

GEORGIA PUBLIC SERVICE COMMISSION

2015 Annual Report



Chairman Chuck Eaton
Vice Chairman H. Doug Everett
Commissioner Tim Echols
Commissioner Lauren "Bubba" McDonald, Jr.
Commissioner Stan Wise

Georgia Public Service Commission 2015



Commissioners (left to right): Doug Everett, Tim Echols, Chuck Eaton, Stan Wise and Lauren “Bubba” McDonald

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LETTER TO THE GOVERNOR

January 1, 2016

The Honorable Nathan Deal
Governor
203 State Capitol
Atlanta, Georgia 30334

Dear Governor Deal,

The Georgia Public Service Commission presents its 2015 Annual Report, pursuant to O.C.G.A. §46-2-31, which highlights the agency's major activities and achievements during the past year regarding the state's regulated utilities and infrastructure protection. In 2015, the Commission continued to monitor the ongoing Plant Vogtle nuclear power plant construction project, reduced Georgia Power's fuel rates and expanded the use of solar energy.

2016 promises to be a very busy and active year for the Commission. Besides the Plant Vogtle construction project, the Commission will begin proceedings to review the Southern Company acquisition of the Atlanta Gas Light Company; review Georgia Power's 2016 Integrated Resources Plan, review and rule on a Georgia Power rate case while we continue our ongoing statutory regulatory responsibilities. The Commission will continue to ensure that Georgia consumers receive the best possible value in utility and telecommunication services, while enforcing natural gas pipeline safety and protecting the utility infrastructure from damage.

The Commission contributed over \$1.8 million to the state's treasury in fiscal year 2015 as a result of its enforcement activities and the statutory regulatory assessment fee.

As the Commission enters its 137th year, we eagerly look forward to serving Georgia's citizens in 2016 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chuck Eaton".

Chuck Eaton, Chairman
Lauren "Bubba" McDonald, Jr., Commissioner
Tim G. Echols, Commissioner
H. Doug Everett, Commissioner
Stan Wise, Commissioner

HISTORY AND MISSION OF THE COMMISSION

MISSION

The Commission is a quasi-legislative, quasi-judicial agency comprised of five Commissioners elected statewide. 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 Commission's regulatory activities are primarily focused on investor-owned natural gas and electric power utilities. The Commission has the authority to set rates, require long-range energy plans, provide for the safety of natural gas pipelines and protect underground utility systems from damage.

Over the past three decades, growth, competition and technological advances have significantly changed the Commission's role. With some retail market segments of the telecommunications and natural gas industries open to competition, the Commission facilitates market development, educates consumers, arbitrates complaints among competitors and monitors the effectiveness of the competitive markets.

HISTORY

On October 14, 1879, Georgia became one of the first states to establish a regulatory body to resolve complications resulting from railroad expansion and competition. Created as the Railroad Commission of Georgia, the Governor originally appointed the three members of this body for the purpose of regulating railway freight and passenger rates.

As electricity, natural gas and telecommunications evolved from novelties into major necessities for our modern society so did the roles and responsibilities of the Commission. Major expansions of the Commission's jurisdiction took place between 1890 and 1935. In 1891, legislation added telegraph and express companies to the Commission's jurisdiction. The years 1906 and 1907 saw two major changes to the Commission's make-up. The Legislature allowed the voters in 1906 to elect the Commissioners for six-year terms and in 1907 expanded the Commission to five members. Also in 1906 the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies. 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. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry.

In 1943, the Commission became a constitutional body (Article 4, Section 1, 1983 Georgia Constitution). Its powers and duties are established by legislation and described in Title 46 of the Official Code of Georgia. The Legislature in 1998 required the five Commissioners to reside in separate districts though they remain elected by the voters statewide. This change was effective for the 2000 elections.

The years between 2001 and 2012 saw major changes in the Commission's jurisdiction over transportation. In 2001, legislation transferred the Commission's Transportation Division to the new Department of Motor Vehicle Safety. In 2005, the Commission resumed regulatory jurisdiction over household goods movers, limousines for hire, passenger carriers and nonconsensual towing following passage of House Bill 501. Seven years later in 2012, the

Legislature passed House Bill 865 which transferred Commission jurisdiction over household good movers, passenger buses, limousines and non-consensual towing to the Department of Public Safety's Motor Carrier Compliance Division.

In 2002, Earleen Sizemore became the first woman to serve on the Commission following her appointment to the Commission after the death of longtime Commissioner Bob Durden on May 2, 2002. Later that year in the general election, Angela Speir became the first woman elected to the Commission.

In 2009, the Commission approved the construction of Georgia's, and the nation's, first new nuclear-powered generation facilities since the 1970s. Both of the two units under construction at Plant Vogtle will be operating by 2019 and 2020. In 2015, the Commission continued to monitor this \$14 billion nuclear construction project.

Legislation in 2012 changed the method of selecting the Commission Chairman. Senate Bill 483 allowed the Commission to elect its own chairman for a two-year term with the possibility of one additional two-year term.

In June 2014, the Environmental Protection Agency (EPA) released for comment the agency's draft of its Clean Power Plan rules under section 111 (d) of the Clean Air Act of 1970. The Commission went on record opposing this rule. In August 2015, the EPA released the final rule which accorded more favorable treatment of two new nuclear units at Plant Vogtle in meeting Georgia's required reduction in carbon dioxide emissions.

In August 2015, Southern Company, the parent company of Georgia Power Company, announced plans to acquire AGL Resources, the parent company of Atlanta Gas Light Company. If approved, this acquisition will make Southern Company the second largest utility in the United States. The Commission will conduct hearings on the proposed acquisition in 2016.

HIGHLIGHTS OF 2015

The highlights of the Commission's major activities and achievements during 2015 regarding utility regulation, pipeline safety, facilities protection and administration are set forth below. A more detailed report from each Commission organizational unit follows this summary.

ELECTRIC

In 2015, the Georgia Public Service Commission approved Georgia Power Company's request to verify and approve \$389 million in expenditures in the Eleventh and Twelfth Vogtle Construction Monitoring Reports for the period from January 1, 2014 from December 31, 2014 in Docket Number 29849. The Commission unanimously approved 100 Megawatts (MW) of Distributed Generation (DG) as part of Georgia Power's 2015 Advanced Solar Initiative (ASI) Program. Also in 2015, Commissioners attended groundbreaking ceremonies for new solar photovoltaic installations on several Georgia military bases: Fort Gordon Army Base, Fort Stewart Army Base, Fort Benning Army base, and the Kings Bay Naval Submarine Base. The Commission had approved these projects in 2014.

In December 2015, the Commission unanimously approved a decrease in the Fuel Cost Recovery (FCR) rate for Georgia Power Company customers that will save the average residential customer using 1,000 kilowatt hours about \$5.00 a month for a total reduction of 14 percent on their monthly bill. Also, the Commission in December 2015 approved a Procedural and Scheduling Order (PSO) in Docket Number 39971 that provides a timetable for filing testimony and conducting hearings in the proposed Southern Company acquisition of AGL Resources, the parent company of Atlanta Gas Light Company (AGLC). The Commission has regulatory authority over AGLC, which is a wholly owned subsidiary of AGL Resources.

NATURAL GAS

As 2015 came to a close, Georgia had 14 Commission certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company (AGLC) delivery area, and two pending marketer certifications. In December 2015, the Commission approved the Gilmer County project Phase I, a project estimated at \$10.1 million, under the 2013-2017 Integrated Customer Growth Program (i-CGP 2.0). The project will extend natural gas service to Gilmer County.

During 2015, Natural gas staff audited several customer impacting projects, including, but not limited to, the Universal Service Fund, Liberty's Purchase and Gas Adjustment Plan.

In September 2015, the Commission issued an Order approving Liberty's 2015-2016 Gas Supply Plan. At the end of 2015, the Regulated Provider had a total of 59,485 customers, with 20,145 designated as Group 1 and 44,638 designated as Group 2 customer.

TELECOMMUNICATIONS

In 2015 the Commission granted certificates of authority to three long-distance resellers, six competitive local exchange providers, one inter-exchange service provider and two institutional telecommunication service providers. The total number of active certificates in 2015 was 837, distributed among industry segments as follows: 240 resellers, 47 alternative operator service providers, 220 competitive local exchange providers, 84 inter-exchange

service providers, 193 payphone service providers, 23 institutional telecommunication service providers and 30 incumbent local exchange service providers. In 2015 the Commission approved 48 interconnection agreements and designated eight companies as Competitive Eligible Telecommunications Carriers (ETC). In 2015 the Commission approved total disbursements for the 20th Universal Access Fund year of \$17,904,563 with the aggregate annual cap amount remaining at \$1,000,000 each for Track 1 carriers.

FACILITIES PROTECTION

During 2015 the pipeline safety inspectors of the Facilities Protection Unit monitored and inspected over 1,200 miles of transmission lines, nearly 44,000 miles of distribution pipeline, and more than 2 million service lines for transporting natural gas to Georgia customers in 147 counties. The pipeline safety inspectors evaluated operator compliance with state and federal pipeline safety regulations by conducting 252 inspections, including 44 Drug and Alcohol inspections, over 965 inspection days.

The Commission continued its damage prevention efforts in 2015 by giving 21 Georgia Utility Facilities Protection Act (GUFPA) presentations to over 410 attendees. The GUFPA investigators' participation in these meetings continued to strengthen the Commission's relationship with those groups across the state dedicated to damage prevention such as the Georgia Utility Contractor's Association, Plumbing Mechanical Association, the Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

Challenges in 2015 continued in Facilities Protection, as the group continued to enforce GUFPA, Federal, and State rules and regulations and implemented new regulations, while facing personnel turn-over and loss of pipeline safety inspectors to the private sector.

INTERNAL CONSULTANTS

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for the other units. Throughout 2015, the Energy Efficiency and Renewable Energy (EERE) staff brought before the Commission for consideration several change of control and other power purchase agreement amendments that have allowed for the growth of biomass projects and the recognition of the benefits that these projects bring to the state of Georgia.

In 2015, EERE Staff facilitated four Demand Side Management ("DSM") Working Group meetings which included the participation of stakeholders and Georgia Power. The purpose of these meetings was to assist in the development of Certified Energy Residential and Commercial Efficiency programs for the 2016 IRP. In July 2015, Georgia Power Company filed its Evaluation Measurement and Verification (EM&V). The Commission continued to work with Georgia Power to refine an Advanced Notification/Approval Process regarding modifications to the DSM programs in order to utilize the most up to date information.

CONSUMER AFFAIRS

The Consumer Affairs Unit is the primary path for consumers to contact the Commission to make their concerns and issues known. The total number of calls reported in 2015 via the Commission's telephone lines reported by the Commission's Automated Call Distributor (ACD) was 15,578 (including Spanish calls). Internet and e-mail contacts continued to be the second preferred method of contacting the Commission in 2015 with 4,623 internet and e-mail

complaints and contacts. The total of regular mail and fax contacts in 2015 was 889. In 2015 the Consumer Affairs staff met with 21 consumers in person at the Commission offices to discuss issues with their bills, utility deposits, and to share information on energy assistance and Lifeline. In all, Consumer Affairs representatives received 21,117 inquiries, complaints, and opinions from the general public in 2015, a five per cent increase over 2014.

ADMINISTRATION DIVISION

During 2015 the Administration Division promoted efficiency to maximize the benefits derived from taxpayers' monies used to fulfill the Commission's mission. The Division is headed by the Executive Director and consists of the Executive Secretary, Budget and Fiscal Office, Human Resources Office, Public Information Office and Operations Support.

The Budget and Fiscal Office managed the Commission's budget with revenues and expenses exceeding \$10.4 million dollars. In 2015, the Executive Secretary opened 952 new case dockets; processed 5,045 filed documents; and filed 1,167 orders prepared for the Chairman's and Executive Secretary's signature. The Public Information Officer coordinated and monitored local, state and national news media coverage of numerous Commission activities and decisions.

The Human Resources Office sponsored two retirement planning seminars and managed an aging workforce. Operations Support reported that the agency saw 1.24 million page-views on its website. Of these page-views 63.1% were new visitors and 36.9% were recurring visits. The most popular page-views are the Natural Gas List of Certified Marketers the Natural Gas Market price chart and the Docket File and Case tracking search page.

PUBLIC SERVICE COMMISSION PROFILES



H. Doug Everett

Commissioner Since: January 1, 2003

Elected: 2002, Re-elected: 2008, 2014

Serves Through: December 31, 2020

Republican, Albany, Georgia

Commissioner, 2015 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.

Prior to serving as a state legislator, Everett served three terms on the Albany City Commission, including two years as Mayor Pro Tem.

Commissioner Everett is a past president of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), a non-profit corporation for the advancement and education of commission regulation and the promotion of cooperation among the commissions of the 12 member states. He also served on the Board of Directors of the Georgia Agrirama Development Authority. He is also a past member of the Advisory Board of Directors of the Institute of Nuclear Power Operations.

Commissioner Everett was born in Cordele, Georgia but moved to Sylvester, Georgia 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.

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



Chuck Eaton

Commissioner Since: January 1, 2007

Elected: 2006, Re-elected: 2012

Serves Through: December 31, 2018

Republican, Fulton County, Georgia

Chair, 2015 Georgia Public Service Commission

Chuck Eaton was elected to his first term on the Public Service Commission in December of 2006 and re-elected in November 2012. He was one of only two statewide Republican candidates in the entire country to beat an incumbent in 2006. In November 2014 his colleagues re-elected him to his second two-year term as Chairman for 2015 and 2016. He was first elected Chair in November 2012.

Prior to moving to Atlanta, he was an Account Executive for a packaging manufacturer in LaGrange, Georgia. Commissioner Eaton has an Accounting Degree from the University of Alabama and a Law Degree from Georgia State University.

He is the past President of the Buckhead Forest Civic Association and was also a representative to the Atlanta Neighborhood Planning Unit "B," a citizen group that makes recommendations on zoning, land use, public safety and community issues. In Troup County he served on the Board of Directors for Troup Haven House, a children's shelter.

Commissioner Eaton has been involved in the political process for a long time. In 1992, he served as Congressman Phil Crane's Deputy Campaign Manager. In Troup County he successfully managed multiple campaigns for former State Representative Jeff Brown. He is a graduate of the Coverdell Leadership Institute, a statewide organization founded by the late U.S. Senator Paul D. Coverdell to strengthen leadership and political skills.

Due to the judicial nature of the Commission, he enrolled at Georgia State Law School in 2009, taking night classes and paying for the education out of his own pocket. He is admitted to practice law in Georgia.

Chuck lives in Atlanta with his wife, Erika, their daughter, Lydia, and their rescued dog. The Eaton's are members of Peachtree Road United Methodist Church.



Tim G. Echols

Commissioner Since: January 1, 2011

Elected: November 4, 2010

Serves Through: December 31, 2016

Republican, Bogart, Georgia

Commissioner, 2015 Georgia Public Service Commission

Tim Echols was elected to the Public Service Commission in the general election of November 2010 after spending 15 years in the non-profit sector. Echols founded “TeenPact” and grew the mock legislative youth program to 38 states in his tenure. He continues to serve on the Board of Directors. Tim’s campaign focused on consumer protection, clean energy, and accountability. He travels the state speaking to students, civic groups and businesses about how consumers can be a better steward of their energy, and save money at the same time.

Tim has tried to lead by example. He added solar hot water heating to their Athens home just before being sworn-in. Tim created the Alternative Fueled Vehicle Roadshow in 2011 now in its 6th year that travels Georgia helping cities, businesses and consumers evaluate alternative fuels to see if it will work for them.

Tim's priority is helping Georgia become prepared for rising energy prices by diversifying the way our electricity is generated. He has helped secure record amounts of solar and wind for Georgia, all without a subsidy. He advocates for more nuclear power and for recycling of nuclear waste. Tim and his wife put their home on a "time of use" rate to further conserve energy as he turns off his AC units during the peak summer cooling period.

Tim Echols grew up in the south metro Atlanta area in an entrepreneurial family. The Echols owned a car auction, dairy farm, and house moving business. Tim attended North Clayton High School, and owned his own car clean-up shop, housed in the family auction barn. In 1978, Tim went to Athens to attend the University of Georgia and there met Wendy Davis. There he served as Baptist Student Union President. Tim and Wendy were married shortly after Tim graduated with a degree in English and Wendy went on to graduate with a teaching degree from Georgia State University.

Tim is the author of “Real Citizenship,” available on Amazon.com, a primer on citizenship. Wendy and Tim have seven children ranging from 15 to 28 years old. They have been married 33 years and live in Bogart, just outside Athens. Tim has a Bachelor of Arts and two Masters Degrees from the University of Georgia.



Lauren "Bubba" McDonald, Jr.

Commissioner Since: January 1, 2009

Elected: 1998, 2008; Re-elected: 2014

Serves Through: December 31, 2020

Republican, Clarkesville, Georgia

Vice-chairman, 2015 Georgia Public Service Commission

McDonald, who served 20 years as a state Representative, was appointed to the Commission in June 1998 by Governor Zell Miller to fill a vacated post and then re-elected in a special mid-term election in November 1998. He held the seat until 2002. In 2008 and in 2014, Georgians again elected McDonald to serve on the Commission.

McDonald has a deep knowledge of the energy industry. Today he is a member of NARUC's Electric Committee where he is Vice-Chair of the Nuclear Waste Subcommittee.

McDonald has spent decades serving the residents of Georgia. As a State Representative, he chaired the Industry Committee for five years and the powerful Appropriations Committee for eight years. He also served as a commissioner in Jackson County, served on the Board of Managers of the Association of County Commissioners of Georgia, and volunteered as a firefighter for the city of Commerce for 35 years.

A native of Commerce who now resides in Clarkesville, McDonald is a graduate of the University of Georgia with a BBA in Business. He has long been a supporter of higher education, serving on the Board of Governors of Mercer Medical College and the Board of the Advanced Technology Center at the Georgia Institute of Technology. He was also a director of the Small Business Development Center at the University of Georgia. He also served six years in the Georgia Air National Guard.

McDonald has lived his entire life within District Four of the Commission. Currently, he is a partner in L.W. McDonald & Son Funeral Home in Cumming, with his son, Lauren III. He is married to Shelley McDonald. He was married to the late Sunny Nivens McDonald for 45 years. He is an elder in the Presbyterian Church, a private pilot, and an avid golfer.



Stan Wise

Commissioner Since: January 1, 1995

Elected: 1994; Re-Elected: 2000, 2006, and 2012

Serves Through: December 31, 2018

Republican, Cobb County, Georgia

Commissioner, 2015 Georgia Public Service Commission

Stan Wise has served on the Public Service Commission since January 1995, having been elected statewide four consecutive times. He was reelected for his fourth term as Commissioner in November 2012. His first elected public office was the Cobb County Commissioner in 1990. He served the 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 through 1994.

Stan was elected by his regulatory peers as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003 and 2004, furthering his responsibilities and interaction with Congress, federal agencies, state officials, industry leaders, Wall Street, consumer groups and the news media. Stan has testified multiple times before Congress. He is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is currently the chair of NARUC's Gas Committee and also serves on the International Relations Committee. He is also on the Advisory Council for the New Mexico State University Center for Public Utilities. He is a member of the Board of Trustees for the Feed the Hungry Foundation, a faith-based charity, and a member of the Action Ministries Board of Directors.

His alma mater, Charleston Southern University, named Wise the Outstanding Alumnus of the Year in 2006. In addition, the Bonbright Center of the University of Georgia Terry College of Business named Wise as their Honoree of the Year in 2005.

He has also served on the U.S. Department of Energy State Energy Advisory Board, the Cobb County Public Schools Educational Foundation, Inc., and the Cobb YMCA Board of Directors, the Boys Club of Cobb County and the Advisory Board of the North Georgia Law Enforcement Academy. He owned and operated an insurance business in Cobb County for twenty years. Wise was awarded his B.S. in Business Management from Charleston Southern University in 1974. He also served in the U.S. Air Force Reserve for six years. He and his wife Denise have two grown children.

PUBLIC SERVICE COMMISSION LEADERSHIP TEAM
DECEMBER 31, 2015

Commissioners

Chuck Eaton, Chairman
Lauren “Bubba” McDonald, Jr., Vice-Chairman
H. Doug Everett, Commissioner
Tim G. Echols, Commissioner
Stan Wise, Commissioner

Administration Division

Deborah Flannagan, Executive Director
Jada Brock, Director, Office of Operations Support
Bill Edge, Public Information Officer and Legislative Liaison
Reece McAlister, Executive Secretary
Terry Pritchett, Fiscal and Budget Officer
Cheryl Vinson, Human Resources Officer

Utilities Division

Tom Bond, Director, Utilities Division
Leon Bowles, Director, Telecommunications Unit
Pandora Epps, Director, Internal Consultants Unit
Claudette Willingham, Manager, Consumer Affairs Unit
Sheree Kernizan, Director, Electric Unit
Nancy Tyer, Director, Natural Gas Unit

Facilities Protection Division

Michelle Thebert, Director, Facilities Protection Division

UTILITIES DIVISION

During the past year the Commission continued monitoring the \$14 billion Plant Vogtle nuclear construction project in east Georgia where Georgia Power Company is building Units 3 and 4. This is the largest construction project in the Southeastern United States and possibly in the United States.

Historically, the Georgia Public Service Commission has been responsible for setting the rates charged by telecommunications, natural gas, and electric companies, ensuring the reliability and availability of utility services, and establishing and enforcing quality of service standards. The telecommunications, natural gas, and electric industries are natural monopolies, but some segments of these markets have been opened to retail competition that allow customers to choose among multiple providers for certain services and pay rates set by the provider. Other services, such as distribution of natural gas and electricity by investor-owned companies, are still regulated by the Commission, which sets the rates charged for these services.

The pace at which competition was implemented varied among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, authorities opened local telephone service by federal and state legislation, respectively. Local telephone competition was redefined due to technological advances of broadband, VoIP and wireless telephone. State legislators and federal agencies recognized that local telephone companies face intermodal competition from cable TV companies and wireless providers, not just intramodal competition from other telephone companies.

In 1998, Georgia opened the natural gas commodity market to retail competition. Only one of the two investor-owned natural gas companies elected to open its territory to competition and now twelve Commission-certified marketers sell gas commodity service to customers in the AGLC territory. Marketers set their own prices, but the Commission sets the rates charged by AGLC for distributing the natural gas for the marketers. There are 14 Commission certificated natural gas marketers operating in today's deregulated Georgia market.

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 and natural gas services, to enforce natural gas pipeline safety laws and to protect utility infrastructure from damage. In the sections that follow are an overview of the role that the Commission has played in each of these utility industries over the past year and the key decisions of this agency.

Electric Unit

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 three utility industries, the electric industry is the most universally utilized and perhaps the most essential. The investor-owned electric utility, Georgia Power Company is fully regulated by the Commission and serves approximately two million consumers. The Commission has limited regulatory authority over the 41 electric membership corporations (EMCs) and 49 municipally-owned electric systems in the state.

SIGNIFICANT MATTERS IN THE COMMISSION'S REGULATION OF THE ELECTRIC UTILITY INDUSTRY IN 2015

Commission monitors progress of nuclear plant construction

The Commission on March 17, 2009 approved the Company's request to certify the construction of two new nuclear power units at its Plant Vogtle Nuclear Power Plant near Waynesboro, Georgia. The approval included a requirement that the Company must file semi-annual monitoring and monthly status reports with the Commission. The semi-annual monitoring report includes any proposed revisions to the cost estimate, construction schedule, or project configuration, as well as a report on actual costs incurred during the period covered by the report and an updated comparison of the economics of the certified project. The Commission and the independent Construction Monitor continue to actively monitor the construction of the two new units.

In 2015, the Georgia Public Service Commission approved Georgia Power Company's request to verify and approve the expenditures in the Eleventh and Twelfth Vogtle Construction Monitoring Reports for the period from January 1, 2014 through June 30, 2014 in Docket Number 29849. The total amount approved for the Vogtle expansion is \$398 million, bringing the total construction cost verified as of December 31, 2015 to \$2.966 billion.



Commission personnel tour Plant Vogtle Construction Site

The decision follows Commission hearings held on June 2, 2015 for the Company's direct testimony and on June 23, 2015 for the Public Interest Advocacy Staff and other parties' testimony. According to the Company's latest filings with the Security and Exchange Commission, Unit Three will begin commercial operation in late 2019, and Unit Four will begin operation in late 2020.

Commission Facilitates and Monitors implementation of the 2013 Integrated Resource Plan

Georgia law (O.C.G.A. §46-3A-2) requires Georgia Power Company to file an updated Integrated Resource Plan (IRP) every three years which details how it will supply the state's electric generation needs. The plan ensures that Georgia Power customers have an adequate and reliable electric supply, establishes measures to conserve energy, and promotes alternate energy supplies.

Georgia Power is expected to file its next IRP in early 2016. In July 2013, the Commission approved a stipulated agreement to resolve all issues in the Georgia Power Company 2013 IRP and Application for Certification of Its Demand Side Management (DSM) Plan.

Commission Approves Expansion of Renewables - Solar Energy & Wind

The Commission approved an additional 525 Megawatts (MW) of solar capacity in Georgia Power's 2013 IRP. This decision brings the total solar capacity that will be on line in Georgia by the end of 2016 to 800 Megawatts.

The Commission unanimously approved 100 MW of Distributed Generation (DG) as part of Georgia Power's 2015 Advanced Solar Initiative (ASI) Program. Distributed Generation refers to power generated on site, usually at a site where it will be used and interconnects to the utilities' distribution system therefore reducing the need to transport the power elsewhere. This DG program is part of a total of 525 MW of solar capacity that was approved in Georgia Power's 2013 Integrated Resource Plan.

In May 2014, the Commission took another step to diversify Georgia's energy portfolio in its approval of a proposed agreement that will add 250 MW of clean renewable wind energy to Georgia's electric grid. Under terms of the agreement, Georgia Power will purchase the wind-generated electricity from EDP Renewables North America, LLC, for 20 years beginning January 1, 2016. EDP will operate two wind farms in Oklahoma, Blue Canyon II with 151 MW and Blue Canyon VI with 99 MW of electric generation. These contracts will provide energy at a cost below Georgia Power's projected avoided costs.

In October 2014, the Commission approved the construction of three solar photovoltaic installations on three Georgia military bases as part of a partnership between the Georgia Power Company and the U.S. Army. The three bases are Fort Benning Army Base near Columbus; Fort Gordon near Augusta; and Fort Stewart near Hinesville. All three projects are scheduled to be completed before the end of 2016 and will generate up to 30 MW of electricity each. The solar installations will provide power to Georgia Power customers but if needed can also generate power exclusively for each base. Groundbreaking ceremonies were held in 2015 for these new solar photovoltaic installations on the above listed Georgia military bases as well as at Kings Bay Naval Submarine Base in Camden County in southeast Georgia.

The Marine Corps Logistics Base project stemmed from the Commission's 2014 decision to reallocate 46 MW of capacity from the Plant Mitchell biomass project to other military self-build projects. The Company requested approval from the Commission to use the remaining capacity for this purpose. The Commission approved the three U.S. Army projects in October

2014 and the U.S. Navy project in May 2015. The Commission authorized the Company to build these four 30 MW renewable projects provided that the cost of the projects is equal to or less than the Company's avoided costs, meaning no upward pressure on rates. The cost of installing solar has dropped dramatically in recent years, allowing Georgia Power to now meet the avoided cost condition.

Commission Conducts Workshop on the Value of Distributed Generation and Renewables

Since the approval of the 2013 IRP, a number of issues related to renewable energy and distributed generation have arisen in proceedings before the Commission. These issues include: distributed generation (particularly solar), utility scale solar, wind, biomass and the value of these resources to the Georgia Power electric system. In addition, on July 10, 2014, the Georgia Solar Energy Industries Association (GSEIA), Vote Solar (VS) and the Interstate Renewable Energy Council, Inc. (IREC) filed a Petition requesting that the Commission establish and calculate the value of solar energy delivered to Georgia Power from customer-sited facilities.

The Commission determined that it would be in the public interest to address the issues raised in the July 10, 2014 petition as well as recent proceedings related to renewable energy and distributed generation as part of the 2016 IRP process. The Commission announced a Notice of Inquiry and Workshop into the Value of Renewables and Distributed Generation in Docket 39732. The goal was to narrow the issues to be addressed in the IRP and to reach possible consensus on the methodology to be used in determining the costs and benefits of renewable resources and distributed generation on Georgia Power's electric system and to its retail customers. At the workshop held October 20-21, 2015, which had over 100 attendees, presentations were made by the Company, industry groups and national experts and roundtable discussions were held to determine areas of agreement and disagreement. As part of the process, the Commission Staff is to draft a report with recommendations for future work on this issue.

The Commission continues to monitor other aspects of the 2013 IRP:

- The closure and decertification of 16 coal-fired electric generation units
- The conversion of two coal-fired units to burn natural gas
- The addition of environmental controls to bringing thirteen coal-fired generation units into compliance with the Environmental Protection Agency (EPA) Mercury and Air Toxic Standards (MATS) rule by 2015/2016 time period
- The Demand-side Management (DSM) Working Group, a diverse stakeholder group facilitated by the Commission Staff, continues to work on energy efficiency issues in preparation for the Company's 2016 IRP filing

Commission Reviews Southern Company acquisition of AGL Resources application

In December 2015 the Commission approved a Procedural and Scheduling Order (PSO) in Docket Number 39971 that provides a timetable for filing testimony and briefs and conducting hearings in the proposed Southern Company acquisition of AGL Resources, the parent company of Atlanta Gas Light Company (AGLC). The Commission has regulatory authority over AGLC.

The PSO also outlines the issues that the parties should consider as they file testimony and briefs. Those issues include but are not limited to:

- Whether the merger is in the public interest.
- Whether the merger will result in synergies, and if so, what is the appropriate allocation of any savings realized by such synergies?
- Whether the merger of AGL Resources with Southern Company will adversely affect Georgia ratepayers and/or competition among gas marketers, competition in the provision of electricity to consumers or commercial end users, competition in the transportation of gas, increase the costs of transmission of electricity, competition in the provision of electricity and gas to consumers or commercial end users, or among electric generation sources.

Commission Monitors Georgia Power's Base and Fuel Rates

The Commission reviews and analyzes and evaluates the Company's annual Surveillance filings to ensure compliance with Commission orders and to determine whether excess revenues are available for sharing. Under the terms of the agreement, the Commission approved an earnings band of 10 percent to 12 percent. Any earnings above 12 percent will be shared two-thirds with customers with the remaining one-third retained by the Company. In March 2015, the Company filed its Annual Surveillance Report for the year ended December 31, 2014, which reported an adjusted ROE of 12.12%. Commission Staff will conduct its review of the ASR in order to replicate and verify GPC's ROE calculation and to ensure GPC's regulatory adjustments were made in compliance with Commission orders

The Commission reviews, analyzes and verifies the accuracy of the Company's rate increase compliance filings. On October 2, 2015, Georgia Power Company filed updated tariffs in compliance with the Commission's 2013 Rate Case Order and Settlement Agreement in Docket No. 36989. The Order and Settlement Agreement provided for revenue adjustments for 2015 and 2016. The Settlement Agreement included provisions to: a) update the traditional base increase to reflect additional power purchase agreements projected to provide capacity to the Company during 2016; b) reflect information from the most current budget for each component of the ECCR revenue requirement calculation; c) reflect the most recent projections based on plans approved by the Commission in its Final Order in the 2013 DSM proceeding (Docket No. 36499); d) update all calculations to reflect the Company's most current cost of debt projection in the capital structure projected at the time of the compliance filing; and e) use the most current kWh sales forecast. The Commission approved Staff recommendations.

The Commission continues to work with the Company on the implementation of an electric service pre-pay program for eligible customers. The special meters are being installed in residences where there have been several cut-offs for non-payments and is providing benefits to customers who would have had to pay increased deposits to maintain vital electric utility service which impacts their quality of life.

In December 2015, the Commission unanimously approved a decrease in the Fuel Cost Recovery (FCR) rate for Georgia Power customers that will save the average residential customer using 1,000 kilowatt hours about \$5.00 a month for a total reduction of 14 percent on their monthly bill. Under state law Georgia Power's cost of fuel used for electric generation

is passed along to customers on a dollar for dollar basis but the Company is not allowed to make a profit on the cost of fuel. The Docket Number in this proceeding is 39638.

The Commission Staff also continues to investigate and monitor the following:

1. Effectiveness of hedging programs of Georgia Power in mitigating potentially high natural gas fuel costs;
2. Flat bill tariffs for residential and commercial customers, designed to provide price stability during fluctuating market conditions;
3. Performance and reliability of the utilities' generating plants; and,
4. Company's earnings for excess revenues available for sharing, as defined in the approved accounting orders.

Commission Oversight over Electric Membership Cooperatives and Municipal Electricity Providers

The Commission oversees territorial matters for all electricity suppliers, EMCs, Investor Owned Utilities (Georgia Power), and municipal electricity providers, 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 also approves Georgia Power's and electric membership corporations' requests for financing authority.

The Commission Continues Its Involvement in State and Federal Activities That Impact the Electric Utility Industry

The Georgia Public Service Commission continues its involvement in the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as the National Association of Regulatory Utility Commissioners (NARUC) to learn from other state regulators and share its knowledge for the benefit of Georgia utility consumers. Commissioners and staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council (SERC), and Eastern Interconnection States' Planning Council.

Commission Involvement in the EPA Proposed Clean Power Plan

On June 2, 2014 the U.S. Environmental Protection Agency (EPA) issued its proposed "Clean Power Plan" under Section 111 (d) of the Clean Air Act which would affect existing electric generating units, particularly coal and natural gas-fired generation. Since the rule's release, the Commissioners have voiced their concerns in various forums, including EPA hearings, letters to the EPA Administrator, news releases and Congressional testimony.

The Commission will continue to provide input to the Georgia Environmental Protection Division as it works to complete the compliance plan for our state. However, this Commission, as stated in its August 3, 2015 news release, still believes the rule is a federal overreach and tramples over the careful planning which has achieved competitive and reliable electricity in our state. The Commission believes the rule will seriously tie the Commission's hands in its

Integrated Resource Planning (IRP) process that allows the Commission, working with our investor-owned utility and other interested parties, to decide on the generation mix that best provides reliable electricity at reasonable rates. This rule may significantly limit fuel diversity and increase the cost of electric power in Georgia and nationwide.

The proactive decisions of the Commission over the past six years will lessen some of the onerous effects of the EPA Clean Power Plan final rule released on August 3, 2015. These decisions have put Georgia ahead of many other states in this process if the state is forced to implement the EPA mandated reductions in carbon emissions.

In 2009, the Commission approved the plan to construct two new nuclear power units currently under construction at Georgia Power's Plant Vogtle near Waynesboro, Georgia. These units will produce no carbon emissions or other greenhouse gases for at least sixty years.

Since 2011, working with the Commission, Georgia Power has increased their purchases of solar generation from almost nothing to approximately 1 gigawatt of electricity. If all of this solar was in production today, Georgia Power would have the fourth largest solar portfolio in the nation.

In 2013 the Commission approved the closing of 16 of Georgia Power Company's coal and oil fired electric generating units, a decision that has already reduced carbon dioxide emissions and other greenhouse gases.

In 2014 the Commission approved Georgia Power's purchase of 250 megawatts of wind power, another clean energy source, which produces no carbon or other greenhouse gases. It is expected that having this carbon-free energy source will assist the state in meeting its carbon emissions targets under the new rule. Georgia Power is also in the process of adding 282 megawatts of homegrown, Georgia biomass capacity to our grid.

Georgia Power Company, at the direction of the Commission, has increased its demand-side power initiative and energy efficiency programs. Both of these programs have reduced power consumption, which in turn reduces greenhouse gases.

These programs, implemented by Georgia Power under Commission orders, will make the process less difficult for Georgia to meet its initial emission reduction goals in 2022. In addition, if the Commission stays on its current course, it will also be less difficult to meet Georgia's 2030 goals. However, it is difficult to predict with certainty the exact effect this rule, should it take effect, will have on Georgia's electric rates. We believe that, overall, it will increase electric power rates in Georgia and nationwide.

Natural Gas Unit

NATURAL GAS

Natural gas is vitally important to the economic prosperity of Georgia. Approximately 1.6 million customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Liberty Utilities Georgia Corporation (Liberty). As 2015 closed, Georgia had 14 Commission-certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company (AGLC) delivery area. Throughout 2015 the Commission conducted audits of several system improvement and expansion programs: AGLC's Manufactured Gas Plant; AGLC's Pipe Replacement Program (PRP); AGLC's Integrated Customer Growth Program (i-CGP); AGLC's Integrated System Reinforcement Program (i-SRP); AGLC's Integrated Vintage Plastic Replacement Program under Georgia STRIDE (i-VPR), Liberty's Cast Iron and Bare Steel Retirement Program; and AGLC's Universal Service Fund (USF).

In September 2015, the Commission issued an Order approving Liberty's 2015 to 2016 Gas Supply Plan. As of December 31, 2015, the Regulated Provider had approximately 59,485 customers, with 20,145 designated as Group 1 and 39,322 designated as Group 2 customers.

ACTIVITIES IN NATURAL GAS REGULATION IN 2015

Docket No. 32499: AGLC's 2011 USF Facilities Expansion Plan (2011 Plan)

On January 3, 2012, the Commission approved AGLC's 2011 Plan for the construction of Compressed Natural Gas (CNG) fueling stations. AGLC filed quarterly reports and the Staff reviewed the status of the projects. During 2015, AGLC filed reimbursement for three CNG related projects and the Commission conducted its due diligence investigations. First, AGLC filed information for the City of Atlanta-Claire Drive Project in the amount of \$1,547,668; the disbursement from the USF was wired on January 8, 2015. Second, AGLC filed information for the City of Atlanta-North Avenue Project in the amount of \$1,434,281; the disbursement from the USF was wired on January 8, 2015. Third, AGLC filed information for the Pine Timber Oglethorpe Project in the amount of \$1,836,466; the disbursement from the USF was wired on May 21, 2015.

Docket No. 34451-36246: AGLC's 2012-2013 USF Facilities Expansion Plan (2012-2013 Plan)

On April 2, 2013, the Commission approved AGLC's 2012-2013 Plan. AGLC filed quarterly reports and the Commission reviewed the status of the projects. During 2015, AGLC filed for reimbursement of four line-extension projects and the Commission conducted its due diligence investigations. First, AGLC filed information for the South Murray County Project in the amount of \$2,493,187; the disbursement from the USF was wired on January 8, 2015. Second, AGLC filed information for the North Murray County Project in the amount of \$1,740,367; the disbursement from the USF was wired on May 7, 2015. Third, AGLC filed information for the Banks County Project in the amount of \$4,254,834; the disbursement was wired on November 19, 2015. Fourth, AGLC filed information on the Schley County Project in the amount of \$428,438; the disbursement was wired to AGLC on November 19, 2015.

Docket No. 37439 AGLC's Year 2014 USF Facilities Expansion Plan (2014 Plan)

On December 5, 2013, the Commission approved AGLC's 2014 Plan. On May 28, 2014, the Commission approved AGLC's Amended 2014 Plan-I to add an additional line-extension project. AGLC filed quarterly reports and the Staff reviewed the status of the projects. On October 28, 2014, the Commission approved AGLC's Amended 2014 Plan-II to add an additional line-extension project. During 2015, AGLC filed for reimbursement of two line-extension projects and Staff conducted its due diligence investigations. First, AGLC filed information for the Oconee County Project in the amount of \$480,653; the disbursement from the USF was wired on January 8, 2015. Second, AGLC filed information for the White County Project in the amount of \$6,880,716; the disbursement from the USF was wired on November 19, 2015.

Docket No. 38804 AGLC's Year 2015 Universal Service Fund Facilities Expansion Plan (2015 Plan)

On October 28, 2014, the Commission approved AGLC's 2015 Plan. On July 10, 2015, the Commission approved AGLC's Amended 2015 Plan-I to add an additional line-extension project. AGLC filed quarterly reports and the Staff reviewed the status of the projects. During 2015, AGLC filed for reimbursement of one line-extension projects. AGLC filed information for the Fannin County Project in the amount of \$1,761,588. After the Commission conducted its review, the disbursement from the USF was wired on November 19, 2015.

Docket No. 39869 AGLC's Year 2016 USF Facilities Expansion Plan (2016 Plan)

On September 1, 2015, AGLC filed its 2016 Plan with the Commission. As part of its investigation, the Commission issued its First Set of Data requests to gather information on October 19, 2015. Staff received a response to the data request on November 18, 2015. However, the Commission had ongoing issues with the Appling County, Wheeler County, and Brantley County projects. Through the end of December 2015, the Commission was working with AGLC to resolve the issues, but the efforts would continue into January 2016. Please see the table below.

Table-2016 Plan

Revenue Ranking	Corridor	Total Revenue	Construction Costs	CIAC Gross-Up	Financing Costs	Cost to Serve	Benefit Ratio
1	Brantley-Glynn	\$5,351,439	\$10,100,000	1.2988	1.018125	\$13,355,642	0.5298
2	Macon East	\$735,105	\$3,380,000	1.2988	1.018125	\$4,205,044	0.2312
3	Macon West	\$735,105	\$4,620,000	1.2988	1.018125	\$5,818,299	0.1671
4	Appling	\$314,004	\$2,797,500	1.2988	1.018125	\$3,699,248	0.0849
5	Wheeler	\$205,171	\$6,270,000	1.2988	1.018125	\$8,291,077	0.0327
	Total:	\$6,605,719	\$27,162,700			\$22,013,668	

Docket No. 15326 Universal Service Fund (USF)

During 2015, the Commission reconciled the USF bank statements and tracked all deposits and expenditures and found no material issues with the reporting from the USF escrow

account agent. On August 3, 2015, the Commission sent the fiscal year 2015 required USF reporting to the State Accounting Office that included the following documents:

1. FY 2015 SAO Investments Form-USF
2. FY 2015 SAO Form 470 Trial Balance Shell-USF
3. FY 2015 SAO Custodial Risk Form-USF (Completed by SunTrust Bank)
4. FY 2015 SAO Cash & Deposits Form-USF
5. June 2015 USF Escrow Account Bank Statement

Beginning January 1, 2015, the USF had funds totaling \$67,304,936. During the year, the deposits totaled \$14,515,551 and the expenditures totaled \$22,721,588. This resulted in a net shortfall of \$8,205,536, and an ending December 31, 2015 balance of \$59,096,400. Please see Table-USF-I below. The rise in expenditures over deposits can mainly be attributed to the USF Plan encumbrances to AGLC that came due as projects were completed and AGLC sought reimbursement. By December 31, 2015, USF encumbrances totaled \$37,900,008 with \$32,681,365 related to AGLC USF projects, \$1,618,643 related to Regulated Provider Group-1 obligations in Docket No. 38703, and \$3,600,000 low-income assistance obligations in Docket No. 12897. As of December 31, 2015, the USF unencumbered fund balance was \$21,196,392.

Table-USF-I

Starting Balance: January 1, 2015	\$67,301,936
Account 400 – Funding	\$14,515,551
Account 500 – Expenditures	\$22,721,088
Net Funding/(Shortfall)	(\$8,205,536)
Ending Balance: February December 31, 2015	\$59,096,400
Encumbrances:	\$37,900,008
Unencumbered Balance	\$21,196,392

Docket No. 34734 Liberty Utilities Corporation (Liberty) (Peach State Natural Gas) 2015 Georgia Rate Adjustment Mechanism (2015 GRAM)

During 2015, the Commission reviewed financial reporting that Liberty filed and examined their income statement and balance sheet accounts and traced their return on equity (ROE). Natural Gas staff held meetings with Liberty and submitted data requests to gather additional information. On December 27, 2011, the Commission approved an alternative form of ratemaking in O.C.G.A. 46-2-23.1 for Atmos Energy where the company filed annual reports to have its rates adjusted. This process is called the Georgia Rate Adjustment Mechanism or GRAM. On October 1, 2015, Liberty filed its 2015 GRAM asking for a rate increase of \$3,385,934 based on an ROE of 8.74%. The 2015 GRAM consisted of 11 schedules and 48

work-papers. The Commission reviewed the materials and data requests to gather additional information.

After several meetings to resolve issues, Liberty filed its 1st Revised 2015 GRAM on January 25, 2016. After the Commission raised additional issues, Liberty filed its 2nd Revised GRAM on January 29, 2016; the Staff raised additional issues with the filing. After Liberty addressed these issues, they filed a 3rd Revised 2015 GRAM on February 5, 2016. The 3rd Revised 2015 GRAM called for a revenue requirement of \$862,744 on an ROE of 10.50%. Though Liberty has a target ROE of 10.70%, the GRAM called for an ROE band of 10.5% - 10.90%. Since Liberty was earning below the band, rates are adjusted up to the bottom of the band. Additionally, Liberty had an unrecovered amount of \$1,862,785 from a prior period for a total revenue requirement and rate increase amount of \$2,725,530. The projected revenues for the Rate Effective Period, March 1, 2016 – January 31, 2017, was \$27,414,914. This issue will go before the Commission in February 2016.

Docket No. 38137 2014-2015 Liberty Utilities Gas Supply Plan

On September 17, 2015, the Commission approved Liberty's 2015-2016 Gas Supply Plan in Docket 39388. The plan identified the interstate storage and peaking assets needed to meet the company's forecasted peak demand for its 56,270 customers in the Gainesville and Columbus service areas. The 2015 to 2016 Gas Supply Plan included the methodology used to forecast peak day design, the appropriate capacity reserve margin and the associated turn back of capacity. This gas supply plan is in effect until September 30, 2016. The Company will file the next gas supply plan by July 1, 2016.

As part of the 2013-2014 and 2014-2015 plan years, the Commission conducted a Purchase Gas Adjustment (PGA) Audit at the Liberty offices in Columbus, Georgia. This audit was conducted in October of 2015. Commission staff reviewed invoices and revenue reports to ensure compliance and confirmed Liberty's compliance with PGA guidelines.

Active Natural Gas Marketer Update

At the end of 2015, fourteen (14) natural gas marketers were certificated and actively serving customers in the AGLC territory. On September 30, 2015, Everyday Energy, LLC (Everyday Energy), d/b/a Energy Rewards filed an application to become a certificated marketer. On November 18, 2015, the Company's application was deemed complete. On November 23, 2015, , Peninsula Energy Services Company, Inc. d/b/a/ PESCO, a wholly owned subsidiary of Chesapeake Utilities Corporation, filed an Application for a Natural Gas Certificate of Authority. On February 2, 2016, PESCO submitted the last of the information requested in the Staff's December 22, 2015 Second Letter of Incompleteness. During the March 1, 2016 Administrative Session, the Commission approved a Procedural and Scheduling Order for a timeline to consider the PESCO application.

Natural gas marketers file financial statements at the Commission. These reports provide financial information that the Commission utilizes to conduct monthly, quarterly, and annual analyses in addition to calculating financial ratios. The Commission examines the financial analyses to monitor their financial health. The ultimate goal of examining the financial statements is to identify financial trends over a period of time for each particular natural gas marketer and to monitor each company's financial viability.

In addition, the Commission analyzes all natural gas marketers' parent company financial statements to determine their financial impact on the Georgia natural gas market. The Commission utilizes the same analysis methodology for all natural gas marketers and communicates to the natural gas marketers any discrepancies that were identified during the financial analysis process for resolution.

Docket No. 34432/38703 Regulated Provider

As of December 31, 2015, the Regulated Provider (SCANA) had a total of 59,467 customers, with 20,145 designated as Group 1 and 39,322 designated 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 those who cannot obtain service from other marketers due to poor credit or no credit. On May 28, 2015, the Commission selected SCANA to serve another term as the Regulated Provider from 2015-2017. During 2015, the Commission approved \$1,372,408.06 for Group 1 customer assistance to be used towards customers' monthly bills. No such funds are available for Group 2 customers.

Certificates of Public Convenience and Necessity

The Commission's Natural Gas and Facilities Protection Units worked together on the County-Wide Natural Gas Safety Plans (CWSP) (Commission Rule 515-9-7-.01) to ensure that the plans are in place and safety-based boundaries conform to the Certificate of Public Convenience and Necessity which govern where natural gas providers may locate their facilities. Where necessary, new certificates were granted or existing certificates amended (Commission Rule 515-7-1, *et. seq.*). Natural gas providers within each county must develop a CWSP delineating safety and emergency response procedures for use during natural gas emergencies and be qualified to operate natural gas distribution systems. Commission personnel met with the stakeholders often during the course of 2015. By the close of 2015, the Commission had either granted or amended six (6) additional Certificates affected by this process, bringing the total to sixty-three (36) Certificates of Public Convenience and Necessity that were affected the by the CWSPs.

Docket No. 4167 Audit of AGLC's Manufactured Gas Plant (MGP)

In 1992 Atlanta Gas Light Company requested an Environmental Response Cost Recovery Rider proposing a mechanism for recovering costs associated with the cleanup of MGP sites, three (3) of which are in Florida. After holding hearings the Commission adopted a settlement. Since 1992, the Commission has conducted quarterly audits of capital expenditures related to the cleanup of twelve (12) MGP sites where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and groundwater.

AGLC ratepayers pay a surcharge to assist with this cleanup. The Commission audits the expenditures for accuracy and financial prudence. The program fiscal year runs from July 1 to June 30, and Staff files an audit report for costs in each fiscal year. During the 2015 fiscal year, the Staff audited the costs associated with Year 23. Since the inception of the MGP program, the total amount allocated to the natural gas ratepayers has been \$264,485,124.22. To date, ratepayers have paid over \$252,610,253.85 recovery costs for the MGP cleanup.

Docket No. 8516 AGLC's Pipe Replacement Program (PRP)

In September 1998, the Commission approved a stipulated agreement that directed AGLC to implement a Pipe Replacement Program (PRP) to replace corroded and leaking pipes. At that time the Commission and the Company identified 2,312 miles of bare steel and cast iron pipe for replacement during the 10-year period ending in 2008. Later, this mileage was revised to 2,700 miles. As part of the AGLC rate case agreement in Docket No. 18638, the PRP was extended from a 10-year program to a 15-year program, ending December 31, 2013. The PRP is funded through a surcharge on customers' bills. The surcharge is fixed at \$1.95 for residential customers. G-11 tariff customers pay three times \$1.95, and G-12 tariff customers pay 25 times \$1.95. Since the approval of AGLC's STRIDE program in October 2009, an additional \$0.57 per customer has been assessed. The current amount charged to residential customers is \$2.52. As part of the stipulation, the Commission performed quarterly audits to ensure the expenses incurred by AGLC were prudent, consistent with Commission orders, and adhered to contract agreements. During the 15 year history of the PRP, the Staff performed 60 quarterly audits and prevented \$9 million in inappropriate costs from being charged to natural gas ratepayers.

On December 31, 2013, AGLC declared the PRP program ended, but structural issues with one of the major PRP projects called the Eastside Pipeline caused this part of the program to continue after this date. The affected pipe was removed from the PRP rate base to ensure the costs to repair and replace affected sections wouldn't be charged to the program. On March 2, 2015, AGLC filed for a true-up of the PRP program stating that it has under-recovered its revenue requirement by \$177.5 million. The Commission and AGLC engaged in meetings to resolve outstanding issues regarding the Eastside Pipeline Project, Docket No. 38664, and the PRP true-up. On October 6, 2015, the Commission approved a stipulation between the Staff and AGLC that reduced the PRP true-up amount from \$177.5 million to \$144 million. A \$30 million reduction to the Eastside Pipeline Project costs related to Corrosion and NDE repair/replacement would get booked to rate base and AGLC could not seek recovery of that amount until after March 31, 2017. The PRP surcharge would increase from \$1.95 per customer per month by \$0.15 with that amount permanently shifted from the STRIDE surcharge in Docket No. 29950. The Commission approved an Option-B Phase-In with the following three-year increase. Please see Table-PRP-I below:

Table-PRP-I

	Three-Year Phase-In	Total Per Month Surcharge
Current PRP Surcharge		\$2.10
October 1, 2015 Phase-In	\$0.82	\$2.92
October 1, 2016 Phase-In	\$0.81	\$3.73
October 1, 2017 Phase-In	\$0.81	\$4.54

The PRP rate base will be recovered using the surcharge through December 31, 2025. AGLC will file annual reports to update the status of the surcharge to ensure there is not under-recovery. The Commission will review the annual reports and take action if needed.

Docket No. 12509 Liberty Utilities Georgia Corporation's (Liberty) Cast Iron and Bare Steel Retirement Program

In April 2001 the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Liberty's (formerly Atmos Energy) territory 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 a combined total of 230 miles of pipe and appurtenances in the Columbus and Gainesville areas.

After auditing this cast iron and bare steel retirement program for the year ending September 30, 2014, the Commission approved a monthly surcharge of \$10.06 for residential, \$30.19 for commercial and \$251.61 for industrial customers, effective October 1, 2015. Staff audited Company records pertaining to the program for the fiscal year ending September 30, 2014. During that timeframe Liberty spent \$761,876 to retire 2.72 miles of bare steel pipe and install 2.77 miles in the Gainesville area. In Columbus cast iron pipe replacement was completed in 2013. Replacing the pipe also resulted in the company not spending \$24,570 in operations and maintenance expenses.

Docket No. 37370 and Docket No. 37371 AGLC's Integrated System Reinforcement Program 2.0 and Integrated Customer Growth Program 2.0 for 2013 to 2017

In 2014 the Commission issued Orders approving stipulated agreements continuing two of AGLC's distribution system improvement programs through 2017. The programs are the Integrated System Reinforcement Program (i-SRP 2.0) Plan in Docket No. 37370 for new pipeline infrastructure for system reliability and the Integrated Customer Growth Program (i-CGP 2.0) Plan in Docket No. 37371 for immediate and long term customer growth on AGLC's distribution system. These programs were initiated four years ago in 2010 in Docket No. 29950. During the next three years, \$261 million will be invested to ensure the availability of adequate capacity, pressure, and resources for safe and reliable natural gas delivery.

The programs are part of the Georgia STRIDE (Strategic Infrastructure Development and Enhancement) Program and the agreements include the following terms:

- The Commission maintains final approval authority over all projects.
- The Company files quarterly, semi-annual and annual reports with the Commission on expenditures and progress of all projects.
- The 2013 to 2017 i-SRP 2.0 Plan addresses distribution system reliability issues in Coweta, Fayette, Gwinnett, Hall, Forsyth and Dawson Counties.
- The estimated cost of the projects under the i-SRP 2.0 Plan is \$214.8 million.
- Cost recovery of \$1.16 per month will be phased in over three years beginning on the first marketer bills after January 1, 2015. All firm customers paid an additional \$0.39 per month through December 2015, then will pay another \$0.39 per month through December 2016 and then add an extra \$0.38 per month thereafter for a total of \$1.16 through October 2025 for the i-SRP program under Georgia STRIDE.
- The 2013 to 2017 i-CGP 2.0 Plan is comprised of the strategic corridor investment program, the Liberty County project, and in 2015 Phase I of the Gilmer County Project was under the approved \$46 million i-CGP II program.

The Commission continues to conduct quarterly prudence audits for both programs.

Docket No. 29950: AGLC's Integrated Vintage Plastic Replacement Program

On November 13, 2014, AGLC filed a Second Amended Stipulation to the Integrated Vintage Plastic Replacement Program (i-VPR) under Georgia STRIDE. The Stipulation represented the culmination of a collaborative effort between AGLC and Staff.

This Second Amended Stipulation fulfilled the requirement of the August 6, 2013 agreement the Commission approved for the Commission Staff and AGLC to determine the manner in which incremental non-capital expenses should be recoverable under the i-VPR program. The Second Amended Stipulation addressed:

- The mechanism, process and timeframe for recovery of Operations and Maintenance costs;
- The specific accounting codes that will be used to track the expenditures;
- The limits on the Operations and Maintenance costs recovered to only those Operations and Maintenance expenses charged to the specified accounts outlined in this Second Amended Stipulation, and associated with AGLC's 2013-2017 Integrated Vintage Plastic Replacement Program, approved by the Commission on August 6, 2013;
- The requirements for AGLC to annually review the accounting codes to determine if account changes are warranted, with approval needed by both Commission Staff and AGLC before any changes can be made, and
- The manner in which capital start-up costs will be addressed.

Georgia STRIDE consists of four facilities construction and installation programs: the current Pipeline Replacement Program (PRP), the Integrated System Reinforcement Program (i-SRP), the Integrated Customer Growth Program (i-CGP), and the Integrated Vintage Plastic Replacement program (i-VPR).

The Natural Gas Unit continues to conduct quarterly prudence audits of all programs under the Georgia STRIDE program in compliance with the Commission's Orders.

Docket No. 28871 AGLC's Petition to Renew and Extend Rate E-1 Tariff

On January 29, 2015, AGLC filed a petition with the Commission to "Renew and Extend Rate E-1 of Atlanta Gas Light Company's Tariff" as part of its Georgia Sustainable Environmental and Economic Development Pilot Program (Georgia SEED) approved in March 2009 to make the SEED Program permanent with no termination date. Following a thorough review of the petition, on March 11, 2015 the Commission approved the reactivation of the SEED program, with no expiration date.

On April 22, 2015, AGLC filed a petition for the Commission's review and approval of a SEED contract with the following company.

Rayonier Performance Fibers, LLC (Rayonier)
4474 Savannah Highway
Jessup, Georgia 31545

In 2014, the Performance Fibers Division was spun off to become a separate company with the name Rayonier Advanced Materials. Rayonier manufactures wood pulp and high purity cellulose specialty products that are used in numerous end products.

AGLC sought to offer Rayonier services under the SEED tariff in Section 2.1(b) of the SEED Rate Schedule, SEED Class 2.

- 2.1 This Rate Schedule allows the Company to offer customer-specific services according to the terms and conditions as agreed to between the Company and Customer, including, but not limited to, the following:
- (b) SEED Special Developmental Rates designed to encourage the location of significant environmental projects or economic development projects in Georgia and allow the Company to fully recover from the Customer over the duration of the contract its capital investment, fees, expenses, costs and other charges; (SEED Class 2):

AGLC's petition stated that Rayonier would have the opportunity to create additional jobs based on the proposed infrastructure expansion. Additionally, AGLC stated that Sections 3.3 and 3.4, of the E-1 tariff, would apply since Rayonier would engage in infrastructure enhancements and produce environmental benefits. Altogether, the Plant was responsible for generating 2,275 jobs (i.e., approximately 19% of Wayne County's total employment in 2011), including \$140 million in annual wages and salaries.

Staff's Analysis

The Staff analyzed AGLC's petition and found it to be whole and complete. The SEED contract detailed services provided to Rayonier by AGLC for a specific payback period. The services provided are considered non-jurisdictional and has no impact on AGLC's rate base or customer classes. The purpose of the services is for AGLC to construct 9,500 feet of eight inch steel main from the Magnolia Line (formally the Brunswick Lateral), owned by another Atlanta Gas Light Resources affiliate company called Magnolia Enterprise Holdings and leased to Southern Natural Gas. The new main will end at Rayonier's facilities in Jesup, Georgia with an estimated cost of \$2.5 million. The Commission found no issues with AGLC's proposed capital expenditures and services that will be provided to Rayonier as part of the SEED program. On June 22, 2015 the Commission approved AGLC's SEED contract with Rayonier.

Liberty Monthly Financial Report Docket No. 30442

Liberty submitted monthly financial reports which contained the income statement, customer count, storage capacity, capital structure, and thermal unit count. The company also prepared monthly, quarterly, and annual comparisons, trend analysis using Excel formulas and spreadsheets, and ratios for net profit margin. Data requests are mailed on a quarterly basis to obtain financial statements. Liberty filed their perspective financial statement which contains the income statement, balance sheet, cash flow statement and customer count. The financial statements are reviewed and analyzed for financial solvency. Staff prepared monthly, quarterly, and an annual comparison. Staff also prepared ratios for debt ratios, current ratios, debt to equity ratios, quick ratios, cash working capital, and financial reviews using Microsoft Word discussing material changes.

Telecommunications Unit

The telecommunications industry is indispensable to the economy of the state. 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. For competitive segments of the industry, the Commission does not set rates, but facilitates market development, certifies providers, arbitrates interconnection agreements, and resolves complaints among competitors

SIGNIFICANT DEVELOPMENTS IN THE TELECOMMUNICATIONS INDUSTRY IN 2015

In 2015 the Commission granted certificates of authority to three long-distance resellers, six competitive local exchange providers, one inter-exchange service providers and two institutional telecommunication service providers. The total number of active certificates in 2015 was 837, distributed among industry segments, as follows: 240 resellers, 47 alternative operator service providers, 220 competitive local exchange providers, 84 inter-exchange service providers, 193 payphone service providers, 23 institutional telecommunication service providers and over 30 incumbent local exchange service providers. The Commission approved 48 interconnection agreements and designated eight companies as Competitive Eligible Telecommunications Carriers (ETC).

Eligible Telecommunications Carriers (ETC)

The Commission continues to monitor the activities of the competitive ETCs it has approved since 2008. In 2015, the Commission approved one new competitive ETC, bringing the total number of competitive ETCs to 16. An ETC, upon designation by the Commission, is eligible to receive federal support for serving high-cost areas, providing Lifeline-discounted telephone service to qualifying low-income customers, or both. These ETCs will provide greater choice for low-income consumers and those living in rural areas.

Universal Access Fund (UAF)

On December 12, 2014 Tier II Independent Local Exchange Carriers (ILEC) filed requests for an aggregate disbursement of \$24,578,193 for the 20th UAF year covering the period July 1, 2013, through June 30, 2014. All applicants were audited by Victor Hurlbert, CPA. Under a Commission-approved process, an ILEC applicant can choose to have its application considered on one of two "tracks." Under Track 1, the applicant voluntarily limits its request to no more than \$1,000,000 in a streamlined process that does not ordinarily require a hearing. Under Track 2, the applicant can request a disbursement exceeding \$1,000,000 but would undergo a mandatory hearing during which any party could raise concerns regarding any aspect of the application.

In 2015 the Commission approved total disbursements for the 20th UAF year of \$17,904,563 with the aggregate annual cap amount remaining at \$1,000,000 each for Track 1 carriers. The approved disbursements are listed below.

Applicant	Approved Disbursement
Alma Telephone Company	\$ 126,781.00
Blue Ridge Telephone Company	\$ 1,000,000.00
Brantley Telephone Company, Inc.	\$ 547,014.00
Bulloch Telephone Cooperative	\$ 973,404.00
Camden Telephone & Telegraph Co., Inc.	\$ 1,000,000.00
Chickamauga Telephone Corporation	\$ 448,824.00
ComSouth Telecommunications, Inc.	\$ 416,093.00
Darien Telephone Co., Inc.	\$ 1,000,000.00
Glenwood Telephone Company	\$ 338,097.00
Hart Telephone Company	\$ 749,556.00
Nelson-Ball Ground Telephone Company	\$ 1,000,000.00
Pembroke Telephone Company, Inc.	\$ 766,775.00
Pineland Telephone Cooperative, Inc.	\$ 692,865.00
Plant Telephone Company	\$ 866,134.00
Planters Rural Telephone Cooperative	\$ 191,029.00
Progressive Rural Telephone Co-op., Inc.	\$ 1,000,000.00
Public Service Telephone Company	\$ 2,919,814.00
Ringgold Telephone Company	\$ 2,712,756.00
Trenton Telephone Company	\$ 1,000,000.00
Waverly Hall Telephone, LLC	\$ 155,421.00
	\$ 17,904,563.00

House Bill 168, which took effect on June 4, 2010, phased out intrastate access charges and allowed the lost revenue to be offset by higher basic service rates. Pursuant to the statute, the Commission first determined a benchmark local service rate by calculating 110% of the July 1, 2009 residential statewide average rate for basic local exchange service. Next, the Commission set a schedule by which local rates would be increased to the benchmark rate. The approved schedule required basic local exchange service rates to increase by an amount not to exceed \$1.61 per month per year for a period of nine years with a true-up in the tenth year. For 2016, the statewide benchmark was increased to \$20.09, after adjusting for inflation.

Telecommunications Relay Service (TRS)

Hamilton Telecommunications has been the Georgia TRS provider since April 2006. Headquartered in Nebraska, Hamilton currently provides relay service in 17 states. Hamilton, known here as Georgia Relay, operates a call center in Albany, Georgia, seven days a week, 18 hours a day, employing over 160 communications assistants. In 2015, the Relay Center in Albany processed an average of almost 50,000 relay calls per month. The total cost paid from the TRS fund was \$1.24 million for 2015. The TRS portion was \$344,487.

With Commission approval, Hamilton implemented Captioned Telephone Service (CapTel®) in Georgia in January 2008. An enhanced form of relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations. Over 1,300 subscribers now use the system, averaging approximately 30,000 calls a month. The cost of this service for 2015 was \$892,173.

Telecommunications Equipment Distribution Program (TEDP)

The Commission established the Georgia TEDP in March 2003 pursuant to 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 8,571 equipment items, which includes approximately 1,100 CapTel® phones, have been distributed to hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired (GACHI) to be the distribution agency for the Georgia TEDP. The cost of this service for 2015 was \$903,749.

Additionally, Georgia TEDP launched an iPad Pilot Program in 2015. The Commission approved \$73,699 for the expansion of this program. The 60 iPads (30 iPad Minis and 30 iPad Air 2s) replaced some of the older equipment such as TTY 4425, TTY Pro80, TTY Q90, Fortissimo and all CapTel telephones referenced in Georgia's TEDP current budget plan.

Audible Universal Information Access Service (AUIAS)

In 2006 the Legislature created a statewide AUIAS to provide blind and print-disabled citizens of Georgia with telephonic access to print media publications. The law gave the Commission oversight of the service. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 2006, the AUIAS has provided continuous audible universal access to all Georgia telephone exchanges, 24 hours a day, seven days a week and 52 weeks a year. The system is accessible by dialing a toll-free or local number anywhere in the state and has the capacity to serve an unlimited number of subscribers. Currently, there are over 2,200 subscribers to this service. The total number of Georgia citizens that could potentially benefit from this service exceeds 25,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services. The cost of this service in 2015 was \$203,100.

Hearing Aid Distribution Program

In August 2007, the Commission approved the Hearing Aid Distribution Program according to the provisions of House Bill 655, which authorized use of TRS funds for the distribution of hearing aids. The Commission contracted with the Georgia Lions Lighthouse Foundation, a nonprofit organization that has provided hearing aids to low-income Georgians for over 30 years. Under the current contract the Foundation receives \$594,000 each year and \$3,240 for each child under the age of 21 who qualifies for this program. The Foundation partners with two hearing aid manufacturers and maintains a network of over 150 audiologists throughout the state. The program distributed 1,245 hearing aids to 669 applicants in 2015.

Consumer Affairs Unit

The Consumer Affairs Unit is the primary contact for consumers that want to make their concerns and issues known to the Commission. Consumers convey these concerns and issues in the form of complaints, inquiries, or opinions, collectively referred to as “contacts.” Consumers file contacts in person, via telephone, fax, regular mail, email and Internet. In 2015 the Consumer Affairs Unit experienced issues with our Automated Call Distributor (ACD) which resulted in a decrease in our normal call volume.

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

Consumer Affairs Staff has direct involvement with both the general public and industry representatives. This direct involvement 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 to complaint resolution, the Consumer Affairs Unit is responsible for consumer education and community outreach.

Inbound Contacts

The main method that consumers use to contact the Commission is by telephone. The Consumer Affairs Unit has two representatives who are dedicated to taking consumer calls. These staff members answer all calls coming through our ACD. Incoming Spanish calls are routed to bilingual staff members (one member is located in the Consumer Affairs Unit) for assistance.

The total number of calls reported by the Commission’s Automated Call Distributor (ACD) for 2015 was 15,578 (this includes Spanish calls).

Telephone calls comprised the majority of all inbound contact methods in 2015. Internet and e-mail contacts continued to be the second preferred method of contacting the Commission in 2015 with 4,623 internet and e-mail complaints and contacts.

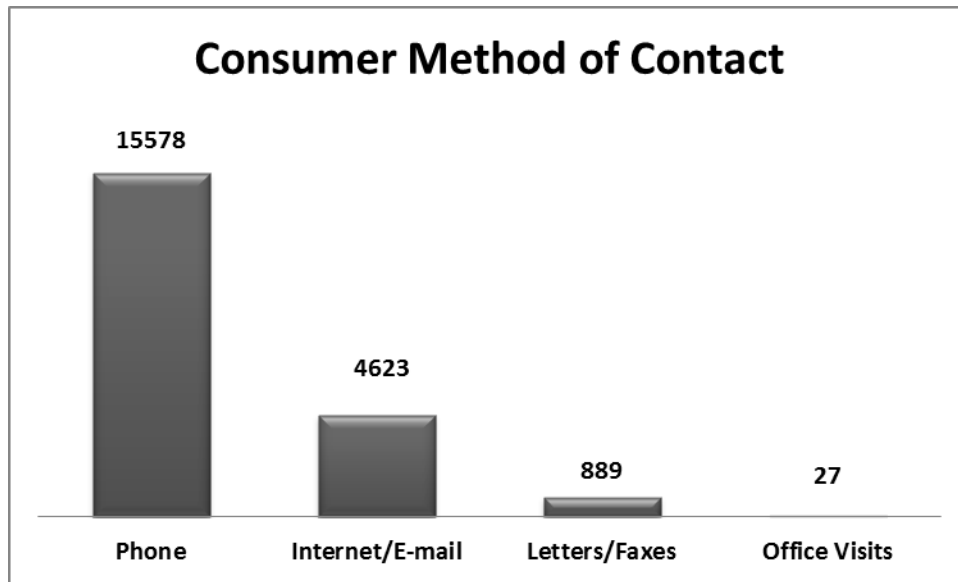
Regular mail and faxes were the next popular methods consumers used for communicating with the Commission. The total paper correspondence in 2015 (letters and faxes) was 889. The increase can be attributed to Lifeline Assistance forms.

The Office of Consumer Affairs also takes complaints from consumers that visit the Georgia Public Service Commission in person. In 2015 the Office of Consumer Affairs met with approximately 27 consumers to discuss issues with their bills, deposits, and to share information on energy assistance and Lifeline. This contact method represented less than 1% percentage of all contacts. In all, Consumer Affairs representatives received 21,117 inquiries, complaints, and opinions from the general public in 2015.

Some of the contacts received from consumers will require referral or follow-up by a Consumer Affairs staff member. Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Referrals are the instances that our staff has to send a contact to a utility company for a response. Follow-Ups include making calls or

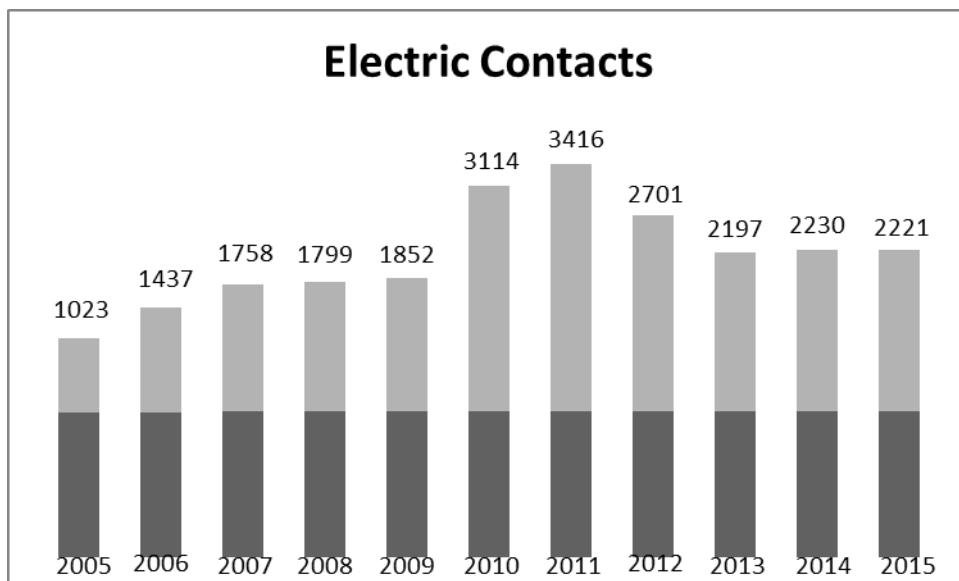
sending e-mails to the representatives for the utility as well as contacts to and from consumers.

CONTACT METHODS



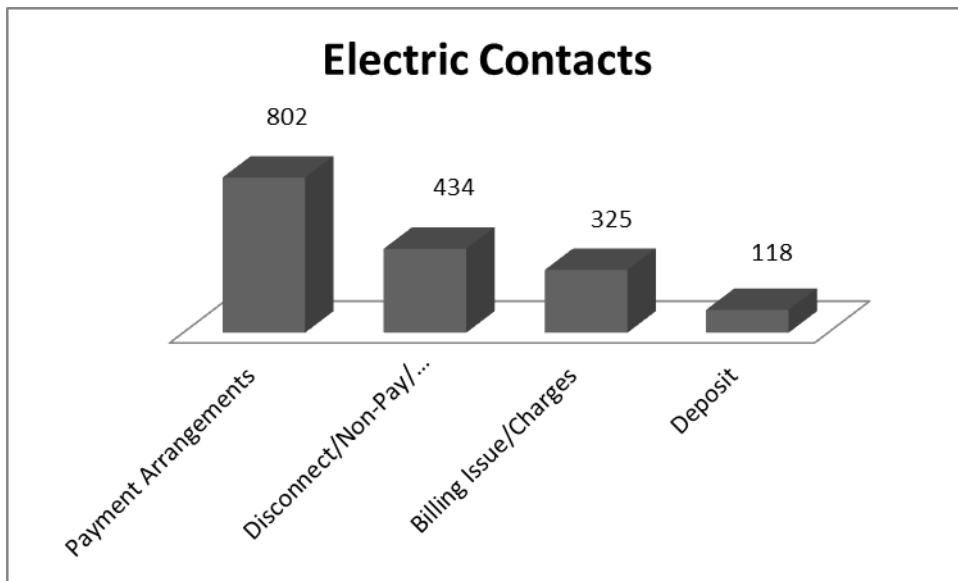
Electric Consumer Issues

Electric contacts decreased in 2015 from 2,230 to 2,221. The top three concerns for electric customers were pay arrangements, disconnect/non pay disconnect and billing issues.



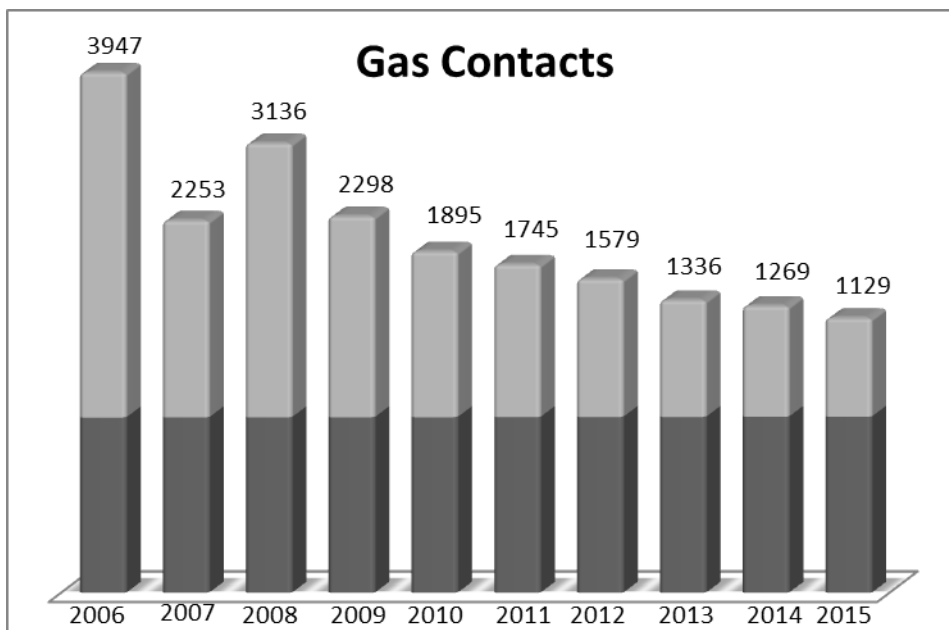
The major electric issue for 2015 was pay arrangements.

Top 5 Electric Issues

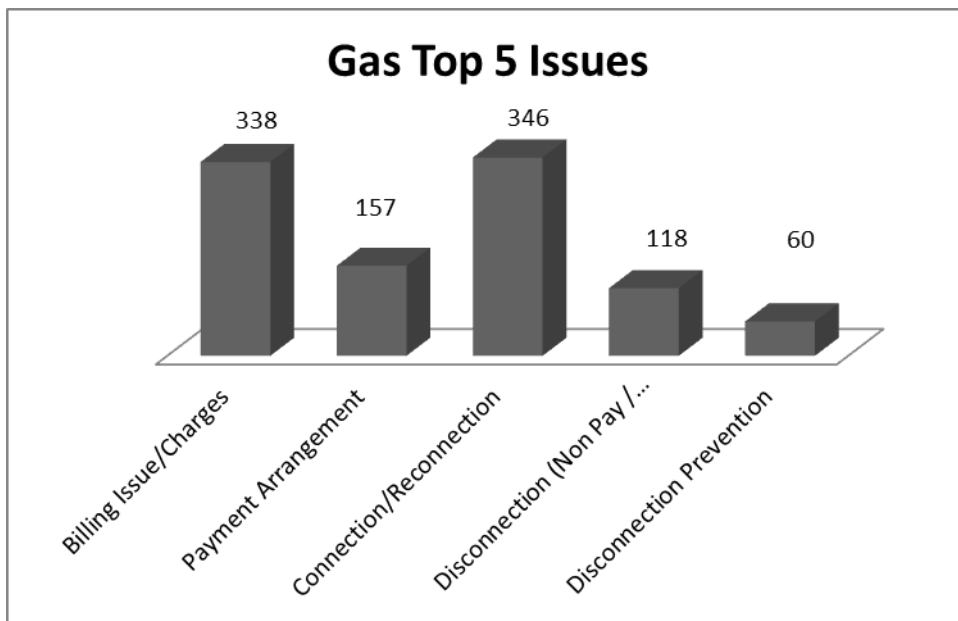


Natural Gas Consumer Issues

Natural Gas contacts decreased in 2015 from 1,269 to 1,129. The top three concerns for Natural Gas customers were billing issues/charges, pay arrangements and connection/reconnection issues.

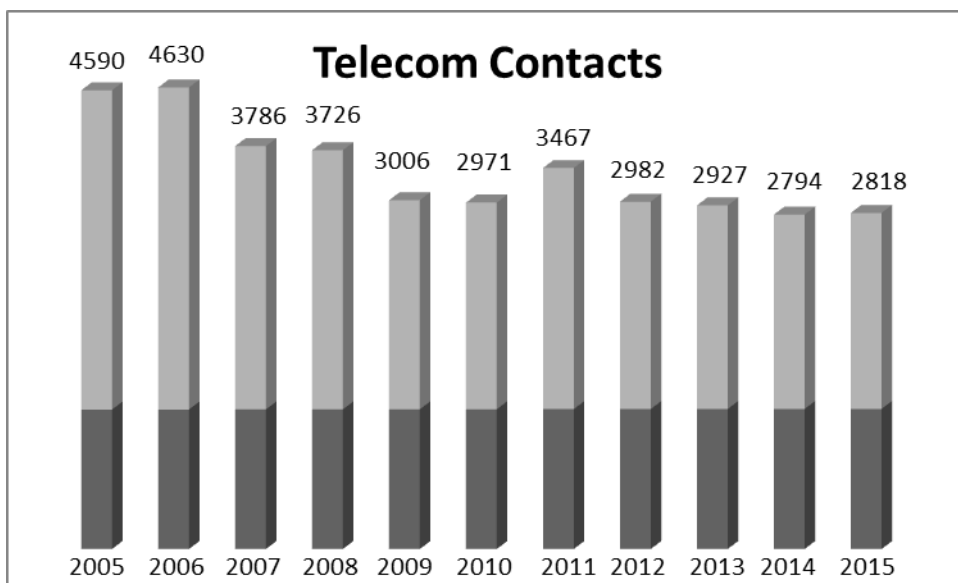


The major natural gas issues for 2015 were calls concerning billing issues/charges and reconnections/disconnections.

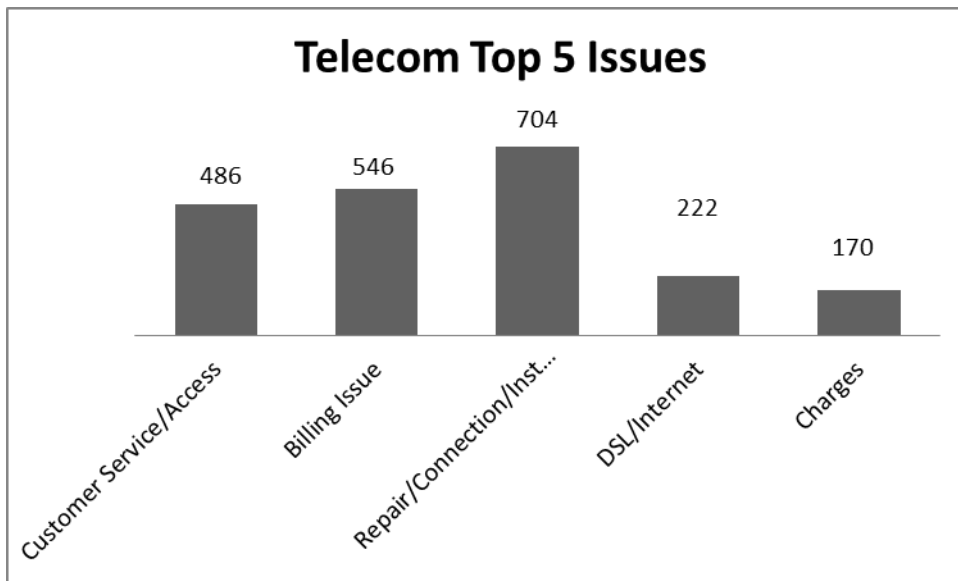


Telecommunications Consumer Issues

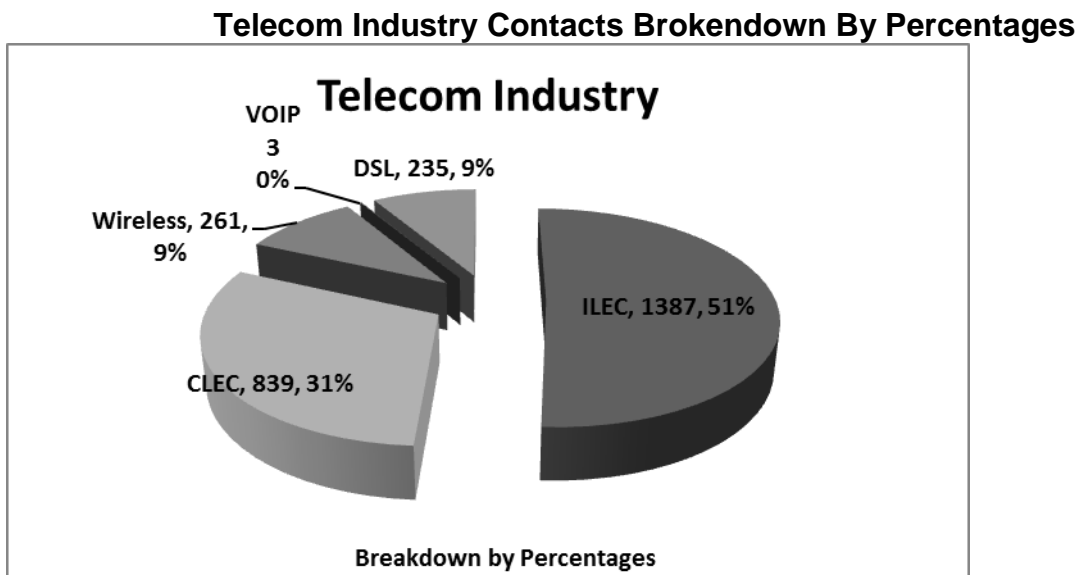
Telecommunications contacts increased in 2015 from 2,794 to 2,818. The top three concerns for telecommunications customers were customer service, billing issues, and repairs. There were 294 wireless complaints in 2015. There were 3 contacts for Voice over Internet Protocol (VOIP) and 277 DSL complaints for 2015.



The major telecom issues for 2015 were calls concerning customer service and customer access. These were calls from consumers that were unable to contact a “live person” by telephone through the customer service telephone number and or telephone service was not available in their area.



In 2015 Independent Local Exchange Carrier and Competitive Local Exchanges Carrier contacts made up 82% of all telecommunications calls to the Consumer Affairs Unit.



Consumer Affairs Community Outreach

The Consumer Affairs Unit continued their Outreach activities by giving presentations to community groups and organizations. In 2015 the Consumer Affairs Staff was also able to give presentations at the Service Providers Network Meeting sponsored by the Atlanta Housing Authority and update our information with the Atlanta Regional Commission. Consumer Affairs Unit representatives attended the annual H.E.A.T (Heating Energy Assistance Team, Inc.) meeting and the Senior Wellness and Resource Fair.

The Consumer Affairs Unit provided informational materials to community action agencies and groups involved in utility related activities. The Commission continued its efforts to increase public awareness of the mission of the Georgia Public Service Commission and our commitment to assist the public with their utility related concerns and issues.

Internal Consultants Unit

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for all of the units. The Unit provided technical, financial and economic analyses, as well as expert testimony as members of the Public Interest Advocacy Staff teams for major cases including project lead on Georgia Power's Fuel Cost Recovery (FCR-24) Application as well as Georgia Power's 12th and 13th Vogtle Semi-Annual Construction Monitoring cases. In addition, the Unit provided technical and policy advice and recommendations to the Commission as leaders of the Commissioner Advisory Staff teams in these contested dockets.

On December 18, 2014, the Commission approved the construction of a 30 MW solar photovoltaic installation at the Kings Bay Naval Base in Southeast Georgia. On July 29, 2015, the Commission approved the construction of a 46 MW solar project at the Marine Corps Logistics Base ("MCLB") in Albany, GA. In December 2015, the Commission approved the resizing of the MCLB project to 31 MW and the shifting of the remaining 15 MW of solar capacity to a site at the U.S. Army's Fort Stewart located in Hinesville, GA.

The Energy Efficiency and Renewable Energy (EERE) Section of the Unit continued to work on renewable issues including the monitoring of Georgia Power Company's voluntary Green Energy Program. Staff served as the project leader for Georgia Power's 2015/2016 Advanced Solar Initiative Distributed Generation Program. The Commission approved guidelines provided for MW to be competitively bid and the remaining 50 MW to be handled through an application process with preference given to Customer-sited locations. These projects are scheduled to be online by the end of 2016.

In 2014, the Commission approved the addition of two Oklahoma wind power facilities to be added to Georgia Power's generation portfolio. The Commission also required Georgia Power to conduct a Request for Information ("RFI") on the opportunities for additional wind procurements. Georgia Power conducted the RFI which concluded on January 14, 2015. The Commission chose not to move forward with a Wind RFP in 2015 but will address the potential addition of renewable energy, including wind energy, in Georgia Power Company's 2016 IRP.

Throughout 2015, the EERE Staff brought before the Commission for consideration several change of control and other Power Purchase Agreement amendments that have allowed for the growth of Biomass projects and the recognition of the benefits that these projects bring to the State of Georgia.

In 2015, EERE Staff facilitated four Demand Side Management ("DSM") Working Group meetings which included the participation of stakeholders and Georgia Power. The purpose of these meetings was to assist in the development of Certified Energy Residential and Commercial Efficiency programs for the 2016 IRP. In July 2015, Georgia Power Company filed its Evaluation Measurement and Verification (EM&V). The results of the Report will be implemented for the 2016 programs and accurately reflects the energy savings resulting from

the EE programs. The Commission continued to work with Georgia Power to refine an Advanced Notification/Approval Process regarding modifications to the DSM programs in order that the most up to date information can be utilized

FACILITIES PROTECTION UNIT

During 2015 the pipeline safety inspectors of the Facilities Protection Unit monitored and inspected over 1,200 miles of transmission lines, nearly 44,000 miles of distribution pipeline, and more than 2 million service lines for transporting natural gas to Georgia customers in 147 counties. The pipeline safety inspectors evaluated operator compliance with state and federal pipeline safety regulations by conducting 252 inspections, including 44 Drug and Alcohol inspections, over 965 inspection days.

The Commission continued its damage prevention efforts in 2015 by giving 21 Georgia Utility Facilities Protection Act (GUFPA) presentations to over 410 attendees. The GUFPA investigators' participation in these meetings continued to strengthen the Commission's relationship with those groups across the state dedicated to damage prevention, such as, the Georgia Utility Contractor's Association, Plumbing Mechanical Association, the Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

Challenges in 2015 continued in Facilities Protection, as the group continued to enforce GUFPA, Federal, and State rules and regulations and continue to implement continuing regulations while facing personnel turn-over and loss of pipeline safety inspectors to the private sector.

Facilities Protection Unit

The Facilities Protection Unit of the Georgia Public Service Commission is composed of two distinct areas: Pipeline Safety and GUFPA enforcement.

The pipeline safety function is carried out under an agreement with the Pipeline and Hazards Materials Safety Administration (PHMSA) of the U.S. Department of Transportation (DOT). Pipeline safety inspectors are responsible for enforcing federal regulations for the safe installation and operation of natural gas pipelines. 2015 marked the 47th year of the Commission's relationship with PHMSA.

The Commission assumed responsibility for damage prevention efforts in 2000 following passage of the GUFPA. The goals GUFPA are to prevent injury to Georgia citizens and damage to buried utilities by requiring those who want to perform mechanized excavation to call before digging, so facility owners can mark the location of buried utility facilities to avoid damage.

Pipeline Safety

During 2015 the Facilities Protection Unit's pipeline safety inspectors monitored and inspected over 1,200 miles of transmission lines, nearly 44,000 miles of distribution pipelines, and more than 2,000,000 service lines transporting natural gas to Georgia customers in 147 counties. The Facilities Protection Unit evaluated operator compliance with state and federal pipeline safety regulations by conducting 252 inspections, expending 965 inspection days. For more complete information see the table below.

<u>Inspection Type</u>	Inspection Days			
	Distribution Operator	Transmission Operator	LNG Operator	TOTAL
Standard Comprehensive	492	15.5	4.5	512
Design, Testing, and Construction	34			34
Integrity Management	11.5	136	0	147.5
Operator Qualification	141.5	0	0	141.5
Investigating Incidents or Accidents	45	0	0	45
Compliance Follow-Up	82.5	3	0	85.5
				965.5

Georgia Utility Facility Protection Act (GUFPA) Enforcement

Efforts to prevent damage to buried utilities in Georgia stem from the requirements of the Georgia Utility Facility Protection Act (Act) of 2000, which assigns responsibility for enforcement to the Georgia Public Service Commission.

Facilities Protection is one of the few areas where Commission jurisdiction extends beyond the electric, telephone and natural gas industries. The Commission is responsible for enforcing the call before you dig laws for all utility facilities. During 2015 system owners and operators reported 4,133 incidents where facilities were damaged. Over half were damage to natural gas lines.

Reported Damages in 2015	
Natural Gas	2,322
Telephone	934
Electric	522
Cable TV	235
Water	113
Sewer	7
Total Non-Gas Incidents	1,811
Total Damages Reported	4,133

The Commission investigated 2,040 incidents where violations of the GUFPA law were alleged. The enforcement actions during the year included 312 hearings, 484 consent agreements and 102 final orders. Of the 1,740 cases closed, 1186 related to damaged natural gas lines. These cases concluded with the Commission's levying \$5,310,000 in civil penalties, of which \$4 million was mitigated with training.

To prevent incidents due to excavators' failure to appreciate the severity of possible damage when safety regulations are ignored or failure to understand the legal requirements, the Commission gives violators the option of attending safety training in lieu of paying the full civil penalty assessed. Many take advantage of this offer with 1,840 locators, excavators, and facility owners and operators attending one of the 211 Commission-approved dig law training presentations in 2015.

The Commission continued its other damage prevention efforts by providing 21 presentations by GUFPA investigators to over 410 attendees. The GUFPA staff's participation in these meetings strengthened the Commission's relationship with various groups across the states who are dedicated to damage prevention, such as: the Georgia Utility Contractor's Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

Additional Facility Protection Program Activities

The Commission's Pipeline Safety staff continued enforcing the federal public awareness regulations, Drug and Alcohol, Operator Qualifications, Construction, Comprehensive Inspections, and Integrity Management, etc. during 2015.

Throughout 2015, the Commission staff traveled to various regions of the state to provide additional education for municipal gas operators on the previous years' dig law changes, as well as information on the required distribution integrity management program implementation. The Facilities Protection Director continually offers training opportunities to the operators, as well as the option of requesting a conference to discuss any probable violations of the Federal or State pipeline safety rules.

As in previous years, during 2015, the Commission worked closely with the Georgia Municipal Association ("GMA") Gas Section to further educate the municipal elected officials and city managers on the role of the Commission. Unit Staff traveled to different regions of the state to ensure all municipals had the opportunity to participate in these meetings. In addition, Unit Staff attended the annual GMA conference to specifically discuss the roles and responsibilities for cities with natural gas systems. This working relationship will continue throughout 2016.

A great deal of effort has been spent traveling throughout Georgia to provide all natural gas municipals the opportunity to meet with the Unit Staff, to discuss any issues or concerns and to inquire about the Commission's expectations for inspections. This travel throughout the state will ensure that the municipal operators located outside of Metro Atlanta have the same opportunities as the operators located in the Metro Atlanta are to understand and inquire about the Commission's goals in facilities protection.

ADMINISTRATION DIVISION

During 2015 the Commission continued to maintain the highest standards in performing those administrative functions that enable the Commission to better serve the public by making the most prudent use of its resources. The Commission worked within the constraints of its budget to promote efficiencies and make the maximum use of taxpayers' monies to fulfill its mission.

The Commission's Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resource Office, Public Information and Legislative Liaison Office and the Office of Operations Support. 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, scheduling Commission proceedings, assigning hearing officers, signing and certifying Official Orders, and preparing lists of interveners for docketed matters.

In 2015, this Office opened 952 new case dockets; processed 5,045 filed documents; and filed 1,167 orders prepared for the Chairman's and Executive Secretary's signature. The number of dockets has grown tremendously over the past two decades.

During 2015, the Commission held 78 public hearings constituting either a quorum of the Commission or a hearing officer assigned by the Commission. 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, Facilities Protection, Telecommunications and Administrative Affairs.

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 and the Commissioners through interactions with the Governor's Office of Planning and Budget (OPB), the House Budget Office, the Senate Budget and Evaluation Office as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitors requests for the agency's State and Federal funding, purchasing, asset management and accurate financial reporting of results to Federal, State and other agencies as required or requested. In 2015, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding \$10.4 million dollars.

The Office continued to support the State Leadership in meeting all directives to control and reduce the overall budget for the Commission. Enhanced analytical and modeling tools were

implemented to monitor, control and forecast all expenses. The Office analyzed each budget item in great detail and revaluated them in order to submit budgets for AFY 2016 and FY 2017.

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 scheduled allotments of funds. The Commission's accounting functions (including Accounts Receivable, Accounts Payable, Payroll and General Ledger) are managed and performed using QuickBooks. The Commission's Payroll Processing and 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 (HRO) strives to meet the personnel and payroll needs of the Commission. This office remains available to assist employees in many work-related and personal areas.

The Commission staff continues to be an aging workforce. During 2015 two employees retired, and there are two more retirements expected during the first quarter of 2016. These retirements did, however, open the door for promotional opportunities for other staff members and a chance to help reduce the unemployment rate in Georgia. Speaking of retirement, the HRO conducted two Retirewise workshops during the year.

The Commission implemented Retirewise to help Commission employees more comprehensively plan for their future. Twenty-one employees participated in the first session and 12 more signed up for the second one. The feedback we received from attendees was very positive and the HRO plans to have more in the future. Even though retirement may be imminent for some employees, there are still many with long, bright futures here at the Commission as evidenced by our Faithful Service Awards Luncheon in December. The Commission recognized 12 members of the staff with more than half having 15 years or less. This gives them many more years to serve the people of Georgia.

Office of Operations Support

Fiscal year 2015 brought continued efficiency improvements to the Office of Operations Support. The team continued to focus on improving productivity, efficiency, network data continuity and researching open source code for development projects. Operations Support did upgrade the agency mail server for improved efficiency, compliance and security. We also upgraded aging data storage servers.

Our unit continues to strive to improve efficiency, productivity and to improve and monitor technology based operations and controls to provide security and data protection for the network.

The agency saw 1.24 million page-views on its website. Of these page-views 63.1% were new visitors and 36.9% were recurring visits. The most popular page-views are the Natural Gas List of Certified Marketers the Natural Gas Market price chart and the Docket File and Case tracking search page.

During 2015 the objectives of the Operations Support office were to improve network continuity, increase functionality of its web infrastructure, and utilize alternative technology such as open source code for development projects.

Public Information and Legislative Liaison Office

The Public Information Office (per O.C.G.A. §46-2-7) coordinates official Commission news releases, media relations and maintains the Commission's public information files. The Office also supervises the Commission's website content and manages the agency's internal communications. As the Commission's Legislative Liaison, the Office coordinates the Commission's legislative agenda. In 2015 the Office responded to numerous legislator inquiries relating to constituent concerns, tracked numerous pieces of legislation that impact the agency and the utilities it regulates, provided daily legislative updates, and coordinated the Commission's analysis and response to legislative proposals.

Local, state and national news media continued extensive coverage of Commission activities and proceedings, such as, the proposed Environmental Protection Agency Clean Power Rules, the Plant Vogtle nuclear construction project hearings and the Alternative Fueled Vehicles Road show. In 2015, the Public Information Office issued 22 news releases and 73 media advisories; responded to more than 100 local, state and national news media inquiries; conducted numerous interviews with local, state and national media; coordinated Commissioner interviews; and produced Commission publications for internal and external use.

The Office in conjunction with Consumer Affairs and NARUC coordinated the publicity campaign for Lifeline-Linkup Awareness week during September 9 through 15, 2015. The campaign included radio public service announcements and a statewide radio network interview. The Public Information Office continued to use social media by posting video news clips of Commission statements and news media coverage on its YouTube Channel and by using Twitter to release timely information.

Legislators introduced a number of bills relating to the Commission and utility operations. A list of bills monitored by the Commission, along with the bill sponsors and status, is provided below:

House Bills Acted on in 2015

House Bill 57	by Rep. Mike Dudgeon. Allows third-party financing of residential and commercial solar panels without violating the Territorial Act. Passed and signed by Governor
House Bill 201	by Rep. Don Parsons. Allows wireless devices to be used to access the Telephone Relay System. Passed House, held in Senate.
House Bill 241	by Rep. Chuck Efration. Brings municipal gas systems under provisions of the Natural Gas Deregulation Act. Held in House committee.
House Bill 284	by Rep. Harry Geisinger. Requires losing party to pay attorney's costs in suit challenging construction of utility facilities. Held in House Committee.
House Bill 556	by Rep. Don Parsons. Limits ability of PSC to distribute Universal Access Funds. Held in House Committee.
House Bill 558	by Rep. Don Parsons. Revises 9-1-1 system. Held in House Committee.

House Bill 667 by Rep. Karla Drenner. Provides for preferred payment plans for utility customers on fixed incomes. Held in House Committee.

Senate Bills Acted on in 2015

Senate Bill 191 by Sen. Lindsey Tippins. Prohibits local government from passing less lenient or stricter excavation ordinances. Passed Senate, held in House Committee.

Senate Resolution 389 by Sen. Judson Hill. Urges opposition to regulation in innovative and expanding market. Held in Senate Committee.

Senate Resolution 593 by Sen. Josh McKoon. Creates the Senate Power Grid Protection Study Committee. Held in Senate Committee.

Legislation Affecting Agency Operations and State Employees

House Bill 75 by Rep. David Ralston and others. Amends the State's Fiscal Year 2015 spending plan. **Passed and signed by the Governor.**

House Bill 76 by Rep. David Ralston and others. Sets the state budget for Fiscal Year 2016 beginning July 1, 2015. **Passed and signed by the Governor.**

COMMISSION ACTIVITIES IN 2015

Dig Safely Month 2015 Proclamation



Governor Nathan Deal (center) and First Lady Sandra Deal present Dig Safely Month Proclamation to representatives of the Commission, utilities, excavators and contractors on April 29, 2014

Commissioners Attend Groundbreakings of Solar Facilities at Georgia Military Bases



Commission Chairman **Chuck Eaton** (center) at Fort Stewart Groundbreaking May 15, 2015



Commissioner Stan Wise (far right) takes part in groundbreaking at Fort Gordon,
May 14, 2015



Commissioners Lauren “Bubba” McDonald (second from right) and
Commissioner Doug Everett (far right) at the U. S. Navy Submarine Base King’s Bay
groundbreaking
September 10, 2015

Lifeline Week Proclamation September 7-13, 2015



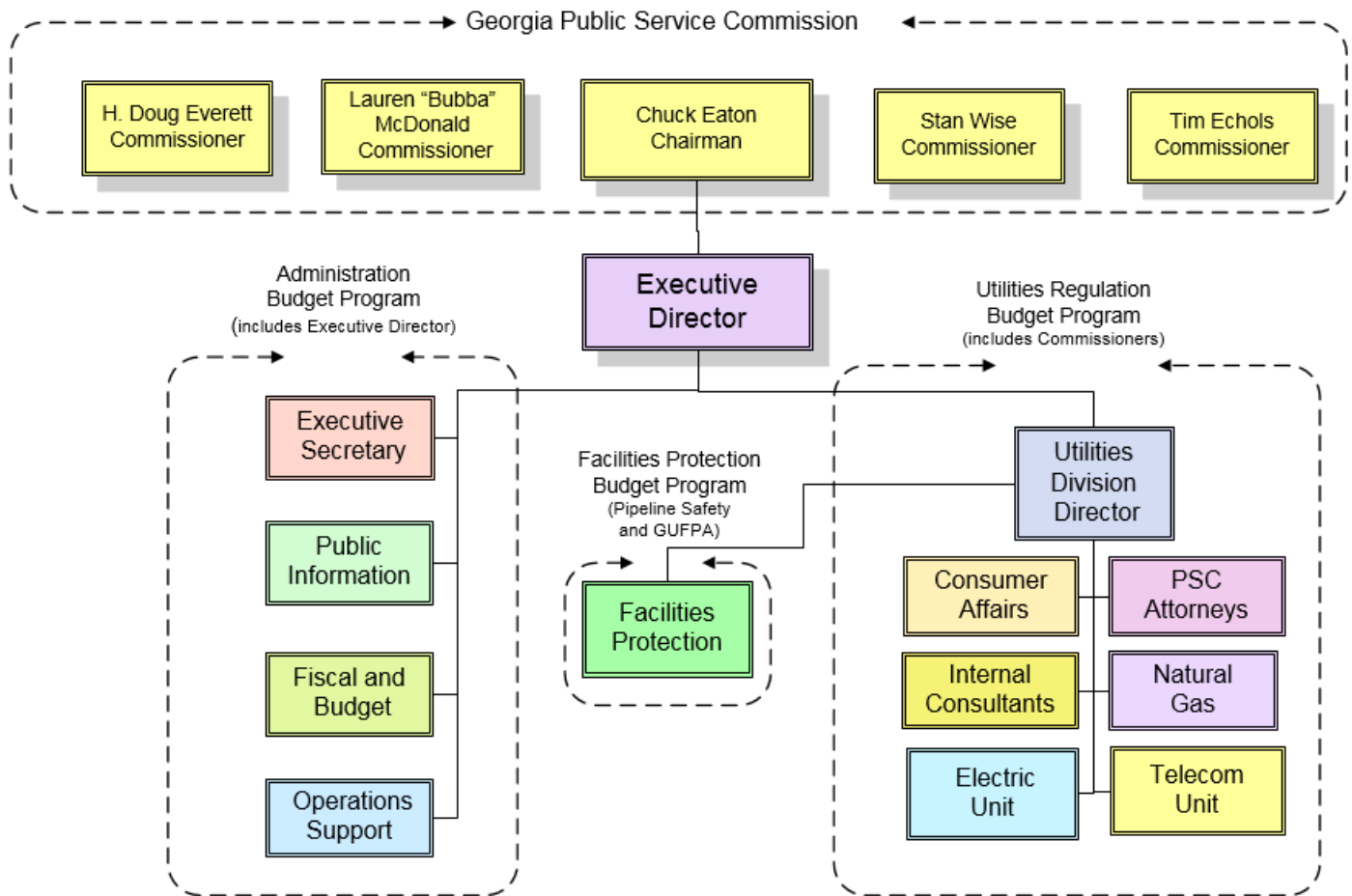
Governor Nathan Deal (center) presents the 2015 Lifeline Week in Georgia Proclamation to Commissioners **Doug Everett** (third from left), **Lauren “Bubba” McDonald** (third from right) along with Commission staff and telecommunications industry representatives

AGENCY BUDGET

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016 Budget Governor's Rec. (Jan. '16)
Revenue			
General Assembly Appropriations	\$7,735,488	\$8,117,763	\$8,482,398
Federal and Other Funds	\$2,144,850	\$2,272,696	\$1,343,100
Total	\$9,880,338	\$10,390,459	\$9,825,498
Budgeted Expenditures			
Personal Services	\$7,941,895	\$8,209,898	\$8,710,675
Regular Operating Expenses	\$302,742	\$363,540	\$296,732
Motor Vehicle Purchases	\$0	\$0	\$0
Equipment	\$10,659	\$93,989	\$9,000
Computer Charges	\$68,591	\$60,078	\$163,920
Real Estate Rental	\$669,972	\$670,000	\$484,171
Telecommunications	\$97,804	\$97,104	\$96,000
Contractual Services	\$59,352	\$58,702	\$65,000
Total	\$9,151,015	\$9,553,311	\$9,825,498
Associated Revenue			
Regulatory Assessment Fees Paid Directly to Dept. of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Penalties and Fees Collected and Remitted to State Treasury	\$772,127	\$833,665	\$202,260
Total	\$1,822,127	\$1,883,665	\$1,252,260

**Notes: Penalties and Fees
Collected in FY 2016 through
December 31, 2015**

PSC ORGANIZATIONAL CHART



Revised March 29, 2016

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