

# **GEORGIA PUBLIC SERVICE COMMISSION**

**138<sup>TH</sup> ANNUAL REPORT**

**2016**



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

## GEORGIA PUBLIC SERVICE COMMISSION 2016



**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, 2017

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

Dear Governor Deal,

The Georgia Public Service Commission presents its 2016 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, telecommunications and infrastructure protection. In 2016 the Commission continued to monitor the ongoing Plant Vogtle Nuclear Power Plant construction project, approved a revised Georgia Power Company 2016 Integrated Resource Plan, reduced Georgia Power's fuel rates and expanded the use of solar energy with no upward pressure on rates.

The year 2017 will see continued activity at the Commission as we closely monitor the ongoing Plant Vogtle nuclear construction project and continue our 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 \$1.1 million to the state's treasury in fiscal year 2016 as a result of its enforcement activities and the statutory regulatory assessment fee.

As the Commission enters its 138<sup>th</sup> year, we eagerly look forward to serving Georgia's citizens in 2017 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,



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

## **PUBLIC SERVICE COMMISSION PROFILES**



**Chuck Eaton**

**Commissioner Since: January 1, 2007**

**Elected: 2006, Re-elected: 2012**

**Serves Through: December 31, 2018**

**Republican, Fulton County, Georgia**

### **Chairman, 2016 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.



**H. Doug Everett**

**Commissioner Since: January 1, 2003**

**Elected: 2002, Re-elected: 2008, 2014**

**Serves Through: December 31, 2020**

**Republican, Albany, Georgia**

### **Commissioner, 2016 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.



**Tim G. Echols**

**Commissioner Since: January 1, 2011**

**Elected: 2010, Re-elected: 2016**

**Serves Through: December 31, 2022**

**Republican, Jefferson, Georgia**

**Commissioner, 2016 Georgia Public Service Commission**

Echols was elected to the Public Service Commission in November 2010 after spending 15 years in the non-profit sector. He founded “TeenPact” and grew the mock legislative youth program to 38 states in his tenure and continues to serve on the Board of Directors. He focuses on consumer protection, clean energy, and accountability. He has pushed back against harsh federal regulations. Echols 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.

Echols has tried to lead by example by adding solar hot water heating to their Athens home just before being sworn-in. He created the Clean Energy Roadshow, now entering its 7<sup>th</sup> year, which travels Georgia helping cities, businesses and consumers evaluate alternative fuel that works best for them.

Echols's priority is helping Georgia be prepared for rising energy prices for diversifying the way our electricity is generated. He has helped secure record amounts of solar and wind for Georgia—without a subsidy. He advocates for more nuclear power and for recycling of nuclear waste.

Echols grew up in the south metro Atlanta area in an entrepreneurial family. His family owned a car auction, dairy farm, and house-moving business. Echols attended North Clayton High School and owned his own car clean-up shop that was housed in the family auction barn. In 1978, he went to Athens to attend UGA, served as Baptist Student Union President, and met Windy Davis. They were married shortly after he graduated with a degree in English, and Windy went on to graduate with a teaching degree from Georgia State. His wife now teaches at Lanier Christian Academy in Flowery Branch.

Echols is the author of “Real Citizenship,” a primer on citizenship available on Amazon.com. He and Windy have seven children ranging from 16 to 28 years old. They have been married 33 years and live in Jefferson, just outside Athens. Echols has a Bachelor of Arts and two Masters Degrees from the University of Georgia making him a “Triple ‘Dawg.”



**Lauren "Bubba" McDonald, Jr.**

**Commissioner Since: January 1, 2009**

**Elected: 1998, 2008; Re-elected: 2014**

**Serves Through: December 31, 2020**

**Republican, Clarkesville, Georgia**

**Vice-chair, 2016 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 McDonald & Son Funeral homes in Cumming and Dahlonega 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, 2016 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 and is currently the longest serving elected state constitutional officer. He first held elected public office in 1990 as a Cobb County Commissioner, serving through 1994. Prior to his time on the Cobb Commission he served the county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise also served as a Board Member of the ten-county Atlanta Regional Commission from 1992 through 1994.

Wise is currently serving on the National Petroleum Council for 2016-2017 following his appointment by U.S. Energy Secretary Ernest Moniz. In 2003 his regulatory peers elected him President of the National Association of Regulatory Utility Commissioners (NARUC) for 2003 and 2004, furthering his responsibilities and interaction with Congress, federal agencies, state officials, industry leaders, Wall Street, consumer groups and the news media. Wise has testified multiple times before Congress. He is currently chairman of the Gas Committee of NARUC and also serves on the International Relations Committee. He is on the Advisory Council for the New Mexico State University Center for Public Utilities. Commissioner Wise serves on the Friend of the Strand Board of Directors and is a member of the Action Ministries Board of Directors, a faith-based charity. Wise is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC).

His alma mater, Charleston Southern University, named Wise the Outstanding Alumnus of the Year in 2006. In addition, he was named the Bonbright Center of the Terry College of Business 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 Board of Directors of the Cobb YMCA, 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 the 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 and one grandchild.

# **PUBLIC SERVICE COMMISSION LEADERSHIP TEAM**

**DECEMBER 31, 2016**

## **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, Chief Financial 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

# **MISSION AND HISTORY 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 the legislature approve 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. 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 1970's. Both of the two units under construction at Plant Vogtle are scheduled to enter commercial operation in 2019 and 2020. In 2016, 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. The Commission approved the acquisition in April 2016.

## **HIGHLIGHTS OF 2016**

The highlights of the Commission's major activities and achievements during 2016 regarding Utility Regulation, Facilities Protection and Administration Programs are set forth below. A more detailed report from each Commission organizational unit follows this summary.

### **ELECTRIC**

In 2016, the Georgia Public Service Commission approved Georgia Power Company's request to verify and approve \$148 million in project expenditures in the Thirteenth Vogtle Construction Monitoring Report for the six-month period ending June 30, 2015 and \$160 million in project expenditures in the Fourteenth Construction Monitoring Report for the period ending December 31, 2015. Additionally, in December, the Commission approved a Settlement in the "Supplemental Information, Staff Review, and Opportunity for Settlement" proceeding which approves the Company and Contractor settlement, provides protections for customers, sets in-service dates for Units 3 and 4 at 2019 and 2020, respectively.

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. In July 2016, the Commission approved a stipulated agreement that included decertifying uneconomic fossil resources, adding 1200 megawatt (MW) renewable resources, 100 MW distributed resources and \$99 million to study additional nuclear resources in Stewart County, Georgia to resolve all issues in the IRP and Application for Certification of Its Demand Side Management (DSM) Plan.

Also in 2016, Commissioners attended ribbon cutting ceremonies for new solar photovoltaic installations on several Georgia military bases: Fort Stewart Army Base, Fort Benning Army base, and the Kings Bay Naval Submarine Base. The Commission had approved these projects in 2014.

### **NATURAL GAS**

As 2016 ended, Georgia had sixteen Commission certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company (AGLC) delivery area. During 2016, Staff audited several customer-impacting projects, including, but not limited to, the Universal Service Fund, Sequent, i-CGP, i-SRP, and the Manufactured Gas Plant remediation program. In September 2016, the Commission issued an Order approving Liberty's 2016-2017 Gas Supply Plan and Atlanta Gas Light Company's 2016-2019 Capacity Supply Plan. At the end of 2016, the Regulated Provider had 52,271 customers, with 18,462 designated as Group 1 and 33,809 designated as Group 2 customers.

### **TELECOMMUNICATIONS**

In 2016 the Commission granted certificates of authority to five long-distance resellers, ten competitive local exchange providers and three inter-exchange service providers. The total number of active certificates in 2016 was 845, distributed among industry segments as follows: 234 resellers, 47 alternative operator service providers, 226 competitive local exchange providers, 87 inter-exchange service providers, 192 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). In 2016 the Commission approved total disbursements for the 21<sup>st</sup> Universal Access Fund (UAF) year of \$19,692,828 with the aggregate annual cap amount remaining at \$1,000,000 each for Track 1 carriers.

## **FACILITIES PROTECTION**

During 2016 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 239 inspections, including 25 Drug and Alcohol inspections, over 992 inspection days.

The Commission continued its damage prevention efforts in 2016 by giving 18 Georgia Utility Facilities Protection Act (GUFPA) presentations to over 205 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. These groups include the Georgia Utility Contractor's Association, Plumbing Mechanical Association, the Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

In December 2016, Michelle Thebert, Facilities Protection Director, was appointed by then-Transportation Secretary Anthony Foxx to the Pipeline Safety Voluntary Information-Sharing System Working Group.

Challenges in 2016 continued in Facilities Protection, as the group continued to enforce GUFPA, Federal, and State rules and regulations, as well as implementing continuing regulations, while facing staff turn-over and the loss of pipeline safety inspectors to the private sector.

## **INTERNAL CONSULTANTS**

The Internal Consultants (IC) Unit of the Utilities Division operates primarily as a resource for the other units. During 2016, IC Staff served as Project Lead on several major cases which included the Southern Company/AGL Resources merger, Plant Vogtle Units 3 and 4 Construction Monitoring, Georgia Power Company's Fuel Cost Recovery cases, Georgia Power's 2016 Integrated Resource Plan, and the Renewable Energy Development Initiative ("REDI").

## **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 by the Commission's Automated Call Distributor (ACD) for 2016 was 17,232 (this includes Spanish calls). Telephone calls comprised the majority of all inbound contact methods in 2016. Internet/e-mail contacts continued to be the second preferred method of contacting the Commission in 2016 with 4,962 internet (2,189) and e-mail (2,773) complaints and opinions.

Regular mail and faxes were the least preferred methods consumers used to communicate with the Commission. The total paper correspondence in 2016 (letters and faxes) was 968

pieces. This is an increase over 2015 and is attributed to consumers completing Lifeline Assistance forms.

In 2016 the Consumer Affairs staff met with 19 consumers in person at the Commission offices to discuss issues with their bills, utility deposits, and to provide information on energy assistance and the Lifeline program. In all, Consumer Affairs representatives received 23,181 inquiries, complaints, and opinions from the general public in 2016, a ten percent increase over 2015.

## **ADMINISTRATION DIVISION**

During 2016 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 who oversees the Executive Secretary, Budget and Fiscal Office, Human Resources Office, Public Information/Legislative Liaison Office and Operations Support Office.

The Budget and Fiscal Office managed the Commission's budget with revenues and expenses exceeding \$11 million dollars. In 2016, the Executive Secretary opened 798 new case dockets; processed 4,915 filed documents; and filed 888 orders prepared for the Chairman's and Executive Secretary's signature. The Public Information Officer coordinated the Commission's public information and legislative activities, issuing 20 news releases and 67 media advisories.

The Human Resources Office reports that the commission hired six new employees 2016 to replace retirees and resignations. The Office continues to manage an aging workforce and plan a succession process.

Operations Support began research and planning to develop the State Transparency and Regulatory System or STARS. The STARS project mission is to provide data transparency, improved functionality and insight for regulatory matters pertaining to the Georgia Public Service Commission and stakeholders. The agency saw 1,069,998 million page-views on its website. Of these page-views 62.7% were new visitors and 37.3% were recurring visits. The most popular page-views are the Natural Gas List of Certified Marketers the Natural Gas Market price chart and the File and Case Docket tracking search page.

## UTILITIES DIVISION

During 2016 the Commission continued to monitor the \$14 billion Plant Vogtle nuclear construction project in east Georgia where the 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.

Since the early 20<sup>th</sup> century 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, remain regulated by the Commission, which sets the rates charged for these services.

The pace of the implementation of competition and deregulation 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 to competition 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 Atlanta Gas Light Company (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 16 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 and the key decisions in each of these utility industries.



# **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 PSC's REGULATION OF THE ELECTRIC UTILITY INDUSTRY IN 2016**

### **Commission monitors progress of nuclear plant construction**



**Commission Staff Visits Vogtle, September 27, 2016**

The Commission, on March 17, 2009, approved the Company's request to certify the construction of the new nuclear power units at its Plant Vogtle Nuclear Power Plant near Waynesboro, Georgia. Under the agreement approved by the Commission, 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 Staff and Construction Monitor continue to actively monitor the construction of the two new nuclear units. In 2016, the Georgia Public Service Commission approved Georgia Power Company's request to verify and approve \$148 million in project expenditures in the Thirteenth Vogtle Construction Monitoring Report for the six-month period ending June 30, 2015 and \$160 million in project expenditures in the Fourteenth Construction Monitoring Report for the period ending Dec. 2015. Additionally, in December, the Commission approved a Settlement in the "Supplemental Information, Staff Review, and Opportunity for Settlement" proceeding which approves the Company and Contractor settlement, provides protections for ratepayers, and sets in-service dates for Units 3 and 4 at 2019 and 2020, respectively.

In 2014, the U.S. Energy Department finalized \$6.5 billion in federal loan guarantees to assist Georgia Power with the construction of the two new units at its Alvin W. Vogtle Nuclear Power Plant. The loan guarantee is projected to save Georgia Power customers about \$250 million.



**Commission and Legislative Staff Tour Plant Vogtle, May 10, 2016**

### **PSC Approves Georgia Power's 2016 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.

On July 28, 2016, the Commission approved a stipulated agreement that included decertifying uneconomic fossil resources, adding 1200 megawatts (MW) renewable resources, 100 MW distributed resources and \$99 million to study additional nuclear resources in Stewart County, Georgia. The Commission decision resolved all issues in the Georgia Power Company 2016 IRP and Application for Certification of Its Demand Side Management (DSM) Plan.

#### **The Commission continues to monitor 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, worked on energy efficiency issues in preparation for the Company's 2016 IRP filing

### **PSC Approves Southern Company acquisition of AGL Resources application**

The Commission approved a settlement on April 14, 2016 between the Commission staff and Georgia Power Company, which included a provision that Georgia Power would not file a rate case until 2019 instead of 2016. The Commission has regulatory authority over AGLC, which is a wholly owned subsidiary of AGL Resources. The issues the Commission considered included:

- 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.

In its review of any merger between Southern Company and AGL Resources, the Commission focused on its mission as a constitutional agency which is to exercise its authority and influence to ensure that consumers receive safe, reliable, and reasonably-priced telecommunications, electric and natural gas service from financially viable and technically competent companies.

### **PSC Monitors Georgia Power's Base and Fuel Rates**

As part of the settlement in the merger case, the Company did not file a rate case in 2016. The Commission Staff 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, an earnings band of 10 percent to 12 percent was approved. Any earnings above 12 percent will be shared two-thirds with customers with the remaining one-third retained by the Company.

The Commission Staff continues to work with the Company on the implementation of an electric service pre-pay program for eligible customers. The Company is installing special meters in residences where there have been several cut-offs for non-payments. The pre-pay program 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.

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. Companies' earnings for excess revenues available for sharing, as defined in the approved accounting orders.

### **PSC Oversight over EMCs and Municipal Electricity Providers**

The Commission oversees territorial matters for all electricity suppliers- EMCs, IOU (Georgia Power), 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 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), North American Electric Reliability Corporation (NERC), Eastern Interconnection States' Planning Council and the National Council on Electricity Policy.

### **The Commission's Involvement in the EPA's Proposed Clean Power Plan**

On June 2, 2014 the U.S. 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, Georgia Public Service Commissioners voiced their concerns in various forums. In July 2014, Commissioner Wise participated in a workshop on Regional Compliance Options for Section 111 (d) in Washington, D.C sponsored by NARUC and in a September letter to Environmental Protection Agency (EPA) Administrator Gina McCarthy, said the EPA's draft rule to reduce carbon emissions from electric power plants, known as the proposed Clean Power Rule, will "place undue hardship on Georgia consumers." Commissioners spoke publically at the July EPA outreach "Listening" sessions held in Atlanta Georgia, and submitted written comments to EPA on this very important matter. Commissioners and Staff met with Region IV EPA administrators in person and via conference calls to gain clarity and answers regarding the effect the rule may have on Georgia citizens and whether these concerns were properly addressed in the proposed rule. Meetings were also held with State legislators as well as Georgia's Environmental regulators and State Energy officers. In December 2014, the Commission filed its comments on the proposed rule. In 2016, the implementation of the Clean Power Plan was put on hold awaiting a court decision which the Commission continues to monitor

The proactive decisions of the Georgia Public Service Commission (Commission) over the past six years will lessen some of the onerous effects of the U.S. Environmental Protection Agency Clean Power Plan 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 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.

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 that the rule will seriously tie the Commission's hands in our Integrated Resource Planning (IRP) process that allows the Commission, working with 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.

### **PSC Protects Ratepayer Interests by Eliminating the Collection of the Nuclear Waste Fee**

The Commission Staff continues to monitor the activities of the Blue Ribbon Commission formed by the federal government to address the disposal of spent nuclear fuel since the administration has effectively defunded the Yucca Mountain project. Commissioners have held symposiums and meetings on nuclear fuel management and alternatives such as reprocessing.

DOE's inaction has resulted in the need for Georgia Power Company to construct, at ratepayers' expense, additional on-site storage facilities to handle the accumulation of spent nuclear fuel and to engage in activities to construct an interim storage site. The Commission has addressed the DOE's position on this matter at formal hearings and in written documents to emphasize the severity of this situation.

# **NATURAL GAS UNIT**

## **NATURAL GAS**

### **Natural Gas Highlights**

Natural gas is considered 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 2016 closed, Georgia had 16 Commission-certified natural gas marketers actively serving firm customers in the AGLC delivery area. Throughout 2016, the Staff 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 2016, the Commission issued an Order approving Liberty's 2016-2017 Gas Supply Plan and Atlanta Gas Light Company's 2016-2019 Capacity Supply Plan. At the end of 2016, the Regulated Provider had 52,271 customers, with 18,462 designated as Group 1 and 33,809 designated as Group 2 customers.

### **ACTIVITIES IN NATURAL GAS REGULATION IN 2016**

#### **Sequent**

On December 3, 2002, the Commission, under Docket Number 16193, adopted the "Audit Report Concerning Atlanta Gas Light Company's Universal Service Fund." Included in this Order was a required 50%-50% sharing mechanism between Sequent Energy Management ("Sequent") and the Universal Service Fund ("USF") of the aggregate net margin from transactions that utilized the retained capacity assets of Atlanta Gas Light Company ("AGLC" or "Company"). As stated in the ordering paragraphs: ". . . AGLC shall credit 50% of the valuation of such transactions to the USF...AGLC shall maintain records, in a manner acceptable to the Commission Staff that associate transactions involving capacity assets to AGLC capacity assets commencing no later than January 1, 2003. Thereafter, with the exception of capacity release transactions, which shall be shared 90% with the USF, AGLC shall treat any transactions involving AGLC capacity assets, whether made directly by AGLC or indirectly by its agent, as Off-System Sales and remit 50% of the aggregate net margin to the USF until and unless otherwise ordered by this Commission." (Docket No. 16193, December 3, 2002)

On March 6, 2012, the Commission approved another Stipulation between the Commission Staff and AGLC in Docket No. 31491. Under this docket, Sequent remained the Asset Manager for a term of five years beginning April 1, 2012 through March 31, 2017. The Stipulation increased the off-systems sales sharing mechanism from 50/50 to 65/35. The Universal Service Fund would receive 65% of the sharing mechanism. However, the total amount contributed to the USF for a given contract year shall be the greater of the funds resulting from the sharing mechanism or \$3 million dollars per contract year which expires in 2017.

In September 2016, Staff conducted the Sequent audit based on the March 6, 2012 Order. Pursuant to the guidelines of the 2012 order, AGLC is obligated to deposit funds from the sharing mechanism in a timely manner quarterly. During this audit, one discrepancy was noted. During one quarter, the deposit was not made in a timely manner. This was corrected and as a result payments became timely each quarter.

### **Atlanta Gas Light Company's Annual Universal Service Fund Facility Expansion Plans**

On January 3, 2012 in Docket No. 32499, the Commission approved AGLC's 2011 USF Plan for the construction of Compressed Natural Gas (CNG) fueling stations. During 2016, AGLC filed quarterly reports and the Staff reviewed the status of the projects. On December 7, 2015, AGLC filed a completion report for the DeKalb County Station Project. After a thorough review, the Commission required AGLC to file additional information on April 18, 2016. On April 20, 2016, the Commission wired a USF disbursement for \$1,837,770.58 to AGLC. The last CNG project to open is the Colonial Oil Project in Savannah.

On April 2, 2013, the Commission approved AGLC's 2012-2013 Plan in Docket No. 34451-36246. During 2016, AGLC filed quarterly reports and the Staff reviewed the status of the projects. The Commission determined that all projects related to the 2012-2013 Plan are complete and no further activity is required.

On December 5, 2013, the Commission approved AGLC's 2014 Plan in Docket No. 37439. On May 28, 2014, the Commission approved AGLC's Amended 2014 Plan-I to add an additional line-extension project. On October 28, 2014, the Commission approved AGLC's Amended 2014 Plan-II to add an additional line-extension project. During 2016, AGLC filed quarterly reports on the status of the projects and the Staff provided a thorough review of the reporting. On August 31, 2016, AGLC filed a Notice of Completion Report for the Appling County Phase-I Project requesting a USF disbursement for the completed project. The Staff provided a detailed review of the report materials. On October 6, 2016, the Commission wired a USF disbursement for \$15,355,884.09 wired to AGLC. This was the last open project in the 2014 Plan and no further activity is required.

On October 28, 2014, the Commission approved AGLC's 2015 USF Plan in Docket No. 38804. On July 10, 2015, the Commission approved AGLC's Amended 2015 Plan-I to add an additional line-extension project. During 2016, AGLC filed quarterly reports and the Staff reviewed the status of the projects. On August 31, 2016, AGLC filed Notice of Completion Reports for the Appling County Phase-II Project and the Appling County Phase-III Project. The Staff provided a thorough review of both requests and obtained additional information from AGLC. Regarding the Appling County Phase-II Project, the AGLC request was for \$9,499,638.07. The Staff found that this amount exceeded the total dollars allocated by \$488,395.03. The exceeded amount would be recovered as part of AGLC's normal rate base. On September 21, 2016, the Commission wired a USF disbursement to AGLC for \$9,011,243.04. After a thorough review of the Appling County Phase-III Project report materials, on September 23, 2016, the Commission wired a USF disbursement for \$8,186,762.08 to AGLC. These two projects were the last open projects in the 2015 Plan and no further activity is required.

On April 13, 2016, the Commission approved AGLC's 2016 Plan in Docket No. 39869. During 2016, AGLC filed quarterly reports on the status of the projects and the Staff provided a thorough review of the reporting. On November 7, 2016, AGLC filed for an Amended 2016

Plan to add the Macon East Project with an estimated cost of \$872,745. On January 19, 2017, the Amended 2016 Plan was approved.

On September 1, 2016, AGLC filed for its 2017 USF Plan. On December 1, 2016, the Commission approved the 2017 USF Plan with two projects. The Commission approved the first project; the Rotary Corporation Project located in Glennville, Georgia, Tattnall County, in the amount of \$16,661,493 as a strong economic development project. Duramatic, a Rotary Corporation subsidiary in Glennville, is the largest lawnmower parts manufacturer in the United States and currently employs over 300 individuals. Duramatic is planning two plant expansions entailing an investment in excess of \$3 million, which is expected to add up to 50 new employees. The first expansion is expected to double current production and add an additional 25 jobs at the Glennville facility. Duramatic planned for the increased production based on this expansion to come online in January of 2017. The expansion requires additional gas service. Duramatic currently uses 4500 cubic feet per hour (CFH, 45 therms) of natural gas and needs another 6000 CFH (60 therms) for the expansion. AGLC is unable to offer the incremental firm natural gas to serve this expansion due to infrastructure constraints.

In the second expansion, Rotary Corporation plans to add additional parts production to Glennville within the next two years. It is expected that Duramatic will add an additional 20-25 additional jobs to Glennville with this expansion. The capacity needed for the additional production is expected to be an additional 8000 CFH (80 therms), bringing the total load at Duramatic to 18,500 CFH (185 therms) at that time. The Commission approved the second project, the Macon County Project, with an estimated amount of \$2,525,671. The project will extend the main for future growth in the area and to serve additional poultry farms.

#### **Docket No. 15326 Universal Service Fund**

During 2016, the Commission reconciled the USF bank statements and tracked all deposits and expenditures and requests from the fund. The Commission found no material issues with the reporting from the USF escrow account agent. On July 28, 2016, the Commission sent the fiscal year 2016 required USF reporting to the State Accounting Office (SAO) that included the following documents:

1. FY 2016 SAO Investments Form-USF
2. FY 2016 SAO Form 470 Trial Balance Shell-USF
3. FY 2016 SAO Custodial Risk Form-USF (Completed by SunTrust Bank)
4. FY 2016 SAO Cash & Deposits Form-USF
5. June 2016 USF Escrow Account Bank Statement

Beginning January 1, 2016, the USF had funds totaling \$59,096,400.32. During the year, the deposits totaled \$13,028,642.73 and the expenditures totaled \$36,790,312.56, with an ending 2016 balance of \$35,334,712.49. The increase in expenditures over deposits can mainly be attributed to the USF Plan encumbrances related to AGLC line-extension projects approved and completed and reimbursement sought from the USF. Additionally, on November 15, 2016, the Commission approved a Notice of Proposed Rulemaking for changes to Commission Rule 515-7-5-.07 to remove certain AGLC annual facility expansion plan requirements that were inefficient and to streamline the required minimum filing requirements. On January 19, 2017, the Commission approved the rule change.



**Docket No. 34734 Liberty Utilities Corporation (Liberty) (Peach State Natural Gas) 2017 Georgia Rate Adjustment Mechanism (GRAM)**

On September 30, 2016, Liberty filed its 2017 GRAM asking for a rate increase of \$1,239,655, as found in Schedule-11, on a Rate Base attributed to common equity totaling \$54,434,688 with an ROE of 9.54% using current rates through the Forward Looking Test Year ending August 31, 2017. The rate increase before the 2013 and 2014 Revenue True Up ("RTU") for Residential Customers was \$0.53 per month, or \$559,307 for the Rate Effective Period ("2017 REP"), February 1, 2017 through January 31, 2018. For Commercial and Industrial customers, the rate increase before any RTU was \$0.82 per month, or \$137,291 for the 2017 REP. The Staff reviewed the 2017 GRAM by analyzing each of the 11 schedules and the 51 supporting work papers. As part of the review, the Staff constructed an issues list that was emailed to Liberty on November 16, 2016. The Staff and Liberty met on December 15, 2016 to discuss each item on the issues list. Though several items were resolved, other items remained outstanding. The Staff drafted an updated issues list that was emailed to Liberty on December 29, 2016. On January 3, 2017, the Staff and Liberty met and resolved all issues.

**Docket No. 40291 2016-2017 Liberty Utilities Gas Supply Plan**

On September 29, 2016, the Commission approved Liberty's 2016-2017 Gas Supply Plan in Docket 40291. The plan identified the interstate storage and peaking assets needed to meet the company's forecasted peak demand for its 55,486 customers in the Gainesville and Columbus service areas. The 2016 to 2017 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, 2017. The Company will file the next gas supply plan by July 1, 2017.

**Active Natural Gas Marketer Update**

At the end of 2016, there were 16 certificated natural gas marketers in Atlanta Gas Light Company's territory. In 2016, the Commission approved three new natural gas marketers as outlined in the narrative below.

On May 3, 2016 in Docket No. 40100, the Commission approved Peninsula Energy Services Company d/b/a PESCO as a certificated marketer serving Commercial customers only. On August 17, 2016 in Docket No. 40611, Everyday Energy GA, LLC d/b/a Energy Rewards was approved as a certificated marketer serving Residential and Commercial customers. On November 21, 2016 in Docket No. 36550, the Commission approved North America Power & Gas, LLC (NAPG) for a change in ownership from North American Power and Gas Services, LLC to "NAPGS Holdco LLC". On December 29, 2016, in Docket No. 36550 the Commission approved NAPG for a change in ownership from NAPGS Holdco LLC to the "Calpine Energy Services Holdco LLC".

On December 19, 2016, Commerce Energy, Inc. filed for a name change to Just Energy Solutions, Inc. On January 19, 2017, the Commission approved this request. On October 20, 2016, XOOM Energy Georgia, LLC filed its Application for a Certificate of Authority. On December 14, 2016, the Commission approved a Procedural and Scheduling Order establishing the dates for review, hearing, and decision on this matter. On December 8, 2016, Marietta Natural Gas, LLC filed its Application for a Certificate of Authority. The application is currently under review.

As part of O.C.G.A. § 46-4-153(f) and Commission Rule 515-7-3-.07(10) Natural gas marketers' financial statements are filed at the Commission for an ongoing review of financial and technical capability. The marketers 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 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, or overall 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. Staff communicates to the natural gas marketers any discrepancies that are identified during the financial analysis process for resolution.

### **Docket No. 38703 Regulated Provider**

As of December 31, 2016, the Regulated Provider (SCANA) had a total of 52,271 customers, with 18,462 designated as Group 1 and 33,809 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. During 2016, the Commission approved \$1,888,646.00 for Group 1 customer assistance to be used to help with customers' monthly bills. No such funds are available for Group 2 customers.

### **Certificates of Public Convenience and Necessity**

The Commission's Natural Gas Unit and Facilities Protection Unit continue to work jointly on the County-Wide Natural Gas Safety Plans (CWSP) (Commission Rule 515-9-7-.01) to ensure that the plans possess safety-based boundaries that conform to the corresponding Certificates of Public Convenience and Necessity which govern where natural gas providers may install their facilities. In counties where multiple natural gas providers serve, the providers 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. In addition, where necessary, either new certificates are granted or existing certificates are amended (Commission Rule 515-7-1, et.seq.) to natural gas operators. Commission staff met periodically with the stakeholders during the course of 2016. By the close of 2016, the Commission had either granted or amended nine (9) additional Certificates affected by this process, bringing the total to seventy-two (72) 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 (AGLC) requested an Environmental Response Cost Recovery Rider as 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. Commencing in 1992, the Commission has conducted 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 the costs associated with this cleanup. The Commission Staff 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 for each fiscal year. During the 2016 fiscal year, the Staff audited the costs associated with Year 24. All costs that were audited were found to be prudent. The 2016 rider amount of \$1.27, per dekatherm per DDDC per year, is a \$0.54 decrease from last year's rate of \$1.81. Since the inception of the MGP program, the total amounts allocated to be recoverable expenses are \$273,481,975.75. To date, the ratepayers have paid \$256,190,574.86 in recovery costs for the MGP cleanup.

**Docket No. 40828 Atlanta Gas Light Company's Georgia Rate Adjustment Mechanism: Application for Approval of an Alternative Form of Regulation And the 2017 GRAM Rate**

In September 2016, the Commission Staff and AGLC entered into discussions about AGLC using an alternative form of regulation under OCGA 46-2-23.1. On December 1, 2016, after several months of negotiations, AGLC filed its Georgia Rate Adjustment Mechanism Application for Approval of An Alternative Form of Regulation, or "AGL 2017 GRAM". On December 5, 2016, the Commission staff and AGLC filed a Joint Stipulation, Direct Testimony, and the GRAM model.

The AGLC GRAM will be a transparent review process with four quarterly filings with an annual rate filing. The benefits to customers is the clear transparent methodology that includes the 2010 rate case order in Docket Number 31647, the AGL GRAM Joint Stipulation, the AGL GRAM model, and annual updated information related to current economic conditions. By using the last rate case order as the foundation document and with modifications in the Joint Stipulation, this procedure allows Staff to analyze the numbers in the historic test year and the resulting calculations in the forward looking test year to determine if the components of the resulting revenue adjustment are reasonable. The adjustments to rates will occur annually allowing for a more efficient flow of benefits to the ratepayers while keeping AGLC whole.

Additionally, as part of the 2017 GRAM, the non-PRP STRIDE programs, Docket No. 29950, Strategic Reinforcement Plan-I and Customer Growth Plan-I, Docket No. 37318 Vintage Plastic Replacement program, Docket No. 37370 Strategic Reinforcement Plan-II, Docket No. 37371 Customer Growth Plan-II, will be eliminated and their current projects, rate base, and recoveries will be rolled in under the AGL GRAM mechanism with netted over-recoveries with a reduction to AGL's requested revenue requirement.

With the STRIDE program eliminated and its projects rolled under the AGL GRAM, the new methodology eliminates 16 quarterly Staff audits each year. The Pipe Replacement Program rate base in Docket No. 8516 will remain under its own surcharge but will be rolled in under base rates in the 2018 GRAM filing on December 1, 2018 with no additional rate impact to customers. The Commission completed a seven-week review of AGL's 2017 GRAM Filing that had requested a \$20.9 million rate increase. This initial GRAM process will be completed in the first quarter of 2017.

**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. However, in Columbus, Liberty completed the cast iron pipe replacement in 2013.

During 2016, the Commission audited this cast iron and bare steel retirement program for the year ending September 30, 2015. The Commission approved a monthly surcharge of \$9.66 for residential, \$28.97 for commercial and \$241.44 for industrial customers, effective October 1, 2016. From October 1, 2014 to September 2015, Liberty spent \$543,779 to retire 2.66 miles of bare steel pipe and install 2.76 miles in the Gainesville area. Replacing the pipe also resulted in the company not spending \$24,259 in operations and maintenance expenses.

#### **Docket 40287: ATLANTA GAS LIGHT COMPANY'S 2016-2019 CAPACITY SUPPLY PLAN**

The Commission adopted a stipulated agreement in October 2016 to resolve the issues in AGLC's 2016-2018 Capacity Supply Plan. Georgia law (O.C.G.A. § 46-4-155 (e)), directs that at least every third year following the date when the rates for commodity sales service within a delivery group(s) become no longer subject to Commission approval nor to the provisions of O.C.G.A. § 46-2-26.5, AGLC shall file on or before August 1, a capacity plan that designates the array of available interstate capacity assets selected by AGLC for the purpose of making gas available on its system for firm distribution service to retail customers in such delivery group(s).

AGLC filed its Designed Day Forecast and pre-filed direct testimony pursuant to the Commission's Procedural and Scheduling Order (PSO). Intervenors were provided the opportunity to pre-file testimony pursuant to the PSO. AGLC subsequently filed rebuttal testimony, and supplemental testimony in support of the Proposed Stipulation between Staff and the Company to resolve this issue. The Commission conducted a hearing on September 20, 2016 and approved the stipulation on October 3, 2016.

The Commission considered the competing interests of all parties, the proposed stipulation and the record in this matter. The Commission adopted the proposed stipulation with one modification.

# **TELECOMMUNICATIONS UNIT**

The telecommunications industry is indispensable to the economy of the state. Over the past 20 plus years, the 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 2016**

In 2016 the Commission granted certificates of authority to five long-distance resellers, ten competitive local exchange providers and three inter-exchange service providers. The total number of active certificates in 2016 was 845, distributed among industry segments, as follows: 234 resellers, 47 alternative operator service providers, 226 competitive local exchange providers, 87 inter-exchange service providers, 192 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. There are currently 16 competitive ETCs. 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 17, 2015 Tier II Independent Local Exchange Carriers (ILEC) filed requests for an aggregate disbursement of \$25,486,846 for the 21<sup>st</sup> UAF year covering the period July 1, 2014, through June 30, 2015. 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 2016 the Commission approved total disbursements for the 21<sup>st</sup> UAF year of \$19,692,828 with the aggregate annual cap amount remaining at \$1,000,000 each for Track 1 carriers. The approved disbursements are listed below.

<b>Applicant</b>	<b>Approved Disbursement</b>
Alma Telephone Company	\$ 93,292.00
Blue Ridge Telephone Company	\$ 1,000,000.00
Brantley Telephone Company, Inc.	\$ 784,624.00
Bulloch Telephone Cooperative	\$ 1,000,000.00
Camden Telephone & Telegraph Co., Inc.	\$ 1,000,000.00
Chickamauga Telephone Corporation	\$ 517,913.00
Darien Telephone Co., Inc.	\$ 1,568,744.00
Glenwood Telephone Company	\$ 210,808.00
Hart Telephone Company	\$ 502,461.00
Nelson-Ball Ground Telephone Company	\$ 1,000,000.00
Pembroke Telephone Company, Inc.	\$ 866,281.00
Pineland Telephone Cooperative, Inc.	\$ 932,773.00
Plant Telephone Company	\$ 984,656.00
Progressive Rural Telephone Co-op., Inc.	\$ 1,000,000.00
Public Service Telephone Company	\$ 2,649,435.00
Ringgold Telephone Company	\$ 2,446,232.00
Trenton Telephone Company	\$ 2,932,416.00
Waverly Hall Telephone, LLC	\$ 203,193.00
	<b>\$ 19,692,828.00</b>

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 2017, the statewide benchmark was increased to \$20.31, after adjusting for inflation.

### **Telecommunications Relay Service (TRS)**

By statute, the Commission administers the Telecommunications Relay Service (TRS) which provides telecommunications services for the hearing impaired. The TRS is funded through a charge levied on each telephone landline in the state.

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 180 communications assistants. In 2016, 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 \$1.13 million for 2016. The TRS portion was \$381,547.

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 2016 was \$748,749.

### **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 2016 was \$732,601.

Additionally, Georgia TEDP launched an iPad Pilot Program in 2015. The Commission approved \$73,699 for the expansion of this program. The 70 iPads (35 iPad Minis and 35 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. To date, 64 iPads have been distributed.

### **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 2,400 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 2016 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. In 2016 the program distributed 1,672 hearing aids to 898 applicants.

## **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 and opinions in person, via telephone, fax, regular mail, email and internet.

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 three (3) staff members that are dedicated to taking consumer calls. These staff members answer all calls coming through our Automated Call Distributor (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 ACD for 2016 was 17,232 (this includes Spanish calls).

Telephone calls comprised the majority of all inbound contact methods in 2016. Internet/Email contacts continued to be the second preferred method of contacting the Commission in 2016 with 4,962 internet (2,189) and e-mail (2,773) complaints and opinions.

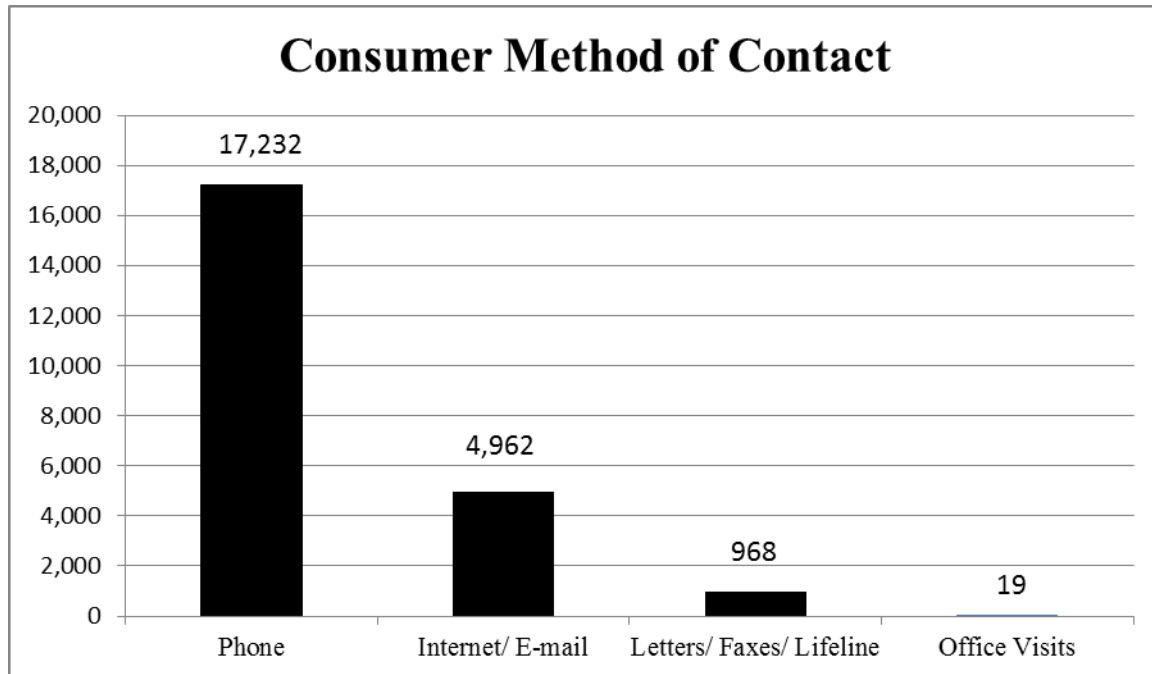
Regular mail and faxes were the next popular methods consumers used for communicating with the Commission. The total paper correspondence in 2016 (letters and faxes) was 968. The increase can be attributed to Lifeline Assistance forms.

The Office of Consumer Affairs also takes complaints from consumers that visit the Georgia Public Service Commission in person. In 2016 the Office of Consumer Affairs met with approximately 19 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 23,181 inquiries, complaints, and opinions from the general public in 2016.

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

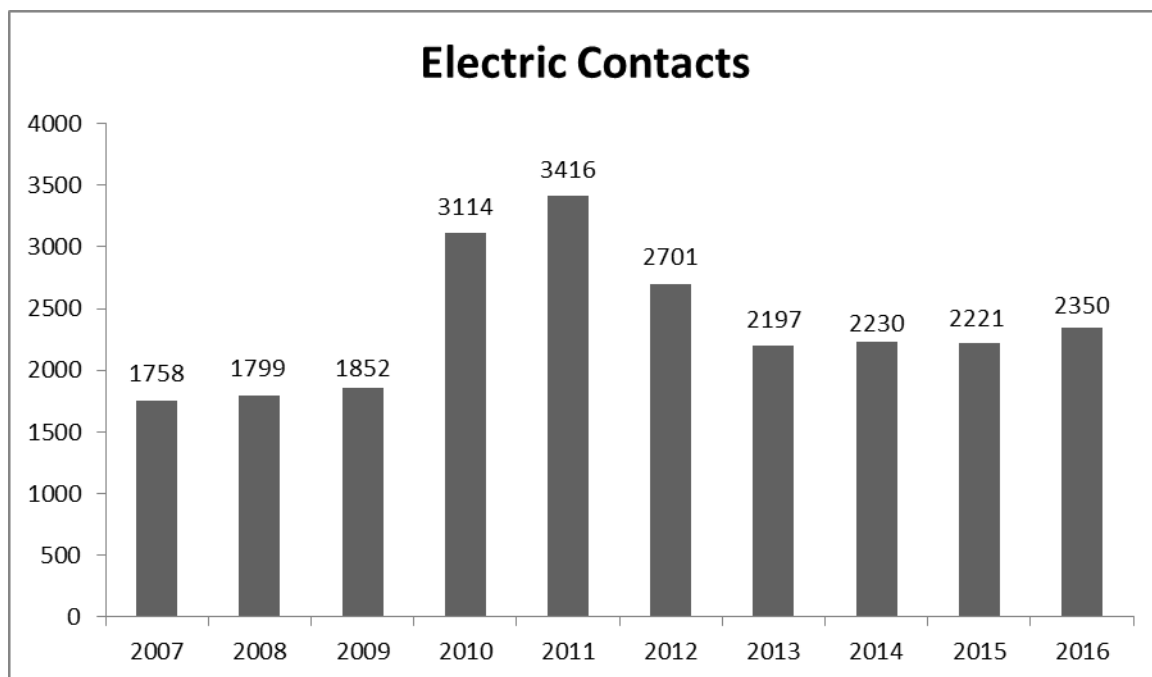


sending e-mails to the representatives of the utility as well as contacts to and from consumers.

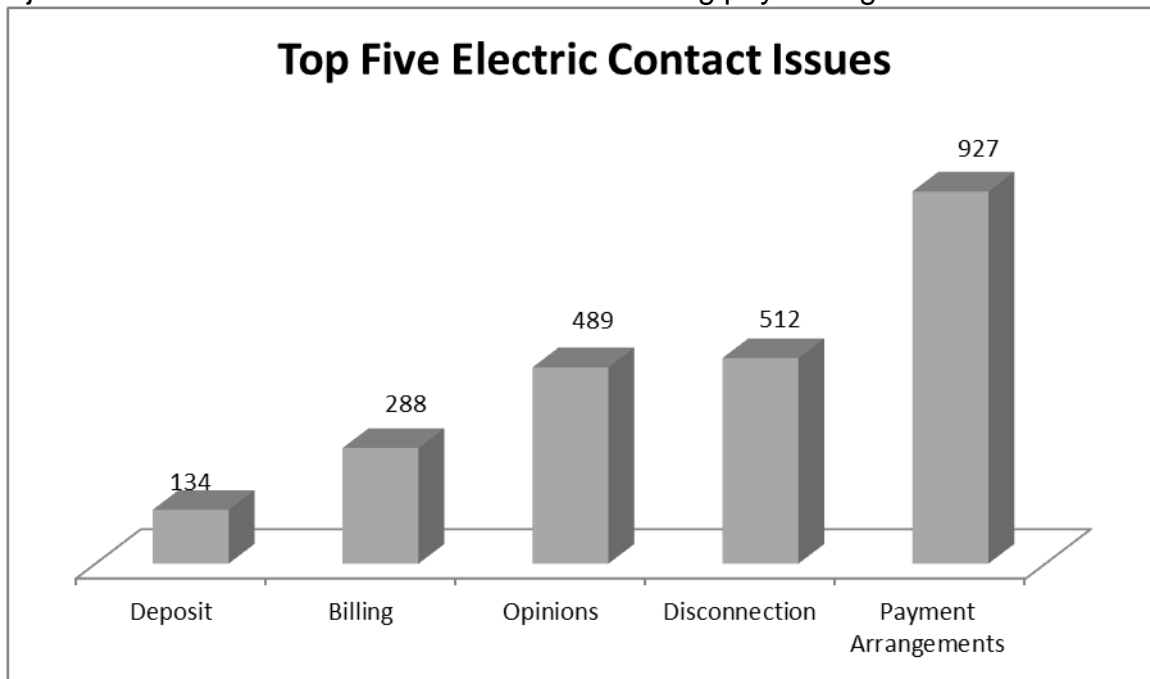


### Electric Consumer Issues

Electric contacts increased in 2016 from 2,221 to 2,350. The increase in contacts can be attributed to an increase in opinions regarding Plant Vogtle. The top five concerns for electric customers were pay arrangements, disconnect/non-pay disconnect, Plant Vogtle opinions, billing issues, and deposits.

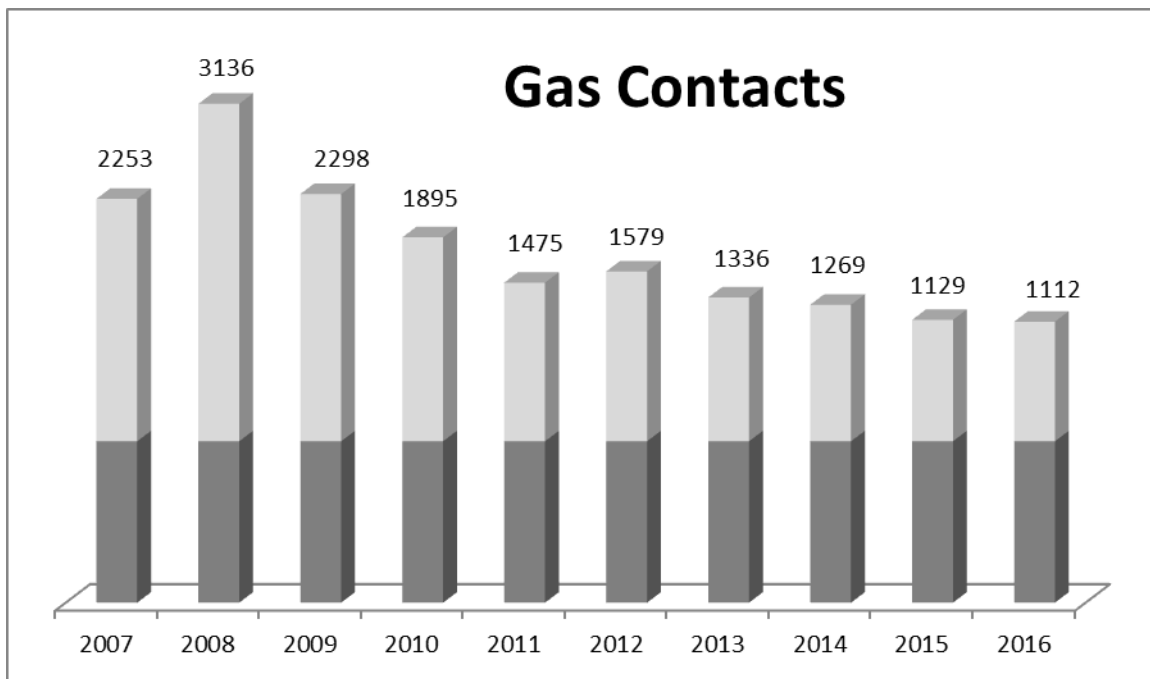


The major electric issues for 2016 were calls concerning pay arrangements.

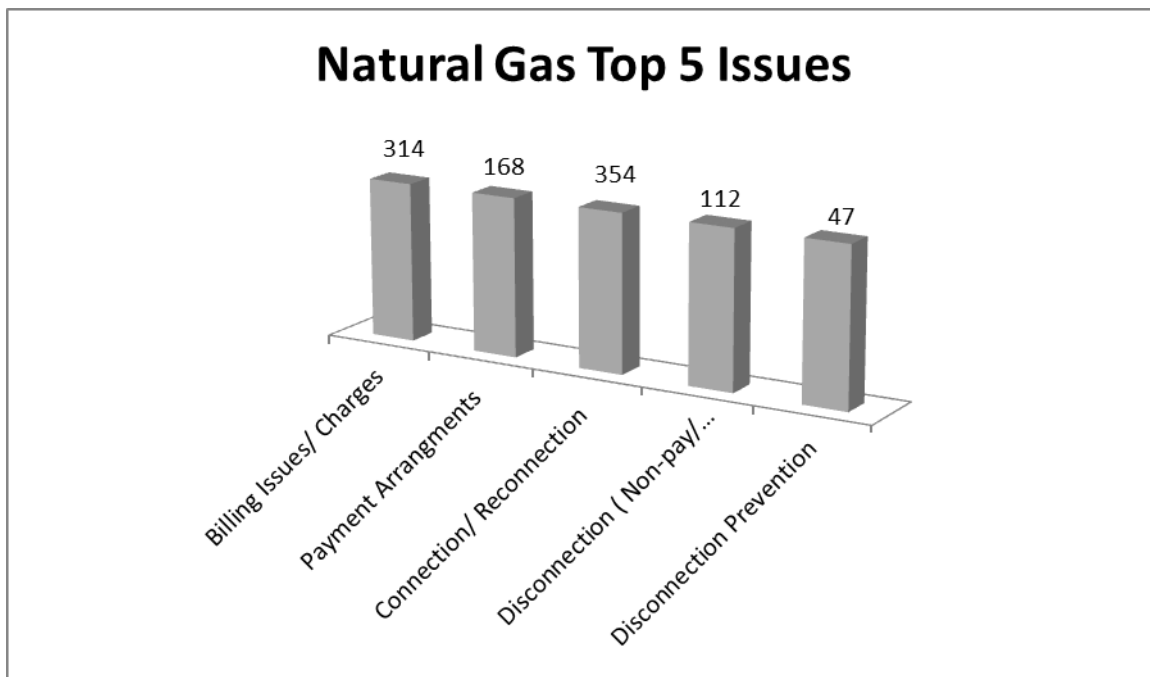


### **Natural Gas Consumer Issues**

Natural Gas contacts decreased in 2016 from 1,129 to 1,112. The top three concerns for Natural Gas customers were billing issues/charges, pay arrangements and connection/reconnection issues.

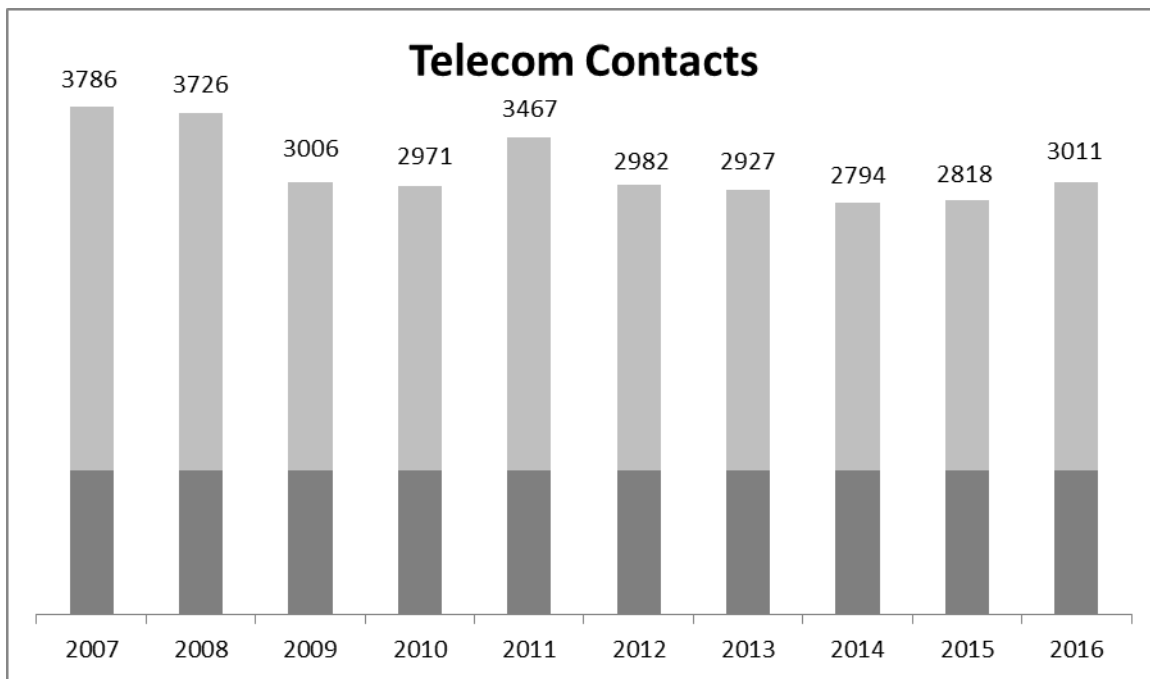


The major natural gas issues for 2016 were calls concerning billing issues/charges and reconnections/disconnections.

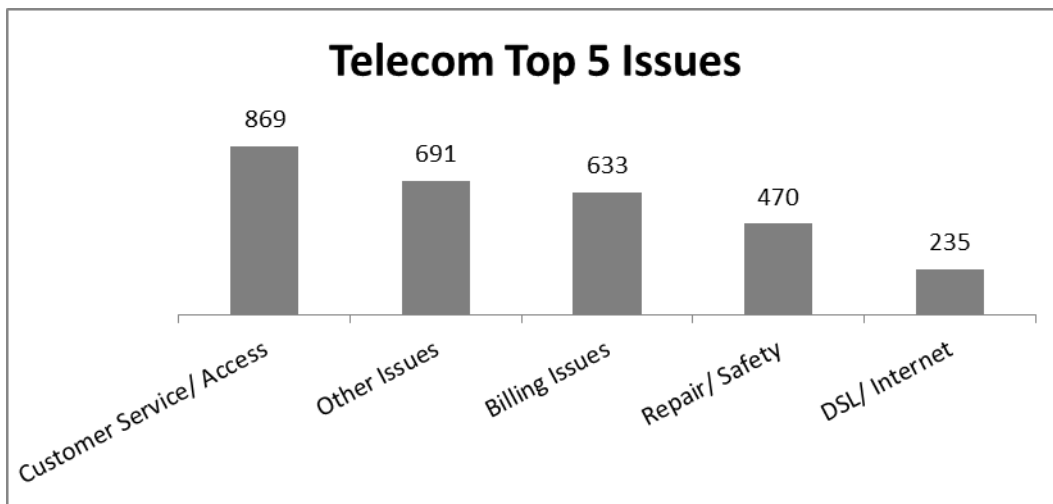


### Telecommunications Consumer Issues

Telecommunications contacts increased in 2016 from 2,818 to 3,011. The top three concerns for telecommunications customers were customer service, billing issues, and internet service. There were 175 wireless complaints in 2016. There were 2 contacts for Voice over Internet Protocol (VOIP) and 65 DSL complaints for 2016.

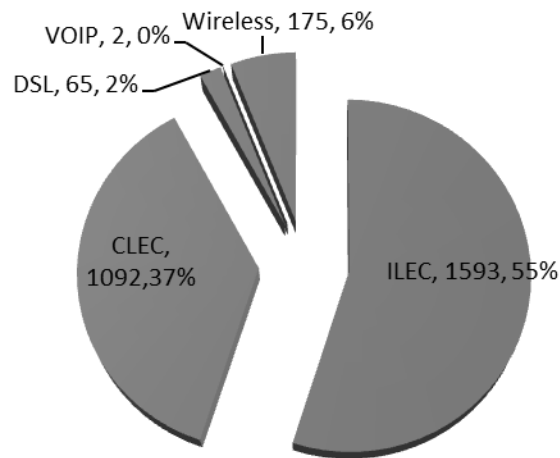


The major telecom issues for 2016 were calls concerning customer service and customer access. These were calls from consumers that were unable to contact a “live person” by telephone through the customer service telephone number and or telephone service was not available in their area.



In 2016 Independent Local Exchange Carrier and Competitive Local Exchanges Carrier contacts made up 92% of the telecommunications calls to the Consumer Affairs Unit.

## Telecom Industry Contacts Breakdown



## Consumer Affairs Community Outreach

The Consumer Affairs Unit continued their Outreach activities by giving presentations to community groups and organizations and continued the relationship with the Service Providers Network sponsored by the Atlanta Housing Authority. In 2016 the Consumer Affairs Staff was able to attend and give a presentation at the annual H.E.A.T (Heating Energy Assistance Team, Inc.) meeting. Consumer Affairs staff members also joined the Staff Subcommittee of NARUC (National Association of Regulatory Utility Commissioners) and updated our information with the Atlanta Regional Commission.



**Erica Wilson Presents to the Annual H.E.A.T. Meeting  
November 18, 2016**

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 (IC) Unit of the Utilities Division operates primarily as a resource for the other units. During 2016, IC Staff served as Project Lead on several major cases which included the Southern Company/Atlanta Gas Light Company Merger, Plant Vogtle Units 3 & 4 Construction Monitoring, Georgia Power Company's Fuel Cost Recovery cases, Georgia Power's 2016 Integrated Resource Plan, and the Renewable Energy Development Initiative ("REDI"). IC Staff worked on both Public Interest Advocacy Staff and Commissioner Advisory Staff teams.

Throughout 2016, the Energy Efficiency and Renewable Energy (EERE) Group worked with Georgia Power and Interested Parties in finalizing Georgia Power's Renewable Cost Benefit Framework ("RCB Framework", monitored Georgia Power's construction of its military base solar projects at Forts Benning, Gordon, and Stewart, the Kings Bay Naval Base, and the Marine Corps Logistics Base ("MCLB").

EERE Staff also monitored Demand Side Management (DSM) and Energy Efficiency (EE) programs, reviewed Georgia Power's Annual DSM True-Up to verify program spending and cost recovery, and continued work on the Evaluation Measurement and Verification (EM&V) process.

## **FACILITIES PROTECTION UNIT**

During 2016 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 239 inspections, including 25 Drug and Alcohol inspections, over 992 inspection days.

The Commission continued its damage prevention efforts in 2016 by giving 18 Georgia Utility Facilities Protection Act (GUFPA) presentations to over 205 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 2016 continued in Facilities Protection, as the group continued to enforce GUFPA, Federal, and State rules and regulations, as well as implementing continuing regulations, while facing Staff turn-over and loss of pipeline safety inspectors to the private sector.

### **Facilities Protection Unit**

The Facilities Protection Unit (FPU) 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. 2016 marked the 48<sup>th</sup> year of the Commission's relationship with PHMSA.

The Commission assumed responsibility for damage prevention efforts in 2000, following passage of the GUFPA law. 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 811 before digging, so facility owners can mark the location of buried utility facilities to avoid damage.

## Pipeline Safety

<u>Inspection Type</u>	<b>Number of Inspection Days</b>
Standard Comprehensive	426
Design, Testing, and Construction	6
Operator On-Site Training	29
Integrity Management	220
Operator Qualification	101
Investigating Incidents or Accidents	23
Damage Prevention Investigation	48
Compliance Follow-Up	139
<b>TOTAL</b>	<b>992</b>

Pipeline Safety achieved 100% operator inspections by inspecting all eighty-two (82) municipals and both private operators were during 2016. This is no small task, given the number of operators and geography of the state. In addition, twenty-five (25) drug and alcohol inspections were performed in 2016.

### 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 PSC is responsible for enforcing the call before you dig laws for all utility facilities. During 2016 system owners and operators reported 5,785 incidents where facilities were damaged. Over 56% of the damages were to natural gas lines, while the remaining 44% of the damage were to non-gas facilities.

<b>Reported Damages in 2016</b>		<b>Percent of Total</b>
Natural Gas	3,255	56.3%
Total Non-Gas Incidents	2,530	43.7%
Telephone	985	17.0%
Electric	681	11.8%
Cable TV	565	9.8%
Water	292	5.0%
Sewer	7	0.1%
<b>Total Damages Reported</b>	<b>5,785</b>	<b>100.0%</b>

Staff investigated 3,132 incidents where violations of the GUFPA law were alleged. The enforcement actions during the year included 331 hearings, 566 consent agreements and 344 final orders. Of the 1,921 cases closed, 1,507 related to damaged natural gas lines. These



cases concluded with the Commission's levying \$5,156,500 in civil penalties, of which \$4 million was mitigated with training. The remaining amounts are disbursed to the state treasury.

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 alleged violators take advantage of this offer with 879 locators, excavators, and facility owners and operators attending one of the 157 Commission-approved dig law training presentations in 2016.

The Commission continued its other damage prevention efforts by providing 18 presentations by GUFPA investigators to over 205 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.

The Commission is committed to ensuring safety for all aspects of excavation in and around underground utilities. This effort is being furthered in 2017 by exploring additional training opportunities to address non-mechanized excavation. Several industry participants will spend the first and second quarters of 2017 developing training material that can be utilized by the Commission for supplemental mitigation of GUFPA violations.

### **Additional Facility Protection Program Activities**

Pipeline Safety Staff continued enforcing the federal public awareness regulations, including, Drug and Alcohol, Operator Qualifications, Construction, Comprehensive Inspections, and Integrity Management, etc. during 2016. In addition, several Staff members participated in numerous on-site operator training classes to expose operators' to more in-depth information on specific regulations, policies, procedures, etc.

The FPU 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. A great deal of effort has been spent traveling throughout Georgia to provide all natural gas municipalities the opportunity to meet with the FPU Staff, to discuss any issues or concerns, and to inquire about the Staff's expectations for inspections. The goal of traveling throughout the state is to ensure that the municipal operators located outside of Metro Atlanta have the same opportunities as the operators located in the Metro Atlanta area.

During 2016, the Staff 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 PSC. Staff attended the annual GMA conference to specifically discuss the roles and responsibilities for cities with natural gas systems. The annual Pipeline Safety Conference (PSC in conjunction with the GMA Gas Section) also provides additional learning and training opportunities for operators, contractors, consultants, etc. This working relationship will continue throughout 2017.

In April 2017, Georgia PSC will host the 2017 National Association of Pipeline Safety Representatives Southern Region conference. This annual meeting is held in different

Southeastern states and serves to have regional pipeline safety departments meet and discuss regulations and other topics. The meeting will be held in Savannah, Georgia.

### **Appointment to Federal Working Group**

In December 2016, Michelle Thebert, Facilities Protection Director, was appointed by then-Transportation Secretary Anthony Foxx to the Pipeline Safety Voluntary Information-Sharing System Working Group. This group consists of 24 representatives throughout the U.S. from all areas of the pipeline industry, including, a PHMSA Representative, State Public Utility Commissioners/State Officials, State Pipeline Safety Inspectors, Safety Advocacy Groups, Labor Representatives, Industry Stakeholders, Research Institutions, and the Environmental Defense Fund.

The group is a newly created advisory committee that will provide the Secretary of Transportation with advice and recommendations related to pipeline safety, including whether an information-sharing system for pipeline owners and operators is needed, ways to encourage the exchange of pipeline inspection information, and best practices for protecting proprietary and security-sensitive information.

## **ADMINISTRATION DIVISION**

During 2016 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. The Executive Secretary's responsibilities include scheduling Commission proceedings, assigning hearing officers, signing and certifying Official Orders, and preparing lists of interveners for docketed matters.

In 2016, this Office opened 798 new case dockets; processed 4,915 filed documents; and filed 888 orders prepared for the Chairman's and Executive Secretary's signature. The number of dockets has grown tremendously over the past two decades.

During 2016, the Commission held 90 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 PSC Commissioners through interactions with the Governor's Office of Planning and Budget (OPB) and the Legislative Budget Offices as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency's State and Federal funding, purchasing, asset management and accurate financial reporting of results to Federal, State and other agencies as required or requested. In 2016, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses of \$11.0 million dollars.

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

implemented to monitor, control and forecast all expenses. Each budget item was analyzed in great detail and revaluated in order to submit Budgets for AFY 2017 and FY 2018.

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 Human Resource and payroll needs of the Commission. This office remains available to assist employees in many work-related and personal areas. Our office strives to enhance the work experience and lives of our employees by keeping them informed about upcoming programs and policy changes by the State. This was the first full year our agency participated in the Employee Assistant Program. It has proven to be a beneficial tool to our employees.

The Public Service Commission staff is evidence of our aging workforce. During 2016 we saw a continuation of retirements at the beginning of the year and one at the very end. As a result, we hired two Information Referral Specialists in Consumer Affairs. We added two Financial Analysts and one Engineer to our Electric Unit. The Gas Unit also hired a Financial Analyst, and one staff member was promoted to that Unit. An Administrative Assistant and Investigator were also hired in the GUFPA Unit. This year our office will work with the Executive Director and other senior management to solidify a succession process. Our agency is at a point where we could lose about several staff members over the next 3-5 years due to reaching 30 years of service and normal retirement age. Our office will work to be a strategic partner in helping keep the continuity and high quality of service people have come to expect from the Public Service Commission.

## **Office of Operations Support**

Fiscal year 2016 brought continued efficiency improvements to the Office of Operations Support. The team continued to focus on improving productivity, efficiency, and network data continuity.

Our team did begin research and planning to develop a new multi-year project named State Transparency and Regulatory System or STARS. This system was in the infancy planning stages during the latter part of FY 2016. STARS will redevelop all in-house GPSC systems as well as the website. The project will utilize software and project management talent within the Covendis system provided by the Georgia Technology Authority (GTA). The STARS project mission is to provide data transparency, improved functionality and insight for regulatory matters pertaining to the Georgia Public Service Commission and stakeholders. This 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 received 1,069,998 million page-views on its website. Of these page-views 62.7% were new visitors and 37.3% were recurring visits. The most popular page-views are the Natural Gas List of Certified Marketers the Natural Gas Market price chart and the File and Case Docket tracking search page.

## **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 2016 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 Clean Energy Road show. In 2016, the Public Information Office issued 20 news releases, 68 media advisories and two consumer 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 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.

In the 2016 session, legislators introduced a number of bills affecting state government, the Commission and utilities. A list of bills monitored by the Commission, along with the bill sponsors and status, is provided below:

### **House Bills Acted on in 2016**

- 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 931** by Rep. Karla Drenner. Would end CWIP for nuclear plant construction. **Held in House Committee.**
- House Bill 1036** by Rep. Bill Hitchens. Places moratorium on petroleum pipeline construction in Georgia. **Passed and signed by Governor.**
- House Resolution 979** by Rep. Penny Houston. Creates the House Study Committee on Programs that Provide Services for the Reading to the Blind. **Adopted.**
- House Resolution 1862** by Rep. Karla Drenner. Creates a House Georgia Nuclear Energy Financing Study Committee. **Held in House Committee.**

### **Senate Bills Acted on in 2016**

- Senate Bill 191** by Sen. Lindsey Tippins. Prohibits local government from passing less lenient or stricter excavation ordinances. **Passed and signed by the**

**Governor.**

**Senate Resolution 876** by Sen. Steve Gooch. Creates the Joint Study Committee on Rural Broadband. **Adopted.**

**Senate Resolution 1038** by Sen. Jeff Mullis. Creates Joint Study Committee on Alternative Fuels Infrastructure. **Adopted.**

**Legislation Affecting Agency Operations and State Employees**

**House Bill 750** by Rep. David Ralston and others. Amends the State's Fiscal Year 2016 spending plan. **Passed and signed by the Governor.**

**House Bill 751** by Rep. David Ralston and others. Sets the state budget for Fiscal Year 2017 beginning July 1, 2016. **Passed and signed by the Governor.**

## NOTEWORTHY COMMISSION ACTIVITIES IN 2016

### Dig Safely Month 2016 Proclamation



**Governor Nathan Deal** (center) presents the Dig Safely Month Proclamation to representatives of the Commission, utilities, excavators and contractors on April 19, 2016

### COMMISSIONERS SPEAK TO SOUTHEASTERN SOLAR SUMMIT



**Commissioners Tim Echols** (left) and **Chuck Eaton** at Georgia Tech Research Center, for the Southeastern Solar Summit on October 21, 2016



## COMMISSIONER MCDONALD HONORED



**Commissioner Lauren “Bubba” McDonald** receives Consumer Champion Award from Georgia Watch Executive Director **Liz Coyle** on October 14, 2016

## COMMISSIONERS ATTEND RIBBON CUTTINGS OF SOLAR FACILITIES AT GEORGIA MILITARY BASES



**Commissioner Lauren “Bubba” McDonald** (second from right) takes part in the ribbon cutting for the solar facility at Fort Stewart on December 9, 2016





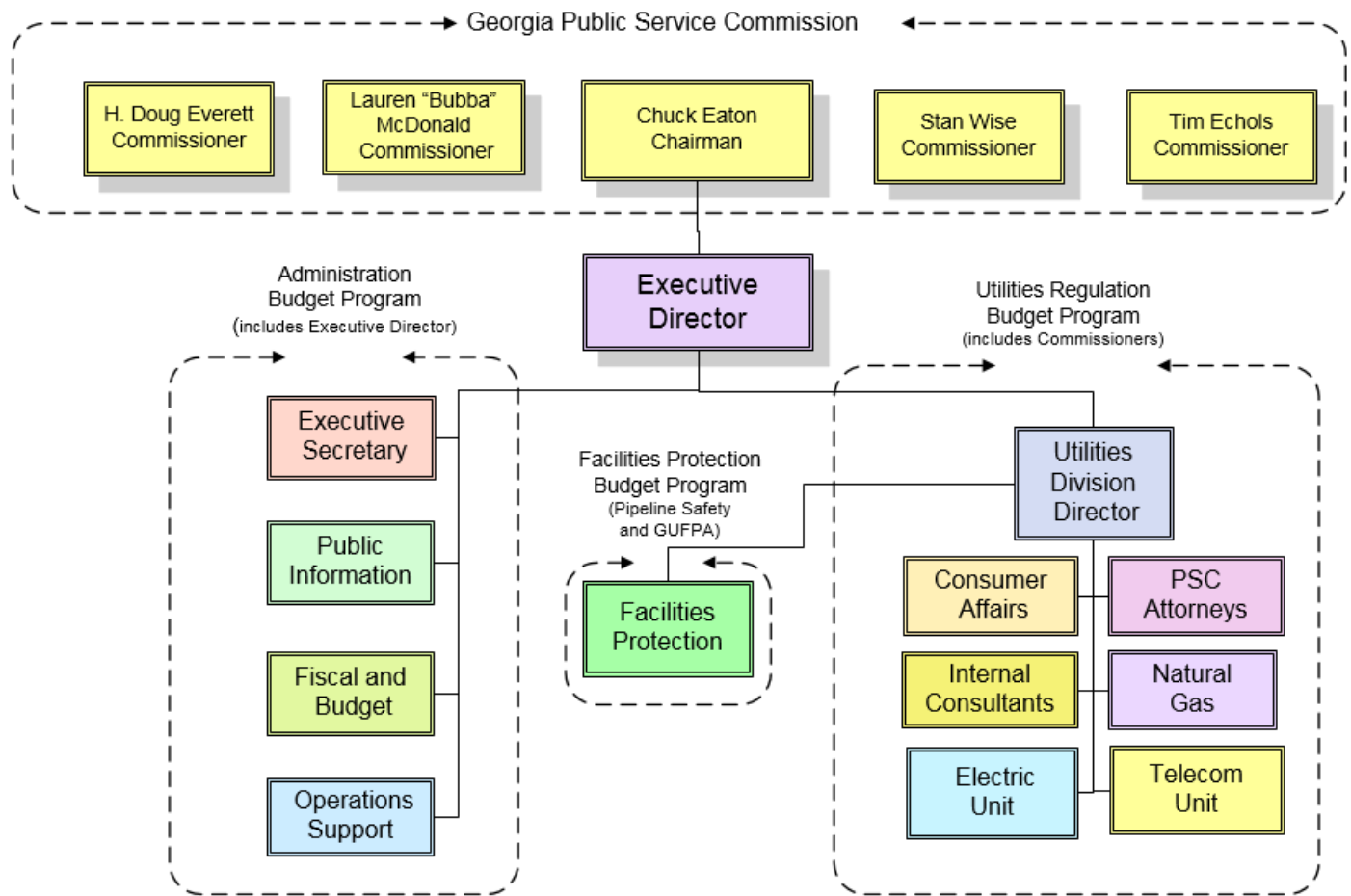
**Commissioner Stan Wise (center)** participates in ribbon cutting for Fort Benning solar facility on June 1, 2016

## AGENCY BUDGET

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017 Budget Governor's Rec. (Jan. '17)
<b>Revenue</b>			
General Assembly Appropriations	\$8,117,763	\$8,482,455	\$9,121,934
Federal and Other Funds	\$2,272,696	\$2,498,199	\$1,343,100
<b>Total</b>	<b>\$10,390,459</b>	<b>\$10,980,654</b>	<b>\$10,465,034</b>
<b>Budgeted Expenditures</b>			
Personal Services	\$8,209,898	\$8,503,521	\$9,317,689
Regular Operating Expenses	\$363,540	\$390,600	\$328,112
Motor Vehicle Purchases	\$0	\$0	\$0
Equipment	\$93,989	\$92,103	\$9,000
Computer Charges	\$60,078	\$70,874	\$165,062
Real Estate Rental	\$670,000	\$670,073	\$484,171
Telecommunications	\$97,104	\$90,400	\$96,000
Contractual Services	\$58,702	\$78,276	\$65,000
<b>Total</b>	<b>\$9,553,311</b>	<b>\$9,895,847</b>	<b>\$10,465,034</b>
<b>Associated Revenue</b>			
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	\$833,665	\$1,101,834	\$225,373
<b>Total</b>	<b>\$1,883,665</b>	<b>\$2,151,834</b>	<b>\$1,275,373</b>

**Notes: Penalties and Fees  
Collected in FY 2017 through  
December 31, 2016**

# PSC ORGANIZATIONAL CHART



Revised March 29, 2016

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