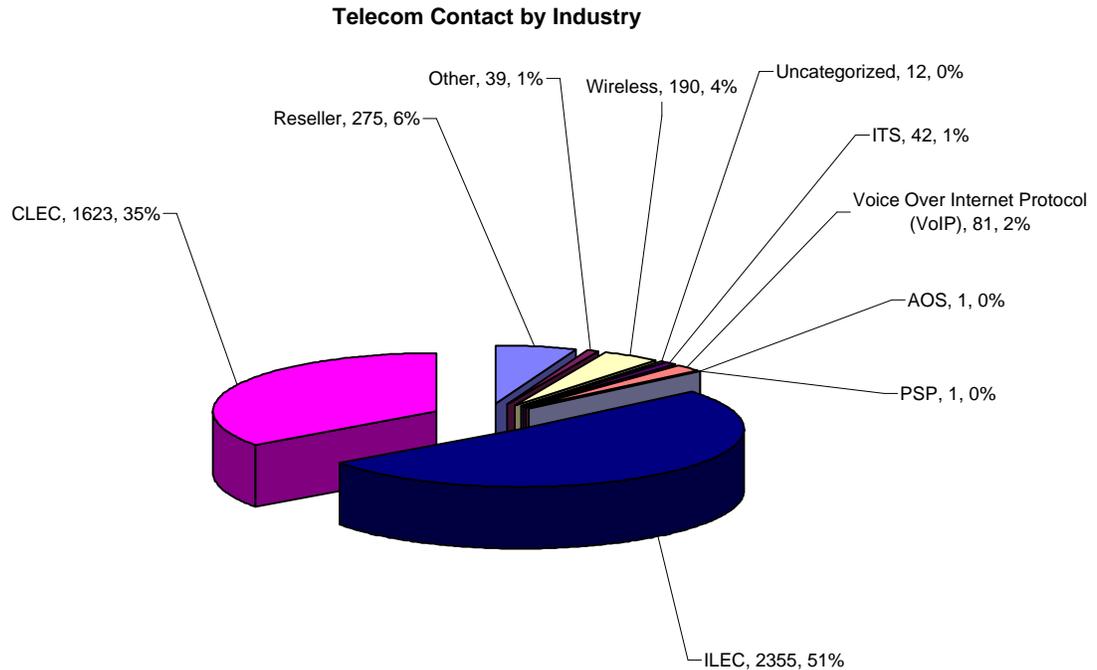


Telecommunications Consumer Issues

The overall trend of telecommunications contacts continued downward in 2006 with only a slight (0.8%) increase, from 4,581 contacts to 4,619.

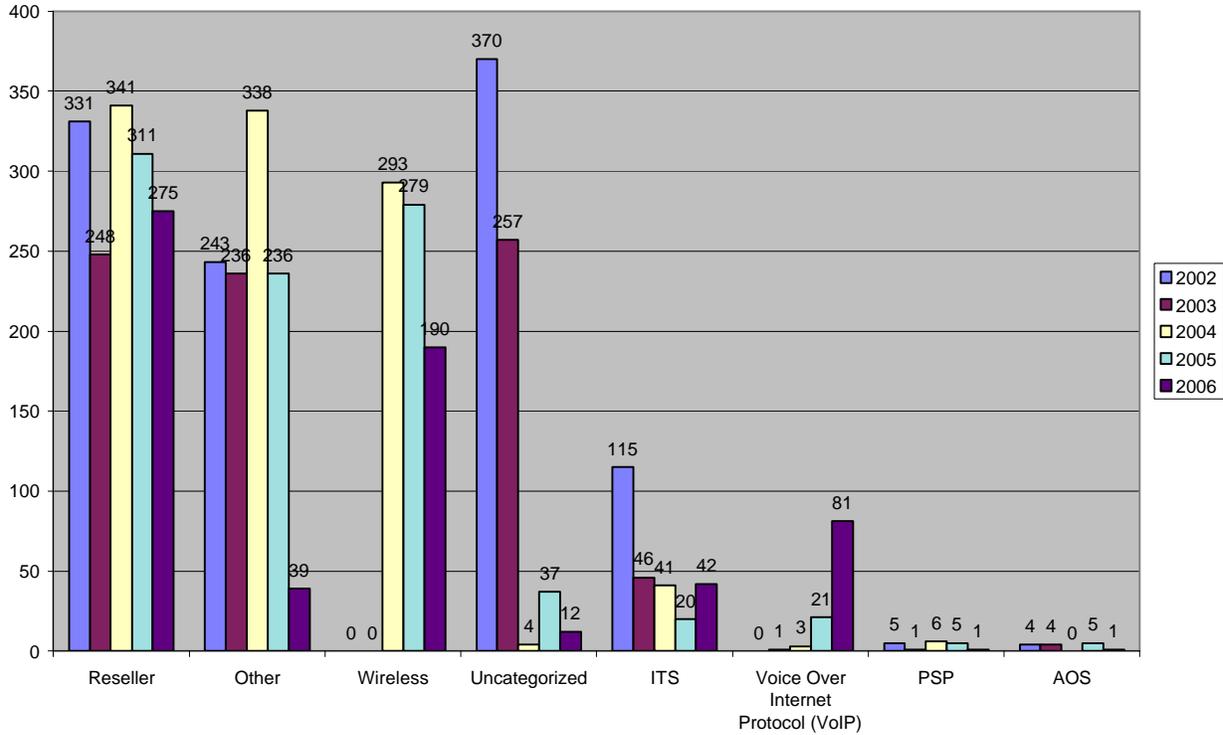


The total number of contacts and the proportion of total contacts related to wireless service decreased slightly, from 6% in 2005 to 4% in 2006. Contacts regarding Voice Over Internet Protocol Service (VoIP) continued a steady increase first seen in 2005. In 2006, the number of VoIP-related contacts received increased by 102% (up from 40 to 81 contacts).



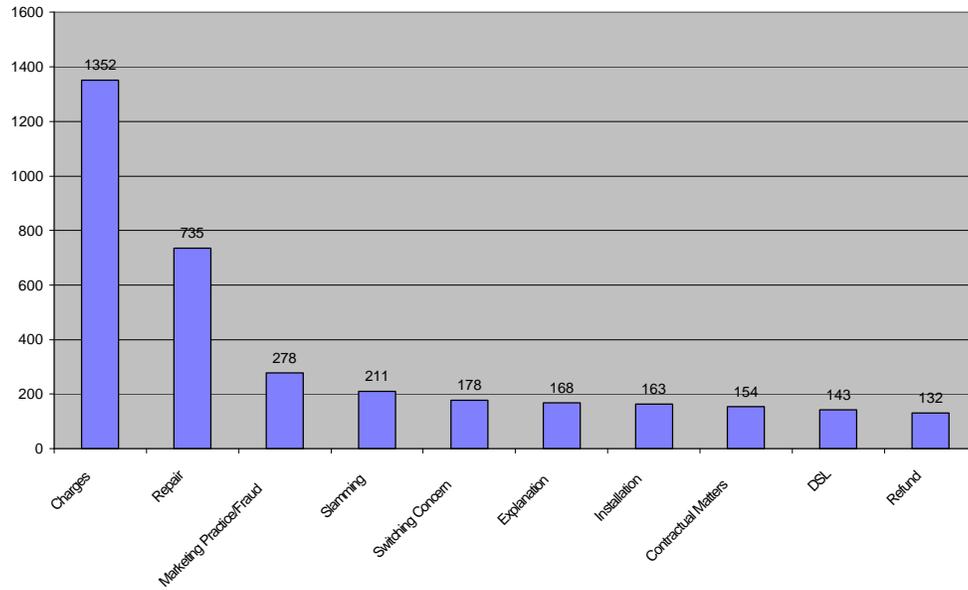
Complaints against Institutional Telecommunications Service (ITS) providers slightly decreased in 2005 as providers lowered rates in compliance with the Commission's December 2004 decision. However, in 2006, the Commission began receiving complaints about new restrictions and conditions being placed on accounts, such as requiring prepayment under certain conditions and blocking calls at certain usage thresholds. ITS complaints in 2006 doubled, increasing by 110% from 20 complaints to 42 complaints, prompting Staff to launch an investigation to examine the impact of these changes.

Telecom Contacts by Industry (Excluding ILECs and CLECs)



The categories of Telecommunications contacts remained relatively unchanged from 2005. The category of Slamming increased dramatically in 2006, after having shown a 58% decline in 2005, primarily due to the number of complaints filed against Buzz Telecom.

Telecom Top 10 Categories



Facilities Protection

Pipeline Safety Challenges and Responsibilities in 2006

The Georgia Public Service Commission retains responsibility for ensuring that all natural gas operators in Georgia meet federal safety requirements.

Calendar year 2006 marked the 38th year of certification for the Pipeline Safety Section of the Georgia Public Service Commission with the Research and Special Programs Administration of the Federal Department of Transportation DOT). In 2006 this office continued regulating all pipeline safety matters involving private and municipally-owned natural gas distribution systems, including liquefied natural gas facilities, master-meter operators, direct sales customers and propane facilities that operate in the state of Georgia.

During 2006 the PSC monitored and inspected over 78,159 miles of distribution mains, service lines and transmission pipelines transporting natural gas to over 2 million Georgia customers. With four qualified inspectors and one in training, that equates to each inspector being responsible for approximately 15,631 miles of natural gas pipeline serving 400,000 customers. Operator compliance with the Pipeline Safety Regulations was evaluated during 539 inspections, expending 979 inspection days. These inspections addressed Operator Qualification, Integrity Management, comprehensive, specialized and construction inspections, along with accident investigations and follow-up inspections that monitor operators for violations of the law.

Pipeline Safety Enforcement

The Commission's Pipeline Safety Section is responsible for enforcing regulations contained in Parts 191, 192, 193, 199 and Part 40 of the Code of Federal Regulations, as well as applicable state regulations. The Commission also has the authority, if the need arises, to adopt additional regulations.

The PSC's priorities continue to include inspection requirements under Subpart N. of Part 192.800, Operator Qualification (OQ) of Pipeline Personnel. Upon enactment, it became Public Law 107-355 and may be found in its entirety at <http://www.gpoaccess.gov/plaws/>.

The Qualification of Pipeline Personnel Program resulted from a 1992 federal mandate and continues through the current Pipeline Safety Acts. Based on concerns from Congress, current accidents and the Act of 1992 (reauthorized in 1996), the Office of Pipeline Safety developed regulations addressing OQ. Based on the wording

associated with the Acts, specific areas, such as operating and maintenance tasks, were required language in the regulation. Also, the law emphasized that the ability to recognize and react to abnormal operating conditions is imperative. The 1994 rulemaking initiated a proposal for OQ training. The industry indicated that the vast majority of employees were qualified and capable of doing the jobs tasked by the operator. In turn, there was concern about subjecting employees to hours of training when, in fact, they were already qualified. The regulatory side concurred and requested a verification process be established for employees to substantiate their qualification.

The intent of the OQ Rule is two-fold: 1) to ensure a qualified workforce on jurisdictional pipelines, and thereby, 2) reduce the probability and consequence of pipeline incidents or accidents caused by human error. Thus, OQ is not intended to be a one-time event, but a continual process. After initial evaluation and qualification have been completed, there will be a point in time where re-evaluation and re-qualification will be required. The operator must recognize this and designate for each covered task an appropriate time interval for re-qualification. In addition to being evaluated for the technical competence to adequately perform a covered task, qualification of the individual must include the ability to recognize and react to abnormal operating conditions. All pipeline operators subject to Parts 192 and 195 are covered by the OQ Rule and are responsible for ensuring that any employees, contractor or subcontractor employees performing covered tasks on their pipeline are qualified in accordance with the Rule, or are only allowed to perform those tasks while under the direct observation of someone who is qualified. As of October 28, 2003, operators were expected to have completed the required written qualification program and to have qualified all personnel who perform covered tasks.

The Final Rule was not prescriptive, and the resulting flexibility built into the performance-based rule made it difficult to measure operators' compliance with the Rule. This led to the development of "protocols" to assist regulators in the evaluation of qualification programs. Protocols were developed after a series of public meetings in 2003; however, differences still existed between the pipeline industry and DOT regarding the implementation, inspection and subsequent enforcement of the operator qualification rule. Both groups committed to the development of a national consensus standard on operator qualification, where the outstanding issues could be resolved and a technical basis for personnel qualifications could be established. The pipeline industry approached ASME International seeking a sponsor for the development of a national consensus standard on pipeline operator qualification. The ASME Code for Pressure Piping (B31 Committee) formed the B31Q Project Team on Qualification of Pipeline Operators. This project team met for the first time in August 2003 and began the task of crafting a technically based standard for the qualification of pipeline personnel. A representative from the Georgia Public Service Commission served on the B31Q Project Team through its conclusion (October 2006).

The Pipeline Safety Improvement Act of 2002 also introduced several new requirements for Commission Staff. These included inspecting and monitoring the integrity of gas transmission pipelines. Section 14 of the Act titled “Risk Analysis and Integrity Management Programs for Gas Pipelines” mandates several new pipeline integrity related requirements.

Pipeline integrity management is a process for assessing and mitigating pipeline risks in an effort to reduce both the likelihood and consequences of incidents. The Pipeline Safety Improvement Act is federally mandated legislation that addresses risk analysis and integrity management programs for pipeline operators. It also directed the U.S. Department of Transportation to adopt regulations relating to integrity management. DOT finalized these regulations December 17, 2004. Natural gas transmission pipeline operators were then required to begin conducting assessments by June 17, 2004, have a management program in place by December 17, 2004, and to complete baseline assessments of pipe in high consequence areas by 2012. The Commission’s Pipeline Safety Staff is required to inspect and monitor the transmission pipelines along with the operator’s integrity management programs when their pipelines exist in high consequence areas. This systematic and comprehensive process is designed to provide information for operators to effectively allocate resources for appropriate prevention, detection and mitigation activities. The program builds on the existing foundation of pipeline safety regulations covering design, construction, testing, operation and maintenance that has been in place for many years.

The basic steps in the integrity management process include:

High Consequence Area (HCA) identification – Locations along the Pipeline System that meet the criteria for High Consequence Areas are identified. Generally, these are either high population density areas or facilities that are difficult to evacuate, such as hospitals, prisons or schools, and locations where people congregate, such as churches, office buildings, or playgrounds.

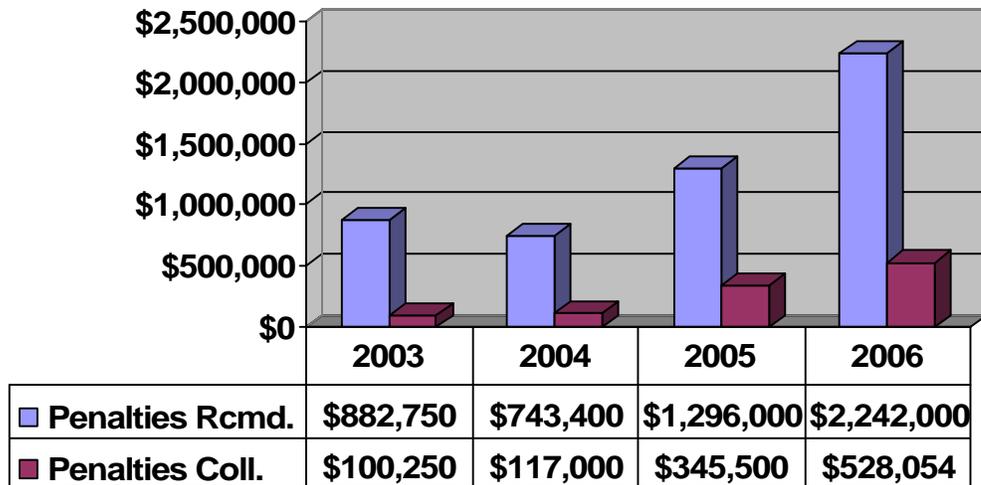
Threat identification and risk assessment – Information about the pipeline segments are evaluated to identify potential threats to the pipe and to assess risk.

Risk Analysis – A systematic process, in which potential hazards from facility operation are identified, and the likelihood and consequences of potential adverse events are estimated. Each pipeline segment is given a numerical score based on the estimated risk.

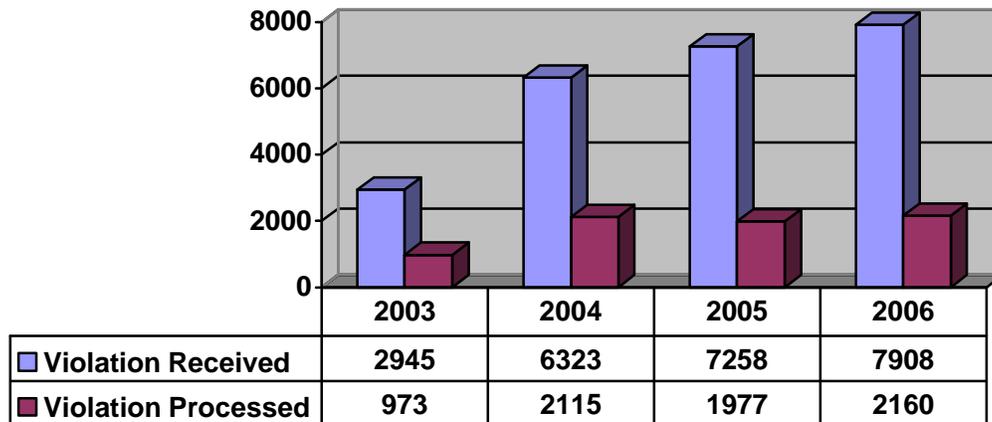
The Commission places the highest priority on safety and compliance and supports the goals of improving pipeline safety as well as raising the public’s confidence about the safety of pipelines.

GEORGIA UTILITY FACILITY PROTECTION ACT (GUFPA) ENFORCEMENT

The responsibility of the Commission's GUFPA Section is to investigate reported complaints or violations of the Official Code of Georgia (OCGA) § 25-9. Education still proved to be the main thrust of the Commission's enforcement efforts in 2006 with 2,067 individuals representing 431 companies attending training in lieu of paying civil penalties. Even with the increasing numbers attending training in 2006, assessed penalties and penalties collected and sent to the General Fund continued to grow. In 2006, staff addressed different groups around the state including locators, excavators and facility owner/operators representing some 1,429 attendees on different facets of the GUFPA.



The Commission's GUFPA enforcement efforts in 2006 were hampered greatly by the loss of one field investigator. Presently there are three investigators attempting to process 7,908 alleged probable violations, investigating only 2,160. That equates to 720 investigations each. With only 27% of the alleged probable violations being investigated, many cases were closed due to the age of the reports, with no investigation or enforcement action.



In 2006 Staff wrote two new Commission Rules for approval dealing with issues negotiated in the 2005 changes to the GUFPA by the Legislature. The first of these issues was the development of a tiered penalty structure mandated in the 2005 GUFPA legislative changes to address the civil penalties to be levied against cities and counties. Once the Commission adopted the rule, staff coordinated 14 seminars around the state with input from the Georgia Municipal Association, Association County Commissioners of Georgia, Georgia Association of Water Professionals and the Rural Water Association to update their members regarding their responsibilities under the GUFPA. These 14 seminars were attended by 407 persons representing the cities and counties.

The second Rule proposed for adoption dealt with the requirement in the 2005 GUFPA changes for the Commission to adopt rules to address large projects. The large project issue grew out of a request by the road building industry to address the 21-day life of a locate ticket and the 48-hour wait before the ticket was legal. The final rules adopted by the Commission defined a large project as any project greater than one linear mile or any project that would take longer than one month or 30 days to complete. The rule also set the life of a large ticket at one month or 90 days and suspended the 48-hour wait until the ticket was legal.

Staff worked extensively with Hispanic civic and business leaders throughout the state to develop a community awareness program and to implement a public information campaign using Spanish language media outlets. We also distributed “Dig Safely” bumper stickers and Construction Spanish books throughout the Hispanic community.

Currently, the Pipeline/Facilities Protection Unit supports the Hispanic Contractors Association of Georgia (HCAG) by participating on its safety committee. The committee, made up of representatives from Georgia’s construction and safety community, was established on February 21, 2006 with its main priority being to reduce

accidents and fatalities among Hispanics in Georgia's construction and related industries. The group is responsible for outreach and partnership in the community, prevention programs and major events throughout the state of Georgia.

Staff participated in the Hispanic Safety Fair held on September 23, 2006 in Atlanta, Georgia. The fair brought together general contractors, subcontractors, construction workers, suppliers, exhibitors, vendors, government and professional service representatives to learn about safety in the workplace. There were five different classes taught and exhibitors were on-hand to conduct tool demonstrations, safe excavation practices and proper utility locating procedures.

On October 14, 2006, the Hispanic Contractors Association of Georgia (HCAG) held its first annual awards banquet, "Compadres de la Construction" at the Gwinnett Center in Duluth, Georgia. Labor Commissioner, Michael L. Thurmond and Gwinnett County Commission Chairman Charles E. Bannister were the guest speakers. Representatives of the PSC Pipeline/Facilities Safety Staff along with members of the Utilities Protection Center and the Georgia Utilities Coordinating Council attended the event to support safety in Georgia's Hispanic Construction industry.

Staff is currently working with the HCAG safety committee to participate in the "Latino Construction Workers Day" which will be celebrated on April 29, 2007 at the Duluth, Georgia Town Green. This event is being organized through a partnership between El Constructor Latino magazine, the Archdiocese of Atlanta, the Mexican Consulate of Atlanta, OSHA and Georgia Tech. The event will offer free safety classes, vendor exhibits, activities for children, traditional Mexican food, music and entertainment.

The database developed and instituted in 2003 for managing reported violations of the GUFPA has already grown somewhat obsolete. Staff launched a rewrite of the program in 2006 that will become functional in early 2007. There are currently 329 registered users of the database.

Commission staff has partnered with the damage prevention community and appeared at numerous speaking invitations with more than 1,400 industry representatives in attendance during the year. Commission staff has come to be seen as a partner in damage prevention and not merely another governmental law enforcement agency. Staff presented a proposal at the Fall GUCC Conference to develop marking standards for buried utilities so that marking would become both more efficient and standardized across the state. Staff selected a group of industry representatives to assist in developing those standards. The goal is to present those standards in the second quarter of 2007 for Commission adoption as a Commission Rule.

ADMINISTRATION DIVISION

During 2006 the Commission continued to maintain the highest standards in performing those administrative functions that serve the public. By making the most prudent use of its resources, the Commission has been able to work within the constraints of its budget to hire and retain quality staff members committed to serving the public sector.

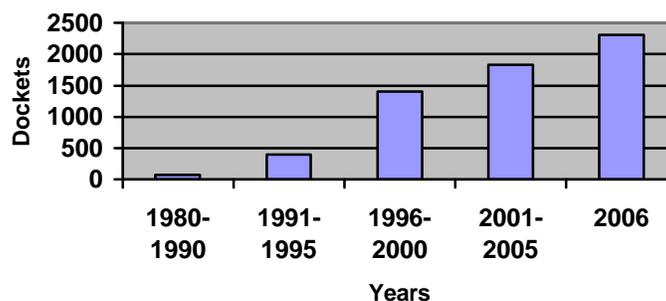
The Commission's Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resources, Public Information Office, Information Technology and the Transportation Unit. An overview of the responsibilities and accomplishments of each of these is set forth below.

Executive Secretary

The Executive Secretary's Office is responsible for receiving all public documents filed at the Commission. The Executive Secretary's responsibilities include scheduling Commission proceedings, assigning hearing officers, signing and certifying official Orders, and preparing lists of interveners for docketed matters. In 2006, staff members in this Office opened 2,256 new case dockets and processed 9,834 filed documents. The Executive Secretary prepared 2,420 Orders for the Chairman's signature. The chart shows that the number of dockets has grown tremendously. During 2006, the Commission held 58 public hearings. Matters docketed for public hearing are generally heard by the entire Commission in open session with a majority of the five-member Commission constituting a quorum.

Regular Commission Administrative Sessions are held on the first and third Tuesdays of each month. Committee meetings are held on the Thursdays prior to Administrative Sessions. The four standing Committees of the Commission are Energy, Telecommunications, Transportation and Administrative Affairs.

PSC Docket Workload



Budget and Fiscal Office

The primary role of the Budget and Fiscal Office is to develop the agency's Annual Operating Budget and monitor expenditures to ensure the Commission's compliance with all of its fiscal responsibilities. This task is accomplished, in conjunction with the Executive Director, through interactions with the Governor's Office of Planning and Budget (OPB) and the Legislative Budget Offices, as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency's state and federal funding, purchasing, asset management and accurate financial reporting of resources to Federal, State and other agencies as required or requested.

With a staff of three, the Budget and Fiscal Office accurately monitored and effectively managed a budget and expenses exceeding \$9 million dollars. Last year, the Office changed locations, moving to the 254 Washington Street Building along with other Commission staff that were previously housed in the 47 Trinity Health Building. This move reunited all Commission personnel separated in different buildings since 1997, due to the renovations of the 244 Washington Street Building.

In order to achieve its mission, the Office used the OPB Financial Management System to prepare and submit the Commission budget, including all amendments and quarterly allotments of funds. The Commission's accounting functions (including Accounts Receivable, Accounts Payable and General Ledger) are managed and performed using QuickBooks. The Commission's Purchase Orders are managed using the Georgia Technology Authority-administered PeopleSoft System, as well as using PeopleSoft's Asset Management Module for items costing over \$1,000.

Human Resources Office

The Human Resources Office strives to meet the personnel and payroll needs of the Public Service Commission. In 2006, the Office remained active in facilitating the self-sufficiency of PSC employees in several areas. All eligible employees entered benefit changes on-line during the Open Enrollment period for Plan Year 2007. Most health insurance, flexible benefits, Credit Union and Employees' Retirement System forms (along with instructions for completion and filing) are now available via the internet and are totally accessible to any employee who needs them. In February of 2006, the State Accounting Office rolled out Employee Self-Service (ESS) for PSC employees. With ESS, employees are able to view paycheck and other information on-line, eliminating the need to print paper check stubs for most employees.

Recruitment to fill budgeted vacancies was again limited to a small number of critical positions. In the future, it is vital that retention of staff and succession planning remain priority goals for the Public Service Commission and the HR staff.

Information on PSC careers and job information can be found on the agency's website, <http://www.psc.state.ga.us/jobopenings/jobopenings.asp>.

Public Information Office and Legislative Liaison

The Public Information Office coordinates official Commission news releases and media relations, maintains the Commission's public information files and supervises the Commission's website content.

During 2006 the Commission remained in the forefront of local, state and national news media coverage as a result of high profile proceedings. The industrial and trade media provide regular coverage of Commission activities. The Office issued 47 news releases, 38 media advisories and five consumer advisories; responded to over 125 national, state and local news media inquiries; conducted numerous news media interviews with local, state and national media; and coordinated Commissioner interviews. The Office coordinated two consumer education campaigns using print and electronic advertising, produced several educational brochures, and compiled and distributed weekly news media clips. The Office in conjunction with the Consumer Affairs unit conducted several Community Outreach and Education workshops.

The Public Information Officer serves as the Commission's Legislative Liaison and coordinates the Commission's legislative agenda. In this capacity, the Office responded to numerous Legislator inquiries relating to constituent concerns.

During the 2006 General Assembly, the Commission successfully sponsored two pieces of legislation to improve the agency's operations and tracked other bills which could impact the agency and the utilities it regulates. A list of monitored legislation, sponsors and status is provided below:

House Bills

House Bill 90, by Rep. Terry Coleman, requires the PSC to issue certificates of authority for cable companies. Held in House Public Utilities Committee.

House Bill 162, by Rep. Burke Day. Provides that the telephone company would disconnect someone who sends an unsolicited fax. Held in House Public Utilities Committee.

- House Bill 209**, by Rep. Jeff Lewis. Removes the sales tax on natural gas and electricity used for manufacturing purposes. Held in House Public Utilities Committee.
- House Bill 562**, by Rep. Don Parsons. Provides for increase in Regulatory Assessment Fee and allows Commission to collect fees for filings before the Commission. Held in House Public Utilities Committee. Commission sponsored legislation.
- House Bill 775**, by Rep. Karla Drenner. Would establish minimum percentages of renewable energy for electric utility energy portfolios. Held in the House Public Utilities Committee.
- House Bill 1108** by Rep. David Lucas. Provides for re-regulation of natural gas. Held in Public Utilities Committee.
- House Bill 1290** by Rep. Cecily Hill. Prohibits the intentional or fraudulent sale of telephone records. Passed and signed by the Governor.
- House Bill 1325**, by Rep. Mark Burkhalter. Would allow an electing distribution company to obtain Commission permission to build “strategic infrastructure” and collect the costs through a surcharge outside of base rates. Passed House but held in the Senate.
- House Bill 1438** by Rep. Karla Drenner. Requires electric utilities to adopt portfolio of renewable energy resources. Held in Public Utilities Committee.
- House Bill 1442** by Rep. Gail Buckner. Relates to natural gas marketer late fees. Held in Public Utilities Committee.
- House Bill 1513** by Rep. Stephanie Benfield. Would ban ex-parte communication at the Commission. Held in Public Utilities Committee.
- House Bill 1593** by Rep. Karla Drenner. Seeks to have utilities adopt voluntary portfolio of renewable energy resources. Held in Public Utilities Committee.
- House Resolution 491** by Rep. Bobby Reece. Urges adoption of national energy policy for renewable resources. Held in House Natural Resources Committee.
- House Resolution 1280** by Rep. Alan Powell. Urges Commission to retain Adversary Staff. Held in Public Utilities Committee.
- House Resolution 1365** by Rep. Jeff Lewis. Urges the electric utilities and the Commission to encourage new nuclear power facilities. Passed by House.
- House Resolution 1604** by Rep. Harry Geisinger. Urges Environmental Protection Division to allow peaking electric generation facilities. Passed by House.
- House Resolution 1635** by Rep. Harry Geisinger. Urges Southern States Energy Board to allow natural gas exploration. Passed by Public Utilities Committee.
- House Resolution 1636** by Rep. Harry Geisinger. Urges U.S. Congress to lift offshore oil and natural gas drilling moratorium.

House Resolution 1919 by Rep. Bobby Reese. Urges development of renewable biomass energy sources. Held in House Public Utilities Committee.

Senate Bills

Senate Bill 113, by Sen. Gloria Butler. Allows local governments to establish a non-emergency "311" number for other government services. They would be allowed to use up to one third of any "911" fees collected on phone bills to finance the "311" number. Passed Senate, held in House Public Utilities Committee.

Senate Bill 120, by Sen. Mitch Seabaugh. Deregulates telecommunications services and removes PSC authority. Passed and signed by Governor.

Senate Bill 209, by Sen. Doug Stoner. Would change statutory deadline for gas supply case from 45 to 90 days. **Passed and signed by the Governor. Commission sponsored legislation.**

Senate Bill 210, by Sen. Doug Stoner. Would allow judicial enforcement of Commission Orders without need for additional hearings once all appeals have been exhausted. **Passed and signed by the Governor. Commission sponsored legislation.**

Senate Bill 388 by Sen. Mitch Seabaugh. Would allow BellSouth to charge CLECs a storm surcharge. Held in Regulated Utilities Committee.

Senate Bill 389 by Sen. Mitch Seabaugh. Provides for funding for a Georgia Broadband Education Commission. Held in Senate Regulated Utilities Committee.

Senate Bill 395 by Sen. Mitch Seabaugh. A cell phone contract extension not required to change service. Held in Senate Regulated Utilities Committee.

Senate Bill 417 by Sen. Regina Thomas. Would allow establishment of regulated providers of natural gas. Held in Regulated Utilities Committee.

Senate Bill 418 by Sen. Regina Thomas. Would prohibit disconnection of natural gas service to certain customers. Held in Regulated Utilities Committee.

Senate Bill 448 by Sen. Regina Thomas. Calls for re-regulation of natural gas. Held in Regulated Utilities Committee.

Senate Bill 452 by Sen. Curt Thompson. Would require the Commission to post gasoline prices on its web site. Held in Regulated Utilities Committee.

Senate Bill 455 by Sen. David Shafer. Prohibits the sale of residential telephone numbers. Passed and signed by the Governor.

Senate Bill 532 by Sen. Jim Whitehead. Allows security personnel at nuclear power facilities to use deadly force. Passed and signed by the Governor.

Senate Bill 557 by Sen. Vincent Fort. Exempts natural gas sales from state sales tax. Held in Senate Regulated Utilities Committee.

Senate Resolution 865 by Sen. Mitch Seabaugh. Urges electric utilities and the Commission to encourage new nuclear facilities. Passed by Senate.

Senate Resolution 1195 by Sen. Mitch Seabaugh. Urges Environmental Protection Division to allow peaking electric generation facilities. Passed by Senate.

The Office also tracked legislation affecting the agency's operations and state employees.

House Bill 379 by Rep. Ben Bridges. A disabled state employee can not collect a state disability pension unless the employer certifies there is no job the person is capable of performing. Passed and signed by the Governor.

House Bill 1108 by Rep. David Lucas. Calls for re-regulation of natural gas. Held in Public Utilities Committee.

House Bill 1026 by Rep. Ben Harbin and others. Amends the Fiscal Year 2006 Budget. **Passed and signed by the Governor.**

House Bill 1027 by Rep. Ben Harbin. Provides for the Fiscal Year 2007 State Budget. **Passed and signed by the Governor.**

House Bill 1313 by Rep. Rich Golick. Relates to eminent domain. Passed and signed by the Governor.

Senate Bill 108 by Sen. David Shafer. States that no government agency shall use private funds to finance any part of its official duties unless such funds are accounted for in the State budgeting process or with the approval of the House and Senate budget committee chairmen. Held in Senate Appropriations Committee.

Information Technology Office

In 2006 Information Technology settled into new surroundings, deployed desktops and laptops to replace out of warranty machines and enhanced internal applications used by all agency stakeholders.

The Information Technology Office organized the data center and training room, following the move from 244 Washington Street to 254 Washington Street and staff set up equipment and other resources for the use of the agency. The data center provided the space that the IT Office needed to install network equipment in an environmentally-friendly and secure location.

The training room is capable of holding up to 24 people for various training activities. The room can easily be divided into two sections to accommodate concurrent training sessions and is equipped with various training aids, such as internet access and a built-in projector. IT recycled out of warranty machines for use within the training room and held a variety of classes throughout 2006.

Program Development staff spent 2006 enhancing application use for the Transportation Unit and adding increased functionality for the Georgia Utilities Facilities Protection (GUFPA) Section. Enhancements to the applications included the addition of a file storage server for use in storing archived data such as case attachments and documentation. Legacy data was converted into a new format, docket numbers are now automatically assigned, the user interface has been updated and GUFPA staff can group cases together for increased process efficiency and enforcement efficacy. The cost of GUFPA application enhancements were funded through federal grant monies.

The goal of the Transportation application project was to automate the workflow of the Unit and to distribute information electronically. This program allowed Transportation staff to reduce processing time, and allows the Unit to provide expedited service and the means to enforce rules and regulations. The project met its objective within its original scope and budget.

The strategy of the Information Technology Office in 2006 was to increase agency productivity and stakeholder satisfaction. Our staff continuously researches ways to improve efficiency for the agency as a whole.

Transportation Unit

The Transportation Unit has regulatory responsibility and oversight for all intrastate traffic associated with household goods movers, limousine companies, buses and non-consensual towing. The Unit's goal is to ensure that a balance is met between those transportation businesses that operate under the Commission's authority and consumers that patronize these businesses. Ensuring that the public receives safe and reliable services while allowing transportation companies to assess fair and reasonable rates is a top priority for the unit.

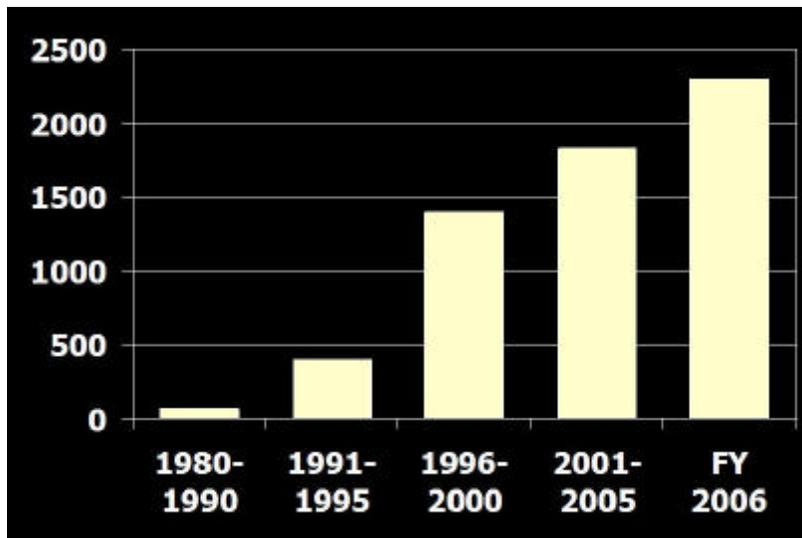
The Transportation Unit manages over 900 "for hire" carriers. Permits and certificates are processed and issued to transportation companies wishing to do business in Georgia. Staff members conduct performance audits on these companies to determine compliance with established rules and regulations. Insurance filings are maintained and kept current to protect the public from liability or property loss. Transportation staff members also investigate consumer grievances and complaints. Operational rates and charges on Commission tariffs are reviewed to assure that they are just, reasonable, nondiscriminatory and protect the public from price gouging or unfair business practices.

In 2006, the Transportation Unit received and processed 376 applications on all its regulated programs while issuing 357 certificates and permits. The unit received and investigated 135 complaints and conducted 67 audits. Transportation staff members ordered the issuance of refunds to Georgia consumers who were overcharged due to infractions or violations of the Commission's tariffs or the Transportation Rules. In 2006, refunds or fines totaling \$30,453 were assessed against non-compliant household goods movers while reimbursement of \$5,541 was made to the public as part of the unit's regulatory effort on the non-consensual towing program. Additionally, limousine carriers refunded \$1,369 to Georgia customers who were overcharged.

Transportation staff members conduct training sessions for participants of its regulated programs. All new household goods and passenger carriers are required to attend a tariff training session prior to being granted a certificate or permit. In 2006, staff conducted 12 household goods training classes for 67 students and 11 passenger carrier training classes for 64 students.

The Unit is responsible for processing and maintaining insurance filings for all transportation companies under the Commission's regulatory authority. In 2006, approximately 2,500 insurance filings were processed by the unit.

Growth in Certified Transportation Carriers



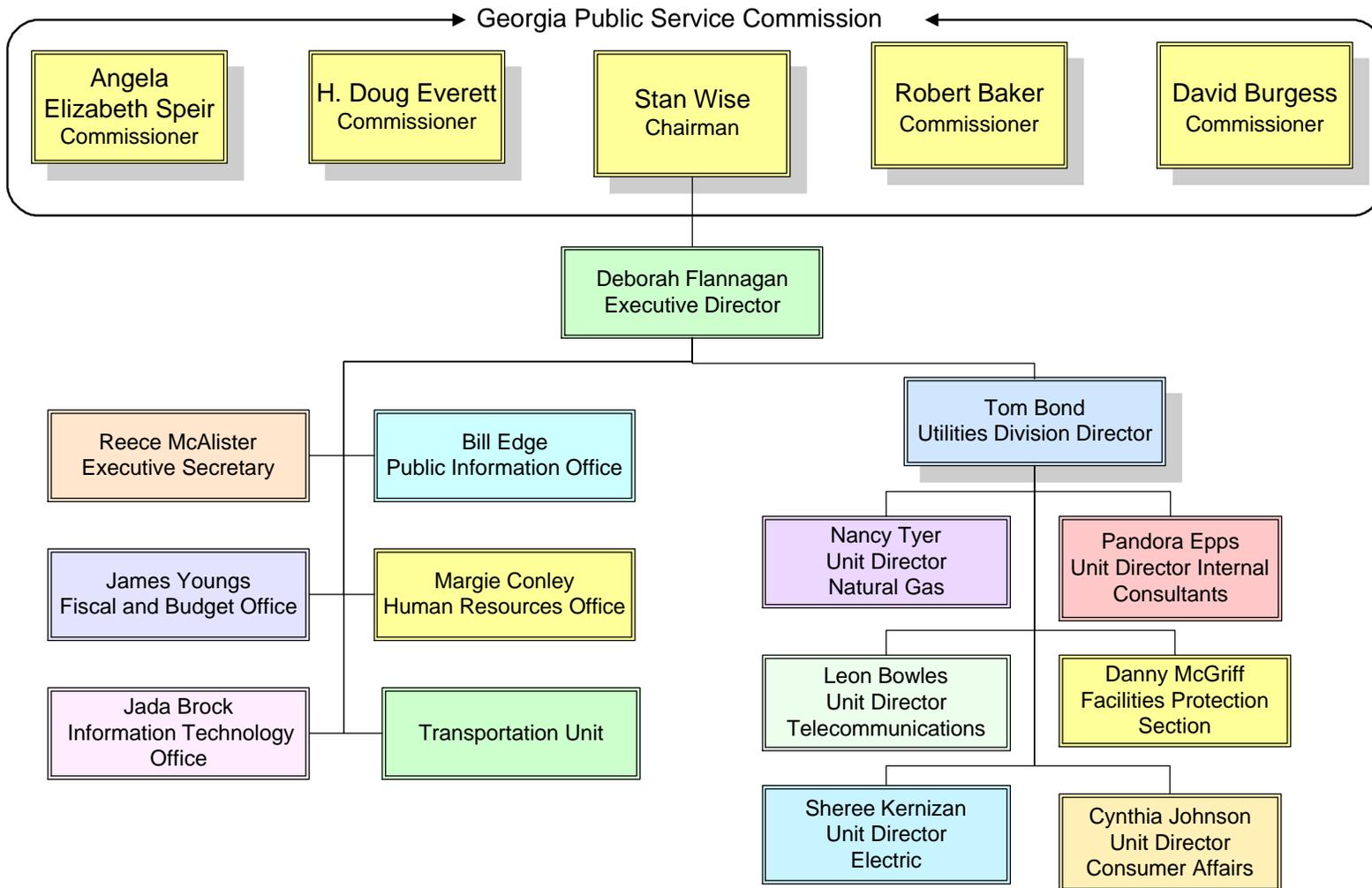
AGENCY BUDGET

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
Revenue			
General Assembly Appropriations	\$8,031,020	\$8,460,480	\$9,047,095
Federal and Other Funds	\$647,605	\$650,008	\$273,311
Total	\$8,678,625	\$9,110,488	\$9,320,406
Budgeted Expenditures			
Personal Services	\$6,431,840	\$7,009,667	\$7,502,887
Regular Operating Expenses	\$291,120	\$380,251	\$386,568
Travel	\$87,637	\$113,806	\$0
Motor Vehicle Purchases	\$16,474	\$0	\$0
Equipment	\$65,630	\$12,758	\$15,300
Computer Charges	\$220,172	\$298,732	\$239,447
Real Estate Rental	\$501,955	\$516,899	\$601,969
Telecommunications	\$80,340	\$102,226	\$102,228
Per Diem and Fees	\$983,457	\$676,149	\$0
Contractual Services	\$0	\$0	\$472,007
Total	\$8,678,625	\$9,110,488	\$9,320,406
Associated Revenue			
Regulatory Assessment Fees Paid Directly to Dept. of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Transportation Fees Collected	\$0	\$10,225	\$3,720
Regulatory Fees Collected and Remitted to State Treasury	\$2,066,324	\$1,130,350	\$1,180,520
Total	\$3,116,324	\$2,190,575	\$2,234,240

Notes:

FY 2007 Budget Amendment No. 2
Fees collected in FY 2007 through January 31, 2007

ORGANIZATIONAL CHART



Notes