



## STATE OF ALABAMA

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

TWINKLE ANDRESS CAVANAUGH, PRESIDENT

JOHN A. GARNER, EXECUTIVE DIRECTOR

JEREMY H. ODEN, ASSOCIATE COMMISSIONER

CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

### MEMORANDUM

DATE: October 25, 2016

TO: Commissioner Twinkle Andress Cavanaugh  
Commissioner Jeremy H. Oden  
Commissioner Chris "Chip" Beeker, Jr.

FROM: Darrell A. Baker, Director *DAB*  
Utility Services Division

SUBJECT: Agenda for November 1, 2016 Commission Meeting.

The following items will be presented to the Commission during the regular November 1, 2016 Commission Meeting.

# **Consumer Services Report**



**BASIC SERVICE ONLY**

Company	Service Category	Total Inquiries	Service Outage	Service Quality	Service Connection	Service Disconnection	Billing Issues	Payment Issues	Lifeline Issue/Info	Request Info Only
ILEC	Residential	1					1			
	Business									
CLEC	Residential	2		1			1			
	Business									
TOLL	Residential									
	Business									
OTHER	Residential									
	Business									
<b>Total Under PSC Complaint Jurisdiction</b>		<b>3</b>		<b>1</b>			<b>2</b>			

**OTHER RETAIL SERVICES/ISSUES**

Service Category	Total Inquiries	Toll Service	Internet Service	Slamming Cramming	Wireless Issues	Number Porting Issues	Video CATV	Inmate Calling Service	Request Info Only
Residential	3		1			1			1
Business	2		2						
Total	5		3			1			1
Not Under PSC Jurisdiction	3		3						
Under PSC Jurisdiction	2					1			1

Other Retail Services/Issues Under PSC Jurisdiction **(Above)** 2

Basic Service Inquiries Under PSC Jurisdiction **(Previous Page)** 3

Total Telecom Inquiries Under PSC Jurisdiction **(Non-referrals)** 5

<b>Referred Inquiries (Waived Complaint Jurisdiction)</b>	
Residential	9
Business	2
<b>TOTAL</b>	<b>11</b>

<b>TOTAL TELECOM INQUIRIES</b>			
Under PSC Complaint Jurisdiction	Waived Complaint Jurisdiction (Referrals)	Received But Not Under PSC Jurisdiction	Total Received
<b>5</b>	<b>11</b>	<b>3</b>	<b>19</b>

Gas Agenda

NATURAL GAS

Docket 18046 and ALABAMA GAS CORPORATION -- Division Report on Rate RSE as of  
18328 September 30, 2016

Based on preliminary figures at point-of-test September 30, 2016, the RSE return on average common equity for the fiscal year ending September 30, 2016, was 11.20 percent, which is above the authorized 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 percent to 10.95 percent.

The preliminary indication is that the company ended Rate Year 2016 below the Cost Control Measurement Range.

Docket 28101 MOBILE GAS SERVICE CORPORATION -- Division Report on Rate RSE as of September 30, 2016

Based on preliminary figures at point-of-test September 30, 2016, the 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 ended Rate Year 2016 above the Cost Control Measurement Range.

Docket U-4004 MOBILE GAS SERVICE CORPORATION -- Application for Approval of a Natural Gas Transportation Agreement with Southern Company Services.  
Recommend Approval.

**Water Agenda**

**WASTEWATER**

- 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 subdivisions. Petition also requested adding the wastewater system serving the River Bend Subdivision to the Certificate but that system was previously added to the Certificate by Order for Docket U-5047. Filed September 19, 2016 and September 30, 2016.

Recommend Approval.

**Telecommunication Agenda**

**AMENDED INTERCONNECTION AGREEMENT (S)**

Docket U-3943 BELLSOUTH TELECOMMUNICATIONS, LLC d/b/a AT&T ALABAMA or AT&T SOUTHEAST and LEVEL 3 COMMUNICATIONS, LLC -- Approval of an Amendment to the Interconnection Agreement between BellSouth Telecommunications, LLC d/b/a AT&T Alabama or AT&T Southeast and Level 3 Communications, LLC pursuant to *Sections 251 and 252* of the Telecommunications Act of 1996.

Recommend Approval.

Docket U-4680 BCN TELECOM, INC. and BELLSOUTH TELECOMMUNICATIONS, LLC d/b/a AT&T ALABAMA or AT&T SOUTHEAST -- Approval of an Amendment to the Interconnection Agreement between BellSouth Telecommunications, LLC d/b/a AT&T Alabama or AT&T Southeast and BCN Telecom, Inc. pursuant to *Sections 251 and 252* of the Telecommunications Act of 1996.

Recommend Approval.

**CANCELLATION/WITHDRAWAL (S)**

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 its 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.

Recommend Approval.

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.

Recommend Approval.

Docket 32008      TNCI OPERATING COMPANY, LLC -- Cancels Certificate of Public Convenience and Necessity and withdraws Tariffs. Certified under this docket on June 12, 2013 to provide Facilities-Based and Resold Local Exchange, Exchange Access, and Interexchange Telecommunications Services. Currently the company is not providing any telecommunications services in the state of Alabama; therefore no customers are directly affected by the cancellation.

Recommend Approval.

#### SUMMARY OF OTHER FILING(S)

D-7422      DOVETEL COMMUNICATIONS, LLC d/b/a SYNCGLOBAL -- Reduces Intrastate Switched Access rates in accordance with the FCC's *Report and Order in WC Docket Nos. 10-90, etc.*, FCC Release No. 11-161, issued November 18, 2011, *Second Order on Reconsideration, et al.*; and Dockets 28642 and 31816, *Intercarrier Compensation Reform and Treatment of TSP Revenues by ILECs* dated April 17, 2012. Filed July 26, 2016, with a requested effective date of July 15, 2016.



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CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

**MEMORANDUM**

**DATE:** October 25, 2016

**TO:** President Twinkle Andress Cavanaugh  
Commissioner Jeremy H. Oden  
Commissioner Chris "Chip" Beeker, Jr.

**FROM:** Wallace R. Jones, Director *WRJ*  
Gas Pipeline Safety Division

**SUBJECT:** Agenda for November 1, 2016 Commission Meeting

This memorandum reflects activities of the Gas Pipeline Safety (GPS) Division that will be presented at the November 1, 2016 Commission Meeting.

- GPS performed the following inspections 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.



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JOHN A. GARNER, EXECUTIVE DIRECTOR

**MEMORANDUM**

**DATE:** October 25, 2016

**TO:** President Twinkle Andress Cavanaugh  
Commissioner Jeremy H. Oden  
Commissioner Chris "Chip" Beeker, Jr.

**FROM:** Janice M. Hamilton, Director *JMH*  
Utility Enforcement Division

**SUBJECT:** Agenda for November 1, 2016 Commission Meeting

This memorandum reflects the Utility Enforcement Division's (UED) report describing the major tasks, inspections and activities accomplished by its staff 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 inspections 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 condition was 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 2017	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.



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JOHN A. GARNER, EXECUTIVE DIRECTOR

October 25, 2016

**MEMORANDUM**

**TO:** President Twinkle Address Cavanaugh  
Commissioner Jeremy H. Oden  
Commissioner Chris "Chip" Beeker, Jr.

**FROM:** John D. Free, Director   
Electricity Policy Division

**SUBJECT:** Agenda – November 1, 2016 Commission Meeting

The Electricity Policy Division will present the following items at the November 1, 2016 Commission Meeting.

**ELECTRICITY**

**ALABAMA POWER COMPANY**

**Docket** 18117 Division Report on Rate RSE and Rate ECR as of September 30, 2016  
and  
18416; The Electricity Policy Division performed the regular monthly examination of  
18148 the books and records of Alabama Power Company. The attached report  
presents the Electricity Policy Division's computations and determinations of  
the December 2016 Weighted Retail Return on Average Common Equity  
(WRRCE), actualized through September 2016. In addition, selected financial  
highlights concerning RSE and ECR are provided in the table below.

<b>Rate RSE Forecast</b>	<b>Rate ECR Summary</b>
<b>12 Months Ending DECEMBER 31, 2016</b>	<b>Recovery for SEPTEMBER 2016</b>
<b>6.18% WRRCE</b>	<b>\$6,535,901 Under-Recovered</b>

\*The authorized Weighted Retail Return on Average Common Equity  
Range is 5.75% - 6.21%.

ELECTRICITY POLICY DIVISION AGENDA  
 November 1, 2016 Commission Meeting  
 ATTACHMENT 1

ELECTRICITY POLICY DIVISION  
**Alabama Power Company**  
**Weighted Retail Return on Average Common Equity**  
**Forecast - 12 Months Ending December 31, 2016**

Common Equity as of September 30, 2016		\$6,433,763,769
Add Budgeted Net Income:		
October through December 2016	\$106,658,000	
Add Budgeted Capital Contributions:		
October through December 2016	\$7,220,000	
Add Other Adjustments:		
October through December 2016	\$1,017,000	\$114,895,000
Deduct Budgeted Stock Dividends:		
October through December 2016	\$195,532,000	\$195,532,000
Projected Common Equity as of December 31, 2016		<u>\$6,353,126,769</u>
Projected Average Common Equity		
For the 12 Months Ending December 31, 2016		\$6,245,427,683
Projected Retail Investment Separation Factor		95.82%
Projected Average Retail Common Equity		
For the 12 Months Ending December 31, 2016		\$5,984,368,806
Projected Retail Net Income		
For the 12 Months Ending December 31, 2016		\$812,204,488
Projected Common Equity Percentage of Capital Structure		
For the 12 Months Ending December 31, 2016		45.56%
Projected Weighted Retail Return On Average Common Equity		
For the 12 Months Ending December 31, 2016		<u>6.18%</u>

The Common Equity as of September 30, 2016 (Actual) was adjusted using net income, payment of Common Stock and Preferred Stock dividends, Capital Contributions, and Other Adjustments from the Company's 2016 budget. The average common equity is a 12-month average using actual and budgeted data. The average retail common equity (RCE) was calculated using the retail separation factor of 95.82%. The retail net income (RNI) for average common equity and the common equity percentage (CEP) were calculated by using actual data for the nine months ended September 30, 2016, and then adding three months of budget data for October through December 2016. The Other Adjustments added to projected common equity is the result of the Company adopting FASB Statement 123 (R), which requires the reporting of stock option expenses.

The Forecast is subject to change due to uncertainties associated with weather, customer usage patterns and economic conditions across the state.



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### MEMORANDUM

DATE: October 26, 2016

TO: Commission President Twinkle Andress Cavanaugh  
Commissioner Jeremy H. Oden  
Commissioner Chris "Chip" Beeker, Jr.  
Division Directors

FROM: Legal Division

SUBJECT: Agenda - November 1, 2016 Commission Meeting

The Legal Division will present the following at the November 1, 2016 Commission Meeting:

**DOCKET 32468** (Y) - Motor carrier application of Vandenburg 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.

**Recommend:** 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.

**DOCKET 32566** (Y) - 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.

**Recommend:** Approval

**DOCKET 32558** (Y) - In Re: APSC v. Delinquent Company (Safety Inspection Fees) Show Cause proceeding to address the failure of a regulated operator of a natural gas master 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 its natural gas master meter facilities.

**Recommend:** Issuance of an order requiring Valley Brook Apartments to cease and desist from the operation of its natural gas master meter facilities for failure to appear and failure to file the required forms with the Commission, prior to or at the October 13, 2016, show cause hearing. I further recommend that the court reporter fees of \$87.00 be assessed to Valley Brook Apartments as well as a penalty of \$50.00.

**DOCKET 32574** (B) - Application of Bellhops, Inc., of Chattanooga, Tennessee, for a certificate to transport household goods.

**Recommend:** Grant certificate and approval of tariff

**DOCKET 32539** (B) - 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.

**Recommend:** 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.

**DOCKET C-6609** (M) - Petition of Swift Transportation Co., Inc., of Phoenix, Arizona, for cancellation of cargo and liability self-insurance authority.

**Recommend:** Grant cancellation of cargo and liability self-insurance authority as requested.

**DOCKET 32009** (M) - Petition of Emperor Limo Service, Inc. ("Emperor"), of Sterrett, Alabama, to suspend operations under Motor Carrier Certificate 4015 for an 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.

**Recommend:** Grant additional one-year suspension

**DOCKET 32543** (M) - *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.

**Recommend:** 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.

**DOCKET 32553;  
31187** (M) - 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.

**Recommend:** Grant of Utility Management's 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.

**DOCKET 32556** (M) - Application of GoDaddy.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.

**Recommend:** 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.

LEGAL DIVISION AGENDA

November 1, 2016 Commission Meeting

October 26, 2016

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**DOCKET 31021** (G) - 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.

**Recommend:** Approval