

MINUTES OF A MEETING  
OF THE  
ALABAMA PUBLIC SERVICE COMMISSION  
HELD TUESDAY, NOVEMBER 1, 2016

The November 2016 meeting of the Alabama Public Service Commission was held on Tuesday, November 1, 2016, in the Carl L. Evans Chief Administrative Law Judge Hearing Room Complex, 100 North Union Street, Montgomery, Alabama. Commission President Twinkle Andress Cavanaugh called the meeting to order at 10:04 a.m. with Commissioner Jeremy H. Oden and Commissioner Chris "Chip" Beeker, Jr., present. The following staff members were also present: John A. Garner, Chief Administrative Law Judge and Executive Director; Scott Morris, Administrative Law Judge; Luke Bentley Hearing Officer; Janice Hamilton, Utility Enforcement Division Director; Darrell Baker, Utility Services Division Director; John Free, Electricity Policy Division Director; Wallace Jones, Gas Pipeline Safety Division Director; Clarence Duncan, Laneeta Roberts, Patricia Smith and Donald Powell, Public Utility Analyst Managers; Aquilla Spivey, Consumer Services Manager; Tanya Champion, Marquita Lennon, Devon Beaty, Public Utility Analysts; Terry Jackson, Public Utility Field Technician Senior; Tonya Williams, Staff Accountant; Amanda Shehane, Senior Accountant; Rena Caldwell, Accountant; Angier Johnson, Public Information Manager; Debbie Williams, Executive Assistant to Commissioner Cavanaugh; Jeffrey Johnston, Technical Assistant to Commissioner Cavanaugh; Spears Griffin, Technical Assistant to Commissioner Oden; Blake Kinney, Executive Assistant to Commissioner Oden; Brent Woodall, Chief of Staff to Commissioner Beeker; Elijah Clark, Executive Assistant to Commissioner Beeker; Jerry Delancey and Tashenna Lawrence, Administrative Assistants; and Walter L. Thomas, Jr., Secretary of the Commission.

\* \* \* \*

Commissioner Cavanaugh noted that the public was informed of today's Commission meeting by notice dated September 28, 2016.

\* \* \* \*

Commissioner Beeker introduced Dr. Lewis Chapman, DMD, Specialist in Orthodontics whom opened the meeting with a prayer and led the audience in the Pledge of Allegiance.

\* \* \* \*

Commissioner Cavanaugh made a motion to adopt the minutes of the October 4, 2016 Commission meeting. Upon being seconded by Commissioner Cavanaugh, the Commissioners voted unanimously to adopt the minutes.

\*

\*

\*

\*

UTILITY SERVICES DIVISION

Mr. Baker stated that the Consumer Service Complaint report for the period September 24, 2016 thru October 19, 2016 was as follows: Alabama Power Company had twenty-three residential; Alabama Gas Corporation had four residential; Mobile Gas Service Corporation had one inquire; nineteen telecommunication inquires consisting of five under Public Service Commission jurisdiction, eleven referred back to the companies since the companies waived jurisdiction and three which were not under PSC jurisdiction.

\*

\*

\*

\*

Mr. Baker reported on RSE for Alabama Gas Corporation stating that as of September 30, 2016, the projected RSE return on average common equity for the fiscal year ending September 30, 2016, was 11.20 percent, which is above the range. As a result, rates will be reduced by \$2,652,314 effective December 1, 2016, through September 30, 2017 to reflect the adjustment under the normal operation of RSE. The authorized return on average common equity is 10.50 to 10.95 percent. The preliminary indication is that the company rate year 2016 above the cost control measurement range.

\*

\*

\*

\*

Mr. Baker reported on RSE for Mobile Gas Service Corporation stating that as of September 30, 2016, the projected RSE return on average common equity for the fiscal year ending September 30, 2016, was 11.55 percent, which is above the authorized range. As a result, rates will be reduced by \$1,044,729 effective December 1, 2016, through September 30, 2017, to reflect the adjustment under the normal operation of RSE. The authorized return on average common equity is 10.45 percent to 10.95 percent. The preliminary indication is that the company rate year 2016 above the cost control measurement range.

\*

\*

\*

\*

Mr. Baker reported on Informal Docket U-4004, Mobile Gas Service Corporation, Application for approval of a Natural Gas Transportation Agreement with Southern Company Services, and recommended granting approval of the Application.

Upon motion by Commissioner Cavanaugh and seconded by Commissioner Beeker, the Commissioners voted unanimously to accept the recommendation.

\*

\*

\*

\*

Mr. Baker reported on Formal Docket 31183, Canaan Systems, Inc., Application to modify Certificate of Financial Viability by adding the wastewater system serving the Willow Point Subdivision and removing the wastewater systems associated with the proposed Keith Hall and Lawrence Landing subdivision. Petition also requested adding the wastewater system serving the River Bend Subdivision to the certificate but the system was previously added to the certificate by order for Docket U-5047. Filed September 19, 2016 and September 30, 2016, and recommended granting approval of the Application.

Upon motion by Commissioner Cavanaugh and seconded by Commissioner Beeker, the Commissioners voted unanimously to accept the recommendation.

\*

\*

\*

\*

Mr. Baker then reported on the following dockets for approval of Amended Interconnection Agreements pursuant to Sections 251 and 252 of the Telecommunications Act of 1996, and recommended approval of the Agreements as follows:

Informal Docket U-3943, BellSouth Telecommunications, LLC d/b/a AT&T Alabama or AT&T Southeast and Level 3 Communications, LLC; and

Informal Docket U-4680 BCN Telecom, Inc., and BellSouth Telecommunications, LLC d/b/a AT&T Alabama or AT&T Southeast.

Mr. Baker reported on the following dockets for approval of Cancellations/Withdrawals of Certificates of Public Convenience and Necessity and withdrawal of their tariffs, and recommended approval of the Cancellations/Withdrawals as follows:

Formal Docket 28027, Total Call International, Inc., cancels Certificate of Public Convenience and Necessity and withdraws tariffs. Certified under this docket on September 10, 2001 to provide telephone Toll Resale services. Further certified on February 2, 2010 to market it prepaid calling card services under the trade names Amigos Telecom, Key pad, and Star International Alliance. Currently the company is not providing any telecommunications services in the state of Alabama; therefore, no customers are directly affected by the cancellation;

Formal Docket 31158, Novatel LTD., Inc., cancels Certificate of Public Convenience and necessity and withdraws tariff. Certified under this docket on August 28, 2009 to provide Telephone Toll Resale Services. Currently the company is not

providing any telecommunications services in the state of Alabama; therefore, no customers are directly affected by the cancellation; and

Formal Docket 32008, TNCI Operating Company, LLC, cancels Certificate of Public Convenience and Necessity and withdraws tariffs. Certificate under this docket on June 12, 2013 to provide Facilities-Based and Resold Local Exchange, Exchange Access, and Interexchange Telecommunication services. Currently the company is not providing any telecommunications services in the state of Alabama; therefore, no customers are directly affected by the cancellation.

Upon motion by Commissioner Beeker and seconded by Commissioner Cavanaugh, the Commissioners voted unanimously to accept these recommendations.

\* \* \* \*

Mr. Baker noted that the items on the Telecommunications Agenda under "Summary of Other Filings" fall under the price regulation order.

\* \* \* \*

GAS PIPELINE SAFETY DIVISION

In Wallace Jones' absent, Judge John Garner reported for the Gas Pipeline Safety (GPS) Division on major activities during the month of September 2016.

Standard Inspection	Construction	IMP/DIMP	Operator Qualification	Incident	Damage Prevention	Follow-Up	TOTAL Inspections
9	10	6	7			6	38

- There were two non-compliance items from previous inspections corrected during the month.
- Five polyethylene (PE) plastic fusion classes were held during September. A total of 162 personnel were qualified.
- All GPS personnel attended the Alabama Natural Gas Association (ANGA) Fall Workshop in Athens, AL on September 12-17. This Fall Workshop consisted of several training opportunities for operators and the GPS investigator staff. GPS conducted a Polyethylene

(PE) plastic fusion certification class during the workshop.

- Mr. Wallace R. Jones, Director, GPS Division, Mr. Greg Meadows and Mr. Daniel Trapp, Pipeline Safety Investigations Supervisors attended the 2016 National Association of Pipeline Safety Representatives (NAPSR) National Meeting and Board Meeting in Indianapolis, Indiana on September 25-30. Marie Therese Dominguez, Pipeline and Hazardous Materials Safety Administration (PHMSA) Administrator was the keynote speaker. Mr. Robert Hall, National Transportation Safety Board (NTSB) also discussed several natural gas incidents that the NTSB has been involved with in recent years.
- GPS personnel attended the Alabama Public Awareness Cooperative Training (APACT) session at Gardendale on September 22.

\* \* \* \*

UTILITY ENFORCEMENT DIVISION

Ms. Hamilton reported for the Utility Enforcement Division on major activities during the month of September 2016.

RAILWAY SAFETY

The track inspection results below were collected by our Railway Safety (RWS) staff in the field.

Rail Carriers Visited	Regular Track Inspections	Track Defects Identified	Violations Recommended	Track Miles Inspected	Track Turnouts Inspected
8	22	108	11	111	94

The table below depicts track safety observations made. One non-compliant bridge worker safety condition was recorded.

Railroad Bridge Observations	Roadway Worker Protection	Roadway Maintenance Machines	Bridge Worker Safety
6	24	7	1

There were seven inspection performed on rail carrier records during September with one non-compliant condition detected and five violation recommendations.

The results in the table below were collected from Motive

Power & Equipment (MP&E) inspections that were performed on locomotives, freight cars, hazardous material tank cars, end of train and other railroad devices.

Rail Carriers Visited	Regular Inspections	Defects Identified	Violations Recommended	Number of Devices Inspected
3	21	94	0	261

The table below depicts safety observations completed by the MP&E Inspector. No non-compliant conditions were found.

Air Brake Tests	Blue Flag Protection	End of Train Devices
6	18	13

There was one FRA reportable railroad incident in Reform, Alabama that required both state track inspectors' response. The derailment involved four rail cars leaving the track atop a bridge. There were no casualties or hazardous materials involved. The incident is still under investigation. Because of a history of derailments and rail traffic carrying hazardous materials in this area, a focused inspection was planned.

MOTOR CARRIER SERVICES

The Motor Carrier Services (MCS) staff accomplished the following matters regarding state authority to operate as a motor carrier in Alabama with proof of insurance coverage:

Vehicle Registration Numbers	Intrastate Applications Processed/ Returned	NOL Processed/ Closed Intra Applications	For Non-Profit Correspondence	Under Legal Division Review	Motor Carrier Authority Inquiries		
					Phone	E-mails	Others
30	11	2	57	11	65	64	26

The MCS staff members handled the tasks shown below regarding insurance coverage, prepared correspondence that challenged incorrect filings and addressed related inquiries:

Insurance Filings Received	New Authority Approved	Revocation Orders	Reinstatement Orders	Miscellaneous Actions	Letters Sent	Insurance Inquiries	
						Phone	E-mails
510	10	24	25	12	11	57	384

The Section addressed the following Unified Carrier Registration (UCR) responsibilities:

UCR Applications		UCR Mail outs for 2016	UCR Audit Correspondence	UCR Inquiries	
Processed	Returned			Phone	E-mail
7	5	7556	0	85	22

There were six MCS-150 forms processed indicating that three motor carriers' USDOT numbers were deactivated and three forms requested updates to carriers' USDOT number information. This service, provided by the MCS staff, has protected Alabama motor carriers from receiving unnecessary traffic tickets when leaving the state or prevented them from paying needless fees.

The staff received and reviewed two passenger tariffs and one taxi tariff. The section handled one tariff provision inquiries from motor carriers that are responsible for the documents. There were six compliance audits completed pertaining to household goods carriers.

Staff attended two passenger carrier hearings held to determine whether or not to grant transportation companies authority to operate in Alabama.

#### FIELD SERVICES

During the month, a total of 25 AT&T telecommunications projects constructed using Universal Service Funds were inspected by the Field Services Section (FSS) in the Bessemer and Jasper areas. Bessemer saw the installation of 334,000 feet of fiber and peripheral equipment necessary to support Gigabit Passive Optical Network (GPON) broadband technology and Jasper added 26,000 feet of fiber to their area also in support of GPON technology. Last month, only nine projects were reviewed in comparison to the 25 projects this month.

The FSS staff made a routine site visit to inspect the operations of an Alabama Power Company business office located in the central part of the state. The only reportable outage occurred there in July was caused by a tree limb falling on a line. The staff also inspected an electric generating plant in west Alabama where a fuel conversion took place since the last FSS visit. There was no unusual, unsafe or condition of concern noted.

FSS staff met with O'Brien Environmental Services, LLC, a wastewater management entity in Langston, Alabama, at their Windemere Cove RV Resort to review their procedures for processing the park's effluent. Rather than install one large system, approval was granted by Alabama Department of Environmental Management and the Local Health department to install 20 smaller systems which handles effluent from eight sites by way of a conventional septic system. Each system appeared functional and free from defects and leaks at the time of this inspection.

The staff also met with Lakeside Leisure, LLC, to inspect the

system that provides water to Windemere Cove RV Resort. Approximately 10,000 gallons of water is purchased from the town of Section which requires no secondary treatment. A 6-inch main connects the park to Section's 8-inch main and is distributed throughout the park. Along with potable water, three fire hydrants are also in place to provide fire protection. A visual inspection revealed no discrepancies in design or operation.

\* \* \* \*

ELECTRICITY POLICY DIVISION

Ms. Smith reported on RSE for Alabama Power Company stating that the Weighted Retail Return on Average Common Equity Forecast as of December 31, 2016, is 6.18 percent. Ms. Smith also reported that in September 2016 energy cost applicable to Rate ECR was under-recovered by \$6,535,901.

\* \* \* \*

LEGAL DIVISION

Hearing Officer Sullen Young reported from the Legal Division Agenda on Formal Docket 32468, motor carrier application of Vandeburgh Industries, LLC d/b/a Wellness Transport of Salem, Alabama, to institute a new operation in the transportation of passengers. A Report and Recommended Order ("RRO") was entered in this cause on September 26, 2016, which recommended the application be denied. No exceptions to the RRO were filed within 20 days from the date of service, and recommended entry of an order recognizing that the RRO entered in this cause became the order of the Commission by operation of law due to the fact that no exceptions to the RRO were filed within the statutorily established timeframe of 20 days.

Upon motion by Commissioner Cavanaugh and seconded by Commissioner Oden, the Commissioners voted unanimously to accept the recommendation.

\* \* \* \*

Hearing Officer Sullen Young reported on Formal Docket 32566, Application of Media Link Telecom, LLC of EL Dorado, Arkansas for a certificate of Public Convenience and Necessity to provide telecommunications service in the state of Alabama. A hearing was held on October 13, 2016, in which staff participated. There was no intervention in this docket, and recommended granting approval of the Application.

Upon motion by Commissioner Oden and seconded by Commissioner Cavanaugh, the Commissioners voted unanimously to accept the recommendation.

\* \* \* \*

Hearing Officer Young then reported on Formal Docket 32558, In Re: APSC v. Delinquent Company (Safety Inspection Fees) Show Cause proceeding to address the failure of a regulated operator of a natural gas meter facility to timely pay required safety inspection fees despite numerous notices. A show cause hearing was held on October 13, 2016, in this matter to give this entity an opportunity to appear and show cause why it should not be fined and/or ordered to cease and desist from the operation of it natural gas master meter facilities; however, due to good faith efforts by the company on October 27, 2016, Hearing Officer Young recommended that Valley Brook Apartments be granted an extension until December 1, 2016 to file the required form as well as payment of the court reporter's fee in the amount of \$87.00.

Upon motion by Commissioner Cavanaugh and seconded by Commissioner Beeker and after discussion, the Commissioners voted unanimously to accept the recommendation.

\* \* \* \*

Hearing Officer Luke Bentley reported on the following items from the legal Division Agenda:

Formal Docket 32574, Application of Bellhops, Inc., of Chattanooga, Tennessee, for a certificate to transport household goods, and recommended granting approval of certificate and tariff; and

Formal Docket 32539, Motor carrier application of 7even Transport, LLC of Birmingham, Alabama, to institute a new operation in the transportation of passengers. A Report and Recommended Order ("RRO") was entered in this cause on September 14, 2016 which recommended the application be denied. No exceptions to the RRO were filed within 20 days from the date of service, and recommended granting entry of an order recognizing that the RRO entered in this cause became the order of the Commission by operation of law due to the fact that no exceptions to the RRO were filed within the statutorily established timeframe of 20 days.

Upon motion by Commissioner Cavanaugh and seconded by Commissioner Oden, the Commissioners voted unanimously to accept these recommendations.

\* \* \* \*

Commissioner Oden made a motion for a five-minute recess. Upon being seconded by Commissioner Beeker, the Commission voted unanimously for the five-minute recess at 10:36 A.M.

\* \* \* \*

Commissioner Oden reconvened the meeting at 10:41 A.M., and presided over the remaining portion of the meeting in Commission President Cavanaugh's absence. Commissioner Beeker remained in attendance.

\* \* \* \*

Judge Morris reported on the following dockets from the Legal Division Agenda:

Informal Docket C-6609, Petition of Swift Transportation Co., Inc., of Phoenix, Arizona, for cancellation of cargo and liability self-insurance authority, and recommended granting cancellation of cargo and liability self-insurance authority as requested; and

Formal Docket 32009, Petition of Emperor Limo Service, Inc., ("Emperor"), of Sterrett, Alabama, to suspend operation under motor carrier certificate 4015 for additional period of one year. Operations pursuant to motor carrier certificate 4015 were suspended for a period of one year by Commission order dated November 12, 2014. An additional one-year suspension was granted Emperor by Commission order dated October 8, 2015, and recommended granting an additional one-year suspension.

Upon motion by Commissioner Oden and seconded by Commissioner Beeker, Commissioner Oden and Commissioner Beeker voted to accept these recommendations.

\* \* \* \*

Formal Docket 32543, *Alabama Public Service Commission v. All Motor Carriers who failed to file Annual Reports for 2015 operations*. Hearing held for all motor carriers who failed to file their Annual Reports for 2015 operations, and recommended revocation of all carriers who failed to appear at the Show Cause hearing; dismissal of all carriers from proceeding who have now complied or otherwise shown good cause why they should be dismissed from this proceeding.

Upon motion by Commissioner Oden and seconded by Commissioner Beeker, Commissioner Oden and Commissioner Beeker voted to accept the recommendation.

\* \* \* \*

Formal Dockets 32553 & 31187, Petition of Utility Management, LLC ("Utility Management"), a certificated wastewater

management entity, to transfer ownership of certain wastewater systems to Community Utilities of Alabama Inc., ("Community Utilities"), modify its certificate to reflect that some certificated systems were never constructed, and cancel its certificate. Application of Community Utilities for a certificate of financial viability, a statutory requirement to operate as a wastewater management entity, and to approve a rate base for future ratemaking. These requests are interdependent and were addressed at the same hearing, and recommended granting approval of Utility Management petition to transfer ownership of 39 wastewater systems to Community Utilities, modify its certificate to remove wastewater systems that were never constructed, and cancel its certificate. Grant Community Utilities' application for a certificate of financial viability and approve its proposed rate base.

Upon motion by Commissioner Beeker and seconded by Commissioner Oden, Commissioner Oden and Commissioner Beeker voted to accept the recommendation.

\* \* \* \*

Formal Docket 32556, Application of Go Daddy.com, LLC of Scottsdale, Arizona for a Certificate of Public Convenience and Necessity to provide telecommunications service in the state of Alabama. A hearing was held on October 11, 2016, in which staff participated. There was no intervention in this docket, and recommended dismissal of application for lack of jurisdiction by the Commission over the proposed services. Commission staff has conferred with representatives of the applicant and have determined that all proposed services will be offered over either wireless or VOIP, and are therefore outside the regulatory jurisdiction of the Commission.

Upon motion by Commissioner Beeker and seconded by Commissioner Oden, Commissioner Oden and Commissioner Beeker voted to accept the recommendation.

\* \* \* \*

Judge Garner reported from the Legal Division Agenda on Formal Docket 31021, Petition of Integra Water Creola, LLC ("Integra") for approval of a pro forma corporate restructuring that will result in the creation of a new intermediate subsidiary ("Newco LLC") of Integra's parent company Integra Water, LLC. Integra Water, LLC will transfer 100% of Integra's stock to Newco LLC for all of the membership units of Newco in a tax free exchange, and recommended granting approval of Petition.

Upon motion by Commissioner Oden and seconded by Commissioner Beeker, Commissioner Oden and Commissioner Beeker voted to accept the recommendation.

\* \* \* \*

Judge Garner recommended approval of the item listed under the administrative items.

Upon motion by Commissioner Oden and seconded by Commissioner Beeker, Commissioner Oden and Commissioner Beeker voted to accept the recommendation.

\* \* \* \*

Commissioner Oden concluded with stating that the next Commission meeting is scheduled for Tuesday, December 6, 2016.

\* \* \* \*

There being no further business, Commissioner Oden adjourned the meeting at 10:48 a.m.

  
Walter L. Thomas, Jr.  
Secretary