

# ***GEORGIA PUBLIC SERVICE COMMISSION***

**2007 Annual Report**



**Chairman Robert B. Baker, Jr.  
Vice Chairman Chuck Eaton  
Commissioner H. Doug Everett  
Commissioner Angela Elizabeth Speir  
Commissioner Stan Wise**

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## LETTER TO THE GOVERNOR

January 1, 2008

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

Dear Governor Perdue:

The Georgia Public Service Commission is proud to present its 2007 Annual Report, which highlights the agency's major achievements during the past year regarding the state's utility and transportation industries.

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

The Commission contributed \$3.1 million to the state's treasury in fiscal year 2007, primarily as a result of its enforcement activities.

The Georgia Public Service Commission looks forward to serving Georgia's citizens in 2008 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,



Robert B. Baker, Jr., Chairman  
Chuck Eaton, Vice Chairman  
H. Doug Everett, Commissioner  
Angela Elizabeth Speir, Commissioner  
Stan Wise, Commissioner

## **EXECUTIVE SUMMARY**

The Commission's major achievements during 2007 regarding utility regulation, transportation, pipeline safety and facilities protection are set forth below.

### **ELECTRIC**

The Commission approved new rates for the Georgia Power Company to allow the utility to pay for forecasted fuel prices for the year beginning March 1, 2007, as well as collect under-recovered fuel costs for the previous year. The decision means the average residential customer using 1,000 kilowatt hours will pay \$5.00 more each month. The Company's original request would have resulted in an increase of \$5.50.

After a series of hearings during the fall of 2007, the Commission approved a settlement in the Georgia Power Company rate case on December 18, 2007. Under the terms of the settlement, rates were set substantially below the Company's request and included a pilot program that allows customers to control their energy usage. Georgia Power's original request would have increased the typical household's electric bill by \$10.29 per month, whereas the settlement called for a monthly increase of just over \$5.00 starting in 2008. Rates will remain at this level through 2010.

### **NATURAL GAS**

During 2007 the Commission approved the distribution of \$5.3 million from the Universal Service Fund to give qualified low-income senior citizens assistance for the 2007 winter heating season. Since the Fund's inception, the Commission has disbursed more than \$40 million to low-income citizens and refunded an additional \$60 million to all ratepayers on the Atlanta Gas Light Company's distribution system.

The Commission approved the applications of Utility Resource Solutions (doing business as Spark Energy Gas) and Fireside Natural Gas for natural gas marketer certificates of authority, bringing the number of gas marketers actively serving customers in Georgia to 12.

### **TELECOMMUNICATIONS**

On August 7, 2007, the Commission approved a plan to implement the provisions of House Bill 655 for the distribution of hearing aids to low-income Georgians. The Commission contracted with the Georgia Lions Lighthouse Foundation, a nonprofit organization that has provided hearing aids to low-income citizens for over 30 years. The Foundation currently partners with two hearing aid manufacturers and maintains a network of over 75 audiologists throughout the state.

On August 21, 2007, the Commission approved the implementation of captioned telephone (CapTel®) service in Georgia beginning in January 2008. This service, an enhanced form of relay service, allows individuals with hearing loss to view word-for-word captions of their telephone conversations.

### **FACILITIES PROTECTION**

During 2007 the PSC's pipeline safety inspectors monitored and inspected over 78,159 miles of distribution mains, service lines and transmission pipeline and conducted 908 inspections for compliance with safety regulations. PSC investigators issued 3,100 citations for violations of the Georgia Utility Facility Protection Act (GUFPA) and collected \$623,250.00 in penalties.

### **LOCAL AND NATIONAL ACTIVITY**

Commissioner Stan Wise was named to a joint federal-state committee to discuss competitive power procurement, a collaborative process initiated in 2005 to explore the issues, find possible solutions and propose best practices to meet the challenges of developing new and economical power supplies. Commissioner Wise is one of three members on this joint committee; one from Federal Energy Regulatory Commission (FERC) and two state commission representatives from the National Association of Regulatory Utility Commissioners (NARUC).

In May 2007 the Commission filed comments with the Department of Natural Resources regarding the potential impact on Georgia ratepayers if stricter mercury guidelines were adopted. The Commission believes that cost information is relevant in determining the merits of any proposed rule.

On October 23, 2007, Governor Perdue formed a *Drought Response Working Group* to implement an effective and systematic means of assessing and responding to the current drought. Along with input from representatives of the nine other state agencies in the Working Group, the Commission will investigate and recommend possible policy considerations regarding the drought impact on the state's utilities.

### **CONSUMER AFFAIRS**

The Commission approved an innovative natural gas customer education plan for the period 2006 through 2010. The plan is a collaborative effort, among the Commission Staff, the Consumers' Utility Counsel, the Atlanta Gas Light Company, natural gas marketers and the University of Georgia Cooperative Extension Service, designed to provide a statewide education program for natural gas customers. Topics include how to

choose a rate plan, financial assistance, customer rights and how the competitive natural gas market works.

### **TRANSPORTATION**

In 2007 the Transportation Unit processed 490 applications and issued 506 certificates and permits to qualifying “for hire” transportation companies. The Commission issues Household Goods Certificates, Limousine Carrier Certificates, Passenger Certificates Passenger Permits and Non-Consensual Towing Permits. Staff trained 350 individuals at 32 training classes, which are mandatory for newly certified transportation companies. In 2007 the PSC investigated 159 complaints, conducted 138 audits, and reviewed 2,827 insurance filings for all transportation companies under its regulatory authority.

## **HISTORY AND MISSION OF THE COMMISSION**

### **HISTORY**

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

In 1891, telegraph and express companies came under the Commission's jurisdiction. Sixteen years later, the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies, and increased the number of Commissioners from three to five. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry. Cognizant of the changing role of this regulatory body, the General Assembly in 1922 changed the name of the Railroad Commission of Georgia to the Georgia Public Service Commission. In 1943, the Commission became a constitutional body (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. In 2005, Commissioner Angela Speir became the first woman to preside over the Commission as Chairman. In 2005, the Commission resumed responsibility for regulatory jurisdiction over household goods movers, limousines for hire and nonconsensual towing due to the passage of House Bill 501.

### **MISSION**

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

Over the past decade, growth, competition and technological advances have significantly changed the Commission's role. With market segments of the telecommunications and natural gas industries open to competition, the Commission



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strives to facilitate market development, educate consumers, arbitrate complaints among competitors and monitor the effectiveness of the competitive markets.

## **PUBLIC SERVICE COMMISSIONER PROFILES**



**Robert B. Baker, Jr.**

**Commissioner Since: January 1, 1993**

**Elected: 1992; Re-Elected: 1998, 2004**

**Serves Through: December 31, 2010**

**Republican, Clarke County, Georgia**

### **Chairman, Georgia Public Service Commission**

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

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

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

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

Bobby Baker has been recognized on numerous occasions by both Georgia Trend magazine and the Atlanta Business Chronicle as one of the city and state's most influential leaders. He has served on the board of directors for the Georgia Center for Advanced Telecommunications Technology (GCATT) and also as Vice-Chairman of the Gwinnett County Planning Commission. Bobby and his wife, the former Joselyn Butler, were married in 2001.



**Chuck Eaton**

**Commissioner Since: January 1, 2007**

**Elected: December 4, 2006**

**Serves Through: December 31, 2012**

**Republican, Fulton County, Georgia**

**Vice-Chairman, Georgia Public Service Commission**

Chuck Eaton was elected to his first term on the Public Service Commission in December of 2006. He was one of only two statewide Republican candidates in the entire country to beat an incumbent during that election year. Before serving on the Commission, he worked in real estate sales. Prior to moving to Atlanta, he was an Account Executive for a packaging manufacturer in LaGrange, Georgia. Commissioner Eaton also has an Accounting degree from the University of Alabama.

He is the past President of the Buckhead Forest Civic Association. Chuck 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 Representative Jeff Brown. He is a graduate of the Coverdell Leadership Institute—a statewide organization founded by late U.S. Senator Paul D. Coverdell to strengthen leadership and political skills.

Chuck lives in Atlanta with his wife Erika, their daughter Lydia and their three rescued dogs. When not working at the Public Service Commission, he enjoys playing golf, target shooting, and boating with his family on Lake Lanier.

The Eaton's are members of Peachtree Road United Methodist Church.



**H. Doug Everett**

**Commissioner Since: January 1, 2003**

**Elected: November 5, 2002**

**Serves Through: December 31, 2008**

**Republican, Sylvester, Georgia**

**Commissioner, Georgia Public Service Commission**

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

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

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

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



**Angela Elizabeth Speir**

**Commissioner Since: January 1, 2003**

**Elected: November 5, 2002**

**Serves Through: December 31, 2008**

**Republican, Duluth, Georgia**

### **Commissioner, Georgia Public Service Commission**

Angela Elizabeth Speir is the first woman elected to the Public Service Commission and the second Republican woman elected to a statewide office. In 2005 she became the first woman to chair the Commission. A Georgia native, Commissioner Speir grew up in DeKalb County and graduated from Agnes Scott College with a B.A. in Biology. She is also a graduate of CEO International. After graduation from Agnes Scott, Angela Speir served as the Assistant Administrator of the medical complex at the United Methodist Children's Home providing medical aid and counseling to children who are victims of abuse.

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

Ms. Speir's interest in helping others led her to a career in the employment industry. Through positive leadership and mentoring, Ms. Speir is recognized as a leader in the field. Commissioner Speir has been awarded numerous distinctions and honors for her service to the people of Georgia. She received the Atlanta Journal Constitution's Hero of Open Government Award and has been named one of Georgia's Most Influential Women by the *Georgia Informer*. Georgia Trend magazine recognized Commissioner Speir as one of its 100 Notable Georgians. The Council on Aging awarded Commissioner Speir its Community Service Award for her efforts on behalf of senior adults.

Ms. Speir is a member of the National Association of Regulatory Utility Commissioners Committee on Telecommunications, the Gwinnett County Chamber of Commerce and the CEO Executive Roundtable. Ms. Speir is a supporter of the Gwinnett County Children's Shelter, The United Methodist Children's Home, and Children's Healthcare of Atlanta. Commissioner Speir and her husband reside in Gwinnett County.



**Stan Wise**

**Commissioner Since: January 1, 1995**

**Elected: 1994; Re-Elected: 2000, 2006**

**Serves Through: December 31, 2012**

**Republican, Cobb County, Georgia**

**Commissioner, Georgia Public Service Commission**

Stan Wise has served on the Commission since January 1995 and served as Commission Chairman in 1997, 1999 and 2006. He was first elected to public office as a Cobb County Commissioner in 1990 and had previously served that county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise was a Board Member of the ten-county Atlanta Regional Commission from 1992 to 1994.

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

Governor Sonny Perdue appointed Commissioner Wise to the State Energy Policy Council in 2006. The Governor named Wise to the Commission for a New Georgia where he served as Team Leader for the Aerospace Technical Advisory Group. The Atlanta Business Chronicle named Commissioner Wise as one of Georgia's 100 most Influential Citizens in 2006. Charleston Southern University named Wise the Outstanding Alumnus of the Year. In 2005 the Bonbright Center of the Terry College of Business named him its Honoree of the Year. Wise was awarded his B.S. in Business Management from the Charleston Southern University in 1974.

He owned and operated an insurance agency in Cobb County for over twenty years. He and his wife, Denise, have two grown children.

## **PUBLIC SERVICE COMMISSION MANAGERIAL PERSONNEL**

**DECEMBER 31, 2007**

### **Commissioners**

Robert B. Baker, Jr., Chairman  
Chuck Eaton, Vice Chairman  
H. Doug Everett, Commissioner  
Angela Elizabeth Speir, Commissioner  
Stan Wise, Commissioner

### **Administration Division**

Deborah Flannagan, Executive Director  
Reece McAlister, Executive Secretary  
Bill Edge, Public Information Officer/Legislative Liaison  
Terry Pritchett, Fiscal and Budget Officer  
Margie Conley, Human Resources Officer  
Jada Brock, Director of Information Technology  
Robert West, Director of the Transportation Unit

### **Utilities Division**

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

## UTILITIES DIVISION

A major issue facing the Commission in 2008 will be deciding whether the state's long term demand for electric power will be met using nuclear, coal or natural gas powered generation. The Commission will certify these generation assets once Georgia Power Company, the state's investor owned utility, brings its proposal to the Commission. The Commission's decision will have far reaching effects on the state's growth and economy.

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

The pace at which competition is being implemented varies among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, local telephone service was opened to competition by state and federal legislation, respectively. Over the last few years, local telephone competition has been effectively redefined due technological advances of broadband, VoIP and wireless telephone. State legislators and federal agencies have recognized that local telephone companies are now facing intermodal competition from cable TV companies and wireless providers, not just intramodal competition from other telephone companies. In 1998, Georgia opened the natural gas industry to competition and since then certified marketers sell gas commodity service to customers in the Atlanta Gas Light Company territory. Marketers set their own prices, whereas the Commission sets the rates charged by AGLC.

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



## **Electric**

Electricity is an energy form that is vital to the economy of the state and to the quality of life of Georgia's citizens. Of the regulated utility industries in the state, the electric industry is the most universally utilized and perhaps the most essential. Georgia Power Company, the state's only investor-owned electric utility, is fully regulated by the Commission and serves approximately two million consumers. The Commission has limited regulatory authority over Georgia's 42 electric membership corporations (EMCs) and 52 municipally-owned electric systems.

### **Commission Approves an Increase in Georgia Power Company's Base and Fuel Rates**

In March 2007 the Commission reduced Georgia Power's request for an increase in fuel rates by \$44 million to recover costs related to past deferrals and increasing fuel costs.

In December 2007 a majority of the Commission approved a settlement reached by most of the parties in the Company's request for an increase in base rates. The settlement set rates substantially below the Company's request and included a pilot program that would allow Georgia Power customers to save money by controlling their energy usage. The Company's original request would have increased rates for residential customers about \$10 monthly. The approved settlement resulted in a rate increase of about \$5 monthly. Georgia Power customers in the former Savannah Electric and Power Company territory received substantial decreases in their electric rates as the Commission's order placed all customers on the same rates.

### **Commission Approves Georgia Power's 2007 Integrated Resource Plan (IRP)**

In July 2007 the Commission unanimously approved a stipulated agreement resolving all contested issues in the Company's 2007 IRP. The two most contentious issues were the Company's request for a waiver from the Commission's competitive bidding process for new power resources and its demand-side management plans. Under the agreement Georgia Power did not obtain the waiver, so it must issue a Request for Proposals (RFP) on an accelerated schedule for base load generation needed in 2016 and 2017.

### **Commission Completes Investigation of Fuel Procurement Practices**

As requests for fuel cost recovery have approached the magnitude of base rate increases, the Commission has intensified its scrutiny of these cases and the industry's procurement practices. In 2007 the Commission staff completed an investigation of fuel

procurement practices, fuel cost forecasting, and pool dispatch and pricing to determine the causes of increasing fuel costs. The Commission adopted the recommendations proposed by Staff in its Report, including initiating a proceeding on giving retail customers the right of first refusal for any wholesale capacity that the Company determines will become available. Staff has reviewed responses to the Notice of Inquiry (NOI) regarding effective and efficient gathering and examination of information during fuel cost recovery (FCR) proceedings and expects to report its findings to the Commission in 2008.

### **Commission Uses an Independent Evaluator in Solicitation for New Generation**

Pursuant to O.C.G.A § 46-3A-1 et seq., the Integrated Resource Planning Act, the Commission is responsible for evaluating and approving integrated resource plans (IRP) filed by the investor-owned utility on a three-year cycle and certifying applications for supply and demand side resources. During 2007 the Commission held hearings on the utility's IRP filing. Significant issues were addressed, such as the implementation of new supply side bidding rules, which incorporate the use of an Independent Evaluator (IE) to ensure an open and fair solicitation process for all bidders, independent power producers and utility affiliates. According to a *Power Markets Week* article: "The Georgia PSC's approach to overseeing utility solicitations for wholesale power, which was developed in 2004 and is now in use on two RFPs, has been widely praised by independent power companies and power marketers, who view it as a way to prevent the utilities from unfairly favoring either non-utility affiliate Southern Power or self-build alternatives to purchasing wholesale power." The IE has provided invaluable assistance to the GPSC staff in its oversight of the company's 2009, 2010, 2011, 2012 and 2016 Request for Proposal (RFP) processes to solicit resources to meet forecasted electricity needs for those years.

### **Commission Support of Green Power Initiative**

In 2001, the General Assembly passed Senate Bill 93, which provided for the sale and purchase of "green" or renewable power in Georgia once these resources have been accredited. Subsequently, the Commission approved a Green Pricing Program that would allow customers the option of receiving some of their electricity from renewable resources (solar, wind, landfill gas, and other sources). Georgia Power has been actively developing its program with input from the Commission's Staff. The company continues to secure additional green sources for its generation mix. Additionally, as part of the order in the 2007 IRP, the Company proposed a Renewable Action Plan, which all parties are working to develop.

### **Monitoring Activities**

The Commission staff continues to investigate and monitor the following aspects of the regulated electric utility:

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

### **Territorial Matters and EMC Financing Requests**

The Commission oversees territorial assignments for all electricity suppliers pursuant to the Georgia Territorial Electric Service Act, O.C.G.A. § 46-3-1 et seq., by reviewing and authorizing requests for transfers of retail electric service, resolving disputes over service territories and maintaining the electric supplier territorial maps for each of the 159 counties in Georgia. The Commission approved 23 applications for financing authority for electric membership corporations in 2007 and one financing application for Georgia Power Company, the state's investor-owned electric company. In Docket No. 25319, filed on May 14, 2007 and approved by the Commission on June 19, 2007, Georgia Power applied for authority to issue securities at various times before December 31, 2009, up to an aggregate amount of \$3.95 billion.

### **The Commission Continues Its Involvement in Federal Activities That Impact the Electric Utility Industry**

The Georgia Public Service Commission is active in its regional association, the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as its national organization, the National Association of Regulatory Utility Commissioners (NARUC), to ensure that Georgia ratepayers and businesses benefit from, or are unharmed by, Congressional or federal agency actions. Commissioners and staff serve on the committees of SEARUC and NARUC, as well as other national and local groups such as the Southeast Electric Reliability Council (SERC), Georgia Green Pricing Accreditation Group, Georgia Energy and Environment Group, Governor's Energy Task Force and the Southern States Energy Board.

The Commission has been active in many of the Federal Energy Regulatory Commission's (FERC) rulemaking dockets to ensure that Georgia's regulated consumers are not unduly harmed by policies that could lead to an increase in electric rates directly or indirectly.

### **PSC Seeks To Protect Ratepayer Interests in Environmental Policy Decisions**

The Commission continued to monitor the rulemaking proceedings of Georgia's Environmental Protection Division of the Georgia Department of Natural Resources (DNR) and the Federal Environmental Protection Agency. In May 2007, the Commission submitted comments regarding the potential impact on Georgia Power's customers if the EPD adopted stricter mercury guidelines. As part of the settlement in the 2007 rate case, an Environmental Cost Compliance Recovery tariff of \$222 million annually over a 3-year period was approved by the Commission to account for costs the Company will incur to install additional pollution control equipment to reduce harmful emissions. The Commission staff continues to monitor developments in the Federal Environmental Protection Agency's lawsuits against Georgia Power Company for violations of the Clean Air Act's New Source Review Standards.

Although President Bush approved Yucca Mountain as the repository for nuclear waste, the Commission continues to oppose Department of Energy (DOE) delays to comply fully with laws that require DOE to remove spent nuclear fuel from nuclear plants in Georgia. 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. The Commission continues to work on a national level to ensure that any proposed federal legislation that seeks to address this problem provides an appropriate solution. In 2007, the Company received a favorable judgment in its lawsuit against DOE for not receiving the nuclear waste per its contract.

## Natural Gas

Natural gas is important to the development and economic prosperity of Georgia. Approximately 1,600,000 customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Atmos Energy Corporation (Atmos Energy). In early 1997, the Georgia Legislature passed the Natural Gas Competition and Deregulation Act (the Act), O.C.G.A. § 46-5-150 et seq., which allowed these companies the option of electing to be governed under a new regulatory framework. More specifically, the Act provided for the transition of the natural gas commodity market from a regulated monopoly to a competitive marketplace. The Commission's role under the Act was to facilitate this transition.

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

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

In 2007, the Commission approved the release of over \$5.3 million from the Universal Service Fund (USF) to give qualified low-income and senior citizens in Georgia some relief for the 2007 winter heating season. Since the inception of the USF, the Commission has disbursed more than \$40 million in assistance.

The Commission extended the current Asset Management agreement between Atlanta Gas Light Company (AGLC) and Sequent Energy Management until March 31, 2012. In addition to the extension, the Commission approved a guaranteed minimum payment to the USF. The sharing percentages of the revenues earned remained at 40% - 60% between Sequent and the USF for all transactions except for capacity release transactions and off-system sales. These transactions will continue to be shared between Sequent and the USF on a 10% - 90% and 50% - 50% basis, respectively.

The Commission approved several Staff requests for customer education materials to be produced and distributed throughout AGLC's natural gas distribution territory. The Natural Gas Collaborative Team continued to educate consumers about natural gas competition according to the Commission-approved customer education plan. This team, comprised of the PSC, the University of Georgia's College of Family and Consumer Services, AGLC and certificated marketers, meets monthly to monitor and update the progress of this education plan.

In 2007, the Legislature passed House Bill 587 to allow municipal natural gas systems to provide service in areas that are certificated but as yet not served. The Commission issued a notice of rulemaking to implement the provisions of House Bill 587, as well as improve the filing requirements for applications filed pursuant to the law.

### **Certificated Natural Gas Marketers**

At the end of 2007, 14 natural gas marketers were certificated. Twelve of these were actively serving customers.

In January 2007, the Commission approved the application of Utility Resource Solutions, LLP, for a natural gas marketer certificate of authority. The Company was granted a name change to Spark Energy Gas in June 2007.

In October 2007, the Commission approved the application of Fireside Natural Gas, LLC for a natural gas marketer certificate of authority.

### **Regulated Provider**

On June 28, 2007, the Commission approved SCANA Energy as the Regulated Provider of natural gas under Docket No. 24560 for the period of September 1, 2007 to August 30, 2009. On August 8, 2007, the Commission and SCANA agreed upon a consent order for the Regulated Provider. As of December 5, 2007, the Regulated Provider had a total of 96,410 customers, with 22,891 designated as Group 1 and 73,519 as Group 2.

The Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are bad debt customers who cannot obtain service from other marketers due to poor credit or no credit. Since September 2002, the Commission has approved over \$9.4 million in disbursements to SCANA Energy to offset bad debts related to Group 1 customers. During 2007, the Commission approved over \$578,826 for Group 1 customer assistance. No such funds are available for Group 2 customers. Although the Regulated Provider program was developed to provide better pricing to low-income citizens, the overall pricing has been average to above average. The program for the 2007 - 2009 time periods includes several options for customers who pay bills in a timely manner, including discounted rates and the opportunity to switch to SCANA's deregulated rates.

### **Rulemaking**

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

Commission considered the comments filed in this rulemaking and reissued the NOPR for additional comments. A decision is expected in early 2008.

**Docket No. 21205: Notice of Rulemaking on Multiple Natural Gas Systems Within a Single Certificated Area.** On July 9, 2007, the Commission issued a NOPR regarding an amendment to the rule regarding notification to other providers within 80 feet of another provider in instances where gas systems are to be installed. The Commission held Oral Argument on this issue on August 2, 2007, and adopted the amendment on October 23, 2007.

**Docket No. 25432: Notice of Rulemaking for three Commission rules:** 515-7-1-.02 Construction and Operation of Gas Pipeline or Distribution Systems; 515-7-1-.03: Applications for Certificates of Public Convenience and Necessity and 515-7-1-.05: Verified Original and Five Conformed Copies of Application to be Filed. On July 9, 2007, the Commission issued a NOPR regarding the submittal of applications for natural gas certificates. The Commission heard oral argument on this issue August 2, 2007 and hosted a technical workshop on October 25, 2007. A second NOPR was released for comments on December 2, 2007. Staff expects the Commission to adopt the final rules in early 2008.

**Docket No. 15326: Notice of Proposed Rulemaking (NOPR) to Revise Existing Commission Rule 515-7-5-.07.** On October 30, 2007, the Commission approved a change to the Universal Service Fund (USF) rule in sections 515-7-5.06 (2) (g) where the natural gas marketers are required to make deposits of any unclaimed customer deposits that are two years old or older to the USF by December 15 each year and to make certain reports, and in 515-7-5-.07 (1)(f) through (p) related to applications from an electing distribution company (EDC) for line-extension projects.

#### **Bankruptcy Filings Monitored By the Commission**

There were no bankruptcy proceedings during 2007. The Commission staff continually monitors the financial viability of all of the certificated marketers through monthly and quarterly reporting requirements and data requests.

#### **Interim Pooler**

On June 5, 2007, the Commission concluded that if the Interim Pooler provision becomes necessary during any future period, the Commission will randomly assign affected customers to all certificated marketers.

#### **Audits**

**Docket No. 4167: Atlanta Gas Light Company's Manufactured Gas Plant (MGP)** In March 1992, Atlanta Gas Light Company filed an Environmental Response Cost Recovery Rider setting forth a proposed mechanism for recovering costs associated

with the clean up of MGP sites. On August 20, 1992, the Commission conducted a hearing at which several parties presented a settlement agreement to the Commission. On September 1, 1992, the Commission entered an Order adopting the settlement, subject to certain modifications. The staff conducts quarterly audits of capital expenditures related to the MGP cleanup activities at fifteen MGP sites, three of which are in Florida, where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and ground water. The ratepayers of Georgia are assessed a surcharge to assist with this cleanup, and the Commission audits the expenditures for accuracy and financial prudence. The program audit cycle runs from July 1 of one year to June 30 of the next, and during the recent audit cycle ending June 30, 2007, the Commission Staff audited over \$9.6 million of expenditures related to this program.

**Docket No. 16193: Order On Audit Report Concerning Atlanta Gas Light Company's Universal Service Fund:** In June 2007, the Commission approved Staff's Recommendations to the Audit Report of Sequent Energy Management Transactions for Calendar Year 2004. On January 23, 2006, the Commission approved a Stipulation between the Commission Staff and AGLC in Docket No. 18437: Atlanta Gas Light Company's 2004 - 2007 Capacity Supply Plan. As part of the approved Stipulation, the Parties agreed that "effective April 1, 2006 and extending through March 31, 2008, with the exception of capacity release transactions and off-system sales, which shall continue to be shared with the USF in accordance with O.C.G.A. § 46-2-23.1(i)(1), AGLC shall remit 60% of the aggregate net margin to the USF from any transactions involving unused AGLC capacity assets, whether made directly by AGLC or indirectly by its agent." On November 9, 2007, the Commission approved a stipulation between Commission Staff and AGLC that extended the term of Sequent's asset management agreement until March 31, 2012 and guaranteed a minimum payment to be deposited into the USF each year.

**Docket No. 8516: Atlanta Gas Light Company's Pipe Replacement Program (PRP)** The Commission issued a Rule Nisi against the Company on January 6, 1998, in Docket No. 8516 alleging that AGLC had committed numerous and continuing safety violations concerning the operation of the Company's pipeline system. The majority of the allegations related to the large number of known leaks on the Company's distribution system. Staff and the Company reached a stipulated agreement to facilitate solutions to the problems listed in the Rule Nisi. The stipulated agreement permitted the Company to recover, through a monthly rider, costs incurred to replace portions of its pipeline system that were corroded or leaking. After a hearing on July 8, 1998, the Commission approved an Order adopting the PRP stipulation on September 3, 1998. At that time 2,312 miles of bare steel and cast iron pipe had been identified for replacement within the 10 years from 1998 to 2008. This mileage was revised to 2,504 miles in 2003. As part of the AGLC rate case agreement in Docket No. 18638, the PRP was extended from a 10-year program to a 15-year program, ending in 2013. Since the



ratepayers of Georgia are funding 100% of the program, the Commission Staff currently conducts quarterly audits of the capital expenditures of the program to ensure accuracy and financial prudence. The program audit cycle runs from July 1 of one year to June 30 of the next, and during the recent audit cycle ending June 30, 2007, the Commission Staff audited over \$34.2 million in expenditures related to the PRP.

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

In 2007, the Staff performed an audit of Atmos' cast iron and bare steel retirement program. The period audited was October 1, 2005 through September 30, 2006, Year 6 of the Company's program. The Company filed its annual report for this period on February 14, 2007, which included a proposed rider amount of \$2.42 to be effective October 1, 2007. During the audit period, Atmos incurred a total of \$6,235,041 of pipeline replacement costs for both the Cast Iron and Bare Steel projects and achieved savings of \$44,708 in Operation and Maintenance Expenses. During this period, the Company replaced 2.62 miles of pipe in the Gainesville service area and 17.59 miles of pipe in the Columbus service area.

In an April 12, 2001, Order the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Columbus over a 15-year period and 46 miles of bare steel pipe in Gainesville over a 20-year period. To date the Company has replaced 92.76 miles of pipe in the Columbus area and 19.89 miles of pipe in the Gainesville area for a combined total of 112.65 miles replaced. The Commission adopted the following rates to be effective October 1, 2007: residential rider \$1.735; commercial rider three times the residential rate at \$5.21; and industrial rider twenty-five times the residential rider amount at \$43.38.

**Docket No.18509: Atmos Energy Corporation's 2004 - 2005 Gas Supply Plan-Purchased Gas Cost Adjustment Rider Audit.** During 2006, the Staff performed an on-site audit of Atmos Energy Corporation's purchased gas costs for the period October 2003 through September 2005. The audit period covered the entirety of two of the Company's Gas Supply Plan dockets: Docket No. 18509 (2004 - 2005) and Docket No. 20528 (2005 - 2006). The costs for which the Company sought recovery during the two periods were \$47,402,550 and \$53,470,193, respectively, for a total of \$100,872,743. The Company's gas costs are comprised of commodity costs, interstate transportation costs, variable pipeline costs, (such as withdrawal and injection fees) and storage and Liquefied Natural Gas (LNG) costs. Also included in the costs are results from the transactions under the Commission-approved hedging program and the credit for the ratepayers' share from the Company's Performance Based Ratemaking (PBR) program. In June 2007 the Commission approved Staff's audit report, including Staff's recommendation that customers receive a refund of \$170,000 through the Company's purchased gas cost adjustment factor.

### Universal Service Fund

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

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

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

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

An additional funding source for the USF is asset management deposits made by Sequent Energy Management (SEM), an affiliate of Atlanta Gas Light Company. SEM provides asset management services by maximizing the excess interstate pipeline capacity and storage assets. SEM, in turn, receives a percentage of any profits realized through its asset management functions. Under a previous Commission order AGLC shared 60% of Sequent's profits with the USF. Under a subsequent Consent Agreement, Sequent will continue to act as asset manager until March 2011, if the 60% sharing continues and AGLC makes a guaranteed minimum annual contribution to the USF in each of the next four years.

In fiscal year 2007, the Commission provided \$5.3 million in assistance from the USF to low-income senior citizens on AGLC's natural gas system. During the same year, the Commission disbursed \$578,000 to the Regulated Provider of natural gas to help low-income citizens in Group 1.

The PSC approved the following USF disbursements:

Year Approved	Universal Service Fund Accomplishments	Totals	Percentage
1998	DN 8390: USF AGLC Refund - All AGLC Customers	\$19,744,465	14.41%
2000 - 2007	DN 11588: USF Line Extensions	\$16,501,536	12.04%
2000	DN 12897: GPSC Ordered Refund / All AGLC Ratepayers	\$42,409,000	30.95%
2001	DN 12897: GPSC Ordered Refund / All Low-Income AGLC Customers	\$8,100,000	5.91%
2001 - 2007	DN 12897: GPSC Ordered Grant to Low-Income AGLC Customers in DHR's LIHEAP Program	\$30,000,000	21.89%
2002 - 2007	DN 15149 and 20069: Regulated Provider: Group-1 Customer Bad Debt Assistance	\$8,993,518	6.56%
2004	DN 15149: Off-Set Group-1 High Prices Due to Regulated Provider True-Up	\$750,000	0.55%
2005 - 2007	DN 12897: GPSC Ordered Credit Direct Assistance to Low-Income Seniors through AGLC	\$10,536,750	7.69%
Totals:		<b>\$137,035,268</b>	<b>100.00%</b>

### Certificate of Public Convenience and Necessity

At the end of 2006, the Commission issued an Order in Docket No. 22850 City of Monroe's Application for a Certificate of Public Convenience and Necessity to extend its natural gas pipelines and distribution facilities in certain areas of Oconee County. In early 2007, the City of Monroe filed a Request for Reconsideration of the Commission's decision. In March 2007, the Commission denied the City's request, initiating the 90-day transition period for the transfer of certain City of Monroe customers to AGLC. In April 2007, the City filed an appeal at the Superior Court of Fulton County and as of the end of 2007 the case is still pending.

On May 10, June 28 and September 29, 2006, the Commission Staff issued its first, second and third set of data requests to municipal gas providers located within Georgia to determine the extent of their natural gas systems, the structure of city government overseeing such facilities, and customer and rate information. From this information, Staff determined which cities are serving customers outside of their home counties without a certificate of public convenience and necessity. On February 15 and June 15, 2007, Staff issued its fifth and sixth set of data requests to the municipals and informed them of their requirement to file for the appropriate certification by a date certain.

Twelve municipalities have filed for a Certificate of Public Convenience and Necessity in response to the Commission's directive. The Commission has granted three of the

applicants' certificates as requested. Recommendations on four other applications are pending before the Commission and the remaining applications are at various stages in the certification process.

### **Atmos Energy Corporation's Gas Supply Plan**

The Commission issued an Order for Atmos Energy's 2007 - 2008 Gas Supply Plan in Docket No. 25013 on September 28, 2007. The plan approves the interstate storage and peaking assets needed to meet the company's forecasted peak for its Gainesville and Columbus service areas where Atmos Energy serves approximately 66,000 customers. Significant issues in the 2007 - 2008 Gas Supply Plan included the Company's proposed changes to its design day forecasting methodology, performance based ratemaking and hedging program. This gas supply plan is in effect until September 30, 2008, and the Company is required to file its 2008 - 2009 Plan by July 1, 2008.

### **Atlanta Gas Light Company 2007 through 2010 Capacity Supply Plan**

The Commission issued an Order for AGLC's 2007 - 2010 Capacity Supply Plan in Docket No. 24960 on September 28, 2007. The plan approves the interstate capacity, storage, and peaking assets needed to serve the company's forecasted design day for its service areas where AGLC serves approximately 1.5 million customers. The Plan filed by AGLC included a Joint Stipulation among AGLC and several marketers. Significant issues in the 2007 - 2010 Capacity Supply Plan included the addition of Elba Island firm supply receipts and a lease/purchase agreement between AGLC and Southern Natural Gas Pipeline to acquire a firm transportation path between AGLC's distribution system and Elba Island. The Commission adopted the Stipulation with a modification that is designed to protect Georgia ratepayers at the end of the 15-year lease. Other provisions of the Stipulation include additional release of capacity assets to the marketers and computer system enhancements designed to improve the marketers' operations in Georgia. This Capacity Supply Plan is in effect until October 31, 2010.

## **Telecommunications**

The telecommunications industry is indispensable to the economy of the state. Georgia's Telecommunications and Competition Development Act of 1995 and the Federal Telecommunications Act of 1996 have had a great impact on the Commission's role in this vital industry. The primary goal of these statutes was to replace traditional regulated monopoly service with a competitive market. For some competitive segments of the industry the Commission does not set rates, but facilitates market development, certifies providers, arbitrates complaints among competitors and monitors the effectiveness of the competitive markets. Under the Competitive Emerging Communications Technologies Act of 2006 the PSC cannot impose any requirement or regulate the rates, terms or conditions for broadband service, VoIP, or wireless service.

In 2007 the Commission held one hearing in an arbitration proceeding and approved 106 interconnection agreements. By the end of 2007, the Commission had certificated 923 resellers, 216 alternative operator service providers, 429 competitive local exchange providers, 136 interexchange service providers and 822 payphone service providers. Of these, the number of active certificates in 2007 was 366 resellers, 91 alternative operator service providers, 258 competitive local exchange providers, 95 interexchange service providers and 460 payphone service providers. Based on the filed information there were approximately 800,000 lines provided by 54 CLECs at year-end 2007. This is by no means representative of the total number of competitive lines in Georgia, because only about half of the companies file the required reports on the number of access lines in service.

### **Performance Measurement Review**

The Commission's Service Quality Measures (SQMs) include comparative measures that monitor all areas of support (pre-ordering, ordering, provisioning, collocation, maintenance and repair, operator services, directory assistance, E911, trunk group performance and billing) to assess ATT's (formerly BellSouth's) service to Competitive Local Exchange Carriers (CLECs). During 2007 ATT paid over \$600,000 in penalties that were sent to the State Treasury for failure to meet these performance measures.

### **Eligible Telecommunications Carriers (ETC)**

On September 18, 2007, the Commission approved Alltel Communications, Inc.'s application for Eligible Telecommunications Carrier status. This application was the first competitive ETC application approved by the Commission and also the first application approved for a wireless carrier. Alltel sought high cost support for rural areas throughout Georgia, as well as support for Lifeline and Linkup service to low-income

customers. The company submitted a detailed network improvement plan and committed to provide annual updates to its build-out plan, in addition to other data, that the Commission will evaluate to determine whether ETC status is still warranted. Since the Alltel application, the Commission has received an application by another wireless carrier, Tracfone Wireless, Inc., for competitive ETC status. However, the Tracfone application is for Lifeline and Linkup support only.

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

Hamilton Telephone Company has been the TRS provider since April 2006. Headquartered in Aurora, Nebraska, Hamilton currently provides relay service in 12 states. Georgia Relay continues to operate a call center in Albany, Georgia seven days a week, twenty-four hours a day, employing over 50 communications assistants.

On August 21, 2007, the Commission approved the implementation of captioned telephone (CapTel®) service in Georgia in January 2008. This service allows individuals with hearing loss to view word-for-word captions of their telephone conversations.

For 2007, the Relay Center in Albany processed an average of over 33,000 relay calls per month.

### **Telecommunications Equipment Distribution Program (TEDP)**

The Commission established the Georgia TEDP in March 2003 in accordance with the provisions of House Bill 1003. This program provides specialized telecommunications equipment to Georgians who, because of physical impairments (particularly hearing and speech), cannot otherwise communicate over the telephone. Receipt of free equipment under this program is subject to medical and financial eligibility requirements. To date, approximately 2,800 equipment items have been distributed to over 1,519 hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired to be the distribution agency for the Georgia TEDP.

### **Audible Universal Information Access Service (AUIAS)**

House Bill 660 created a state-wide AUIAS to provide blind and print disabled citizens of Georgia with telephonic access to print media publications. The PSC was made responsible for oversight of the service, including establishment, implementation and promotion. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 2006, the AUIAS has provided continuous audible universal access service to all Georgia Telephone exchanges, 24 hours a day, 7 days a week, 52 weeks a year and is accessible by way of a toll-free or local number from anywhere in the state.

The system has the capacity to serve an unlimited number of subscribers—currently there are over 800. The total number of Georgia citizens that could potentially benefit from this service exceeds 20,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services.

### **Hearing Aid Distribution Program**

On August 7, 2007, the Commission approved a plan to implement the provisions of House Bill 655 for the distribution of hearing aids to lower income Georgians. 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. The Foundation currently partners with two hearing aid manufacturers and maintains a network of over 75 audiologists throughout the state.

On November 1, 2007, the program began distributing hearing aids to Georgia residents and to date 104 applicants have received 189 hearing aids.

### **Universal Access Fund (UAF)**

As per the Commission's previous Order in Docket No. 17142 (replacing Docket No. 5825), ten Tier II ILEC's, on September 15, 2006, filed requests for disbursement for the twelfth UAF year covering the period July 1, 2007 through June 30, 2008 under the *de minimus* process. Subsequently, on January 16, 2007 Brantley Telephone Company withdrew its request, leaving nine applicants. After a review of the applications and a review of the history of Docket Nos. 5825 and 17142, the Commission Staff recommended approval of the applications, but with an individual annual disbursement limit of \$500,000. The Staff noted that until the filings for the twelfth UAF Year, both the number of applicants and the aggregate dollar amount of the requests had been declining. The Staff recommendation was modified by the Commission with the aggregate annual cap amount remaining at \$1,500,000. The applications of the nine remaining ILEC's were approved, minus certain Staff recommended adjustments, as follows:

Chickamauga Telephone Company	\$1,050,396
Darien Telephone Company	\$1,205,414
Glenwood Telephone Company	\$ 286,319
Hart Telephone Company	\$ 912,568
Pembroke Telephone Company	\$ 112,473
Pineland Telephone Cooperative, Inc.	\$ 927,169
Plant Telephone Company	\$ 156,566
Public Service Telephone Company	\$1,555,000
Ringgold Telephone Company	\$1,500,000

The aggregate annual amount approved by the Commission for the UAF year beginning July 1, 2007, through June 30, 2008, totaled \$7,650,905. The contribution factor is set to cover the disbursement level. For the current UAF year, the Commission approved an increase in the contribution factor from 0.13% to 0.31% to be applied to gross Georgia revenues from end-users in order to keep the fund solvent.

The Commission further ordered that a series of workshops be initiated by Staff to include all parties to the *de minimus* process addressing the aggregate *de minimus* disbursement cap and other related issues. Subsequently, on December 18, 2007, the Commission addressed the recommendations coming out of the workshops. The Staff recommended and the Commission approved, with certain modifications, both substantive and procedural changes in the *de minimus* UAF process. These changes include:

1. The \$1,500,000 cap amount set currently by the Commission be the maximum amount allowable under the *de minimus* process and this cap amount be reduced by \$250,000 each year beginning with the thirteenth UAF Year (July 1, 2008 through June 30, 2009) and in each subsequent year until it reaches an annual cap amount of \$1,000,000 or until such time as the Commission might reconsider the cap.
2. Any information requests for trade secret information by parties of record in the process will have to come in the form of a formal petition to the Commission pursuant to the Commission's Trade Secret rule.
3. The parties of record shall be made privy to the Staff's evaluation prior to its presentation to the Commission for approval with these parties being allowed to make comment to both the Staff and the Commission, as they feel necessary prior to any Commission decision.
4. At the time of the initial filing under the *de minimus* process, each application shall include, in addition to that which is currently required by the Commission, all related cost studies along with their work papers (under Trade Secret protection, if appropriate) for evaluation by the Staff along with the model associated with the request. In addition, the filing shall include source data such that reconciliation can be done relative to entries associated with Federal and State activities, as well as regulated and non-regulated activities. Source data shall include subjective support for booking decisions relative to both regulated and non-regulated entries, as well as Federal and State entries. Additionally, source data for each applicant shall be made available for Account Numbers 6710 and 6720, Corporate Operating Expenses, meeting the same criteria. The other



parties shall be able to make comment and ask questions when the Staff has completed its evaluation.

5. Each application shall be subject to a reactive audit as part of the evaluation process. The Commission will make every effort to include funds to accomplish such audits in its budget. In the absence of such funds, each audit shall be conducted by an auditor selected by the Commission and paid by the applicant. The cost of such audits shall be an operating expense recognized by the Commission in the evaluation of the applicant's needs test. The scope of these audits would include traditional accounting considerations, as well as the information listed under paragraph 4, above.

## **Consumer Affairs**

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

Consumer Affairs Staff regularly interact with representatives from the utility industries to 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.

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

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

### **Inbound Contacts**

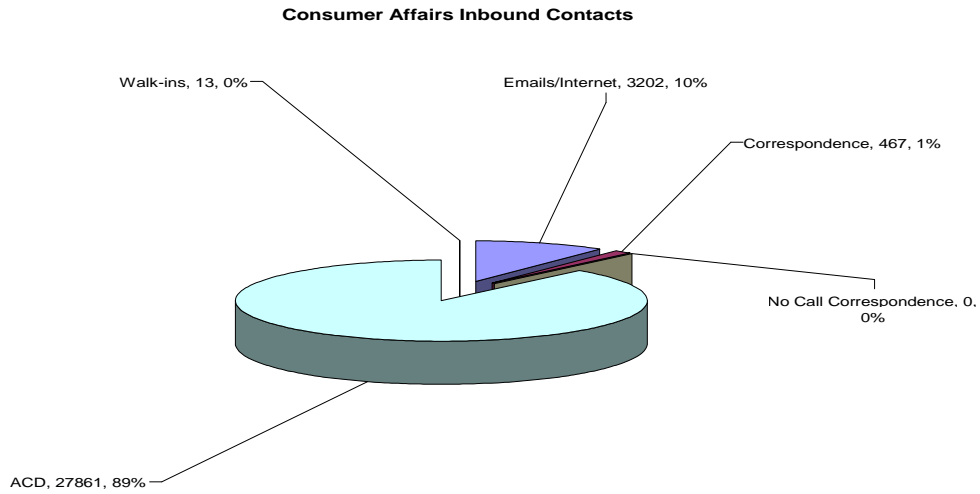
Consumers continue to prefer contacting the Commission by telephone over any other contact method. The Commission received 27,861 phone calls from consumers in 2007, which represented 89% of all inbound contacts.

In 2007, 10% of all inbound contacts were filed electronically, up from the 9% filed electronically in both 2006 and 2005. Contacts that are filed online through the Commission’s website are forwarded to the Georgia PSC email inbox, [gapsc@psc.state.ga.us](mailto:gapsc@psc.state.ga.us). Consumers can also send emails directly to this address.

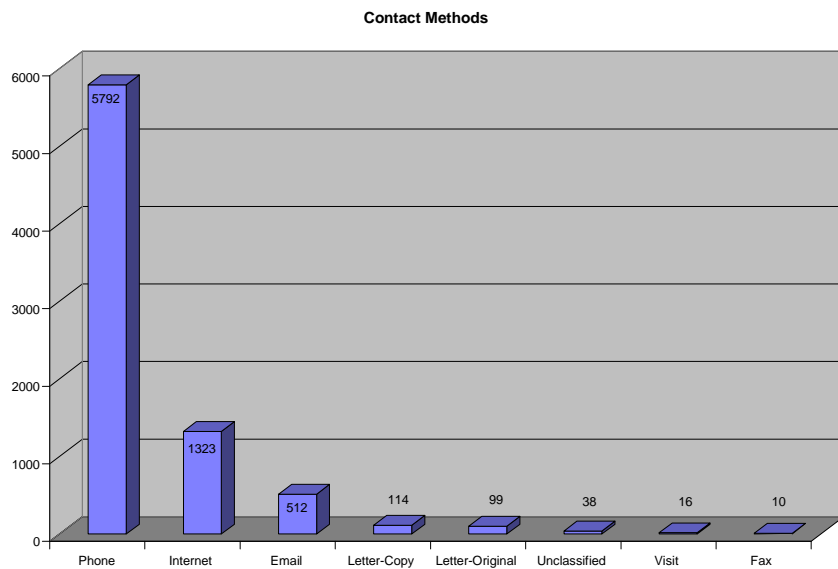
Regular mail and faxes are still popular methods in use to communicate with the Georgia Public Service Commission—paper correspondence comprised 1% of in bound contacts in 2007, compared to 1% in 2006 and 3% in 2005.

In all, Consumer Affairs representatives received 31,543 inquiries, complaints, and opinions from the general public in 2007, a 34.4% decrease from the 48,127 contacts in 2006 and 44,295 contacts in 2005.

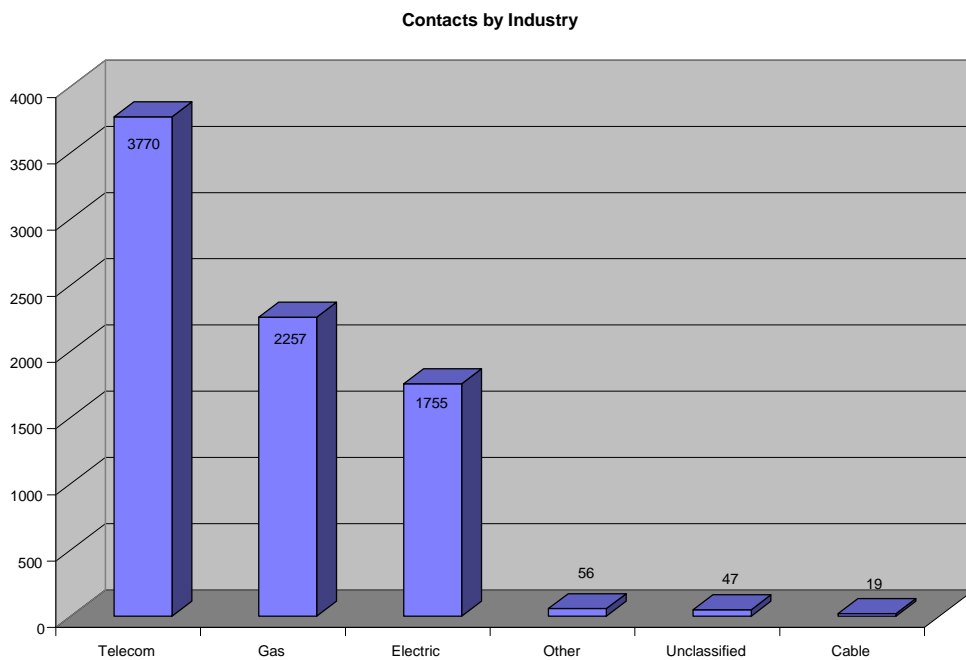
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Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Of the 31,543 inbound contacts handled, twenty-eight percent (28%), or 8,904, were entered into CRS. Ninety-four (94%), or 8,404, of the contacts requiring follow-up were initiated by phone (5,792), internet (1,323) or email (512).



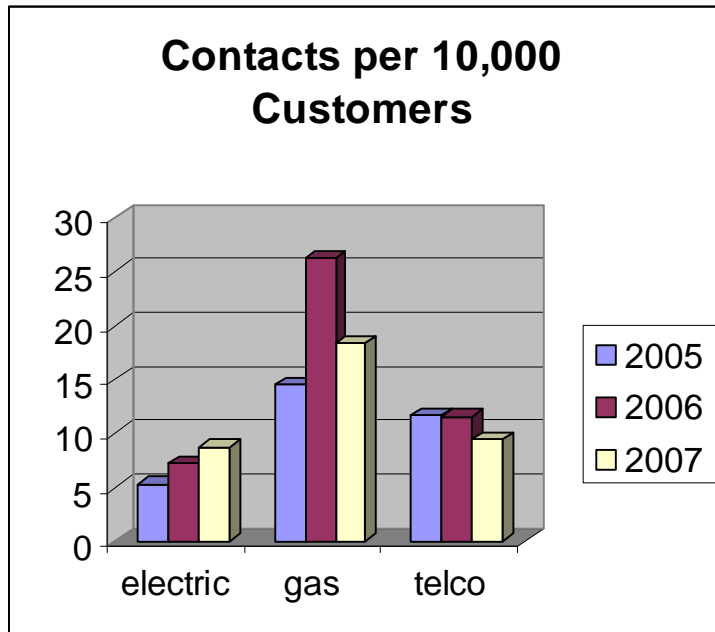
In 2007, telecommunications issues comprised the majority of the contacts requiring follow-up at forty-five percent (45%), followed by natural gas issues with thirty-three percent (33%), and electric with twenty-one percent (21%). Non-jurisdictional matters and opinions, captured in the categories labeled “Other,” “Unclassified” and “Cable,” comprised less than one and a half percent in 2007. Jurisdiction of transportation matters involving household goods carriers, towing, and limousines was returned to the Commission in July 2005, but Consumer Affairs refers these calls to the PSC’s Transportation Unit for processing.



Telecommunications contacts decreased overall from 4,671 in 2005, to 3,770 in 2007 and the proportionate contribution to total contacts fell from 57% in 2005 to 45% in 2007. Natural gas contacts increased from 2,172 in 2005, to 3,943 in 2006 and then down to 2,757 in 2007. Electric contacts have been steadily increasing from 1,052 contacts in 2005, to 1,443 contacts in 2006, and up to 1,755 in 2007.

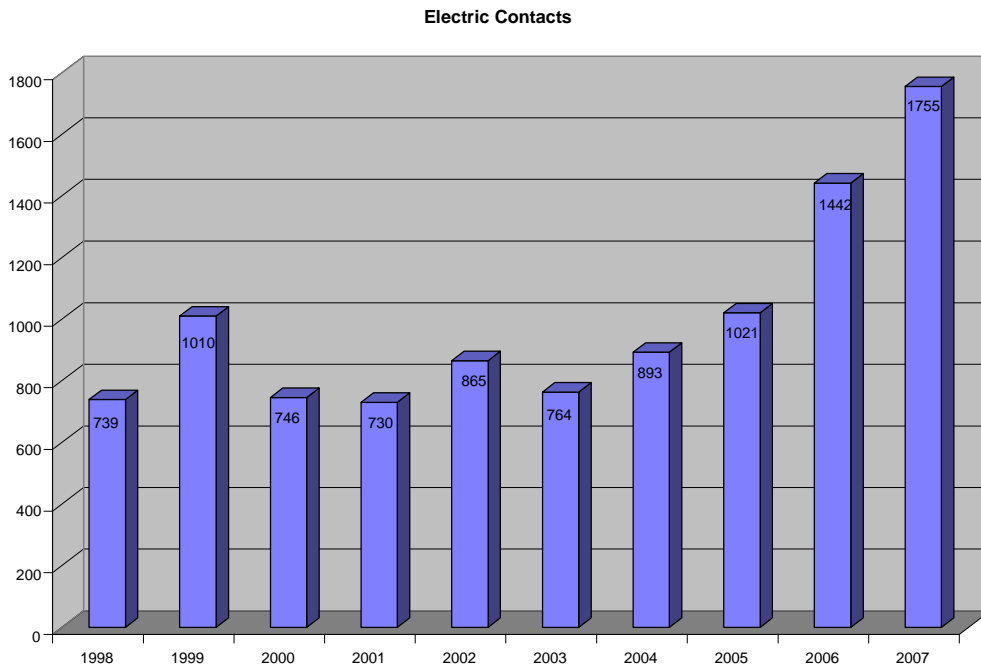
When viewed from a per capita perspective (contacts per 10,000 customers) natural gas contacts continue to outpace both electric and telecommunications. On this relative basis, twice as many natural gas consumers contacted the Commission in 2007 (18 contacts per 10,000 customers) as electric or telecommunications customers (both at 9

customers per 10,000). The per capita calculation was based on 2 million electric customers, 1.5 million natural gas customers and 4 million telecommunications customers.



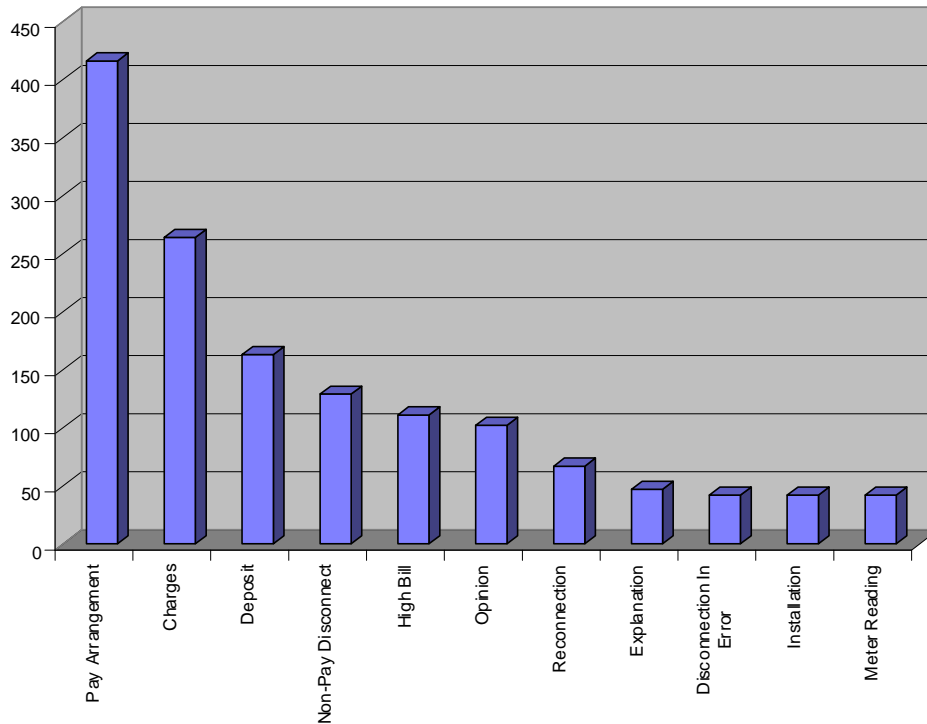
### Electric Consumer Issues

The total number of electric contacts continued its upward trend in 2007.



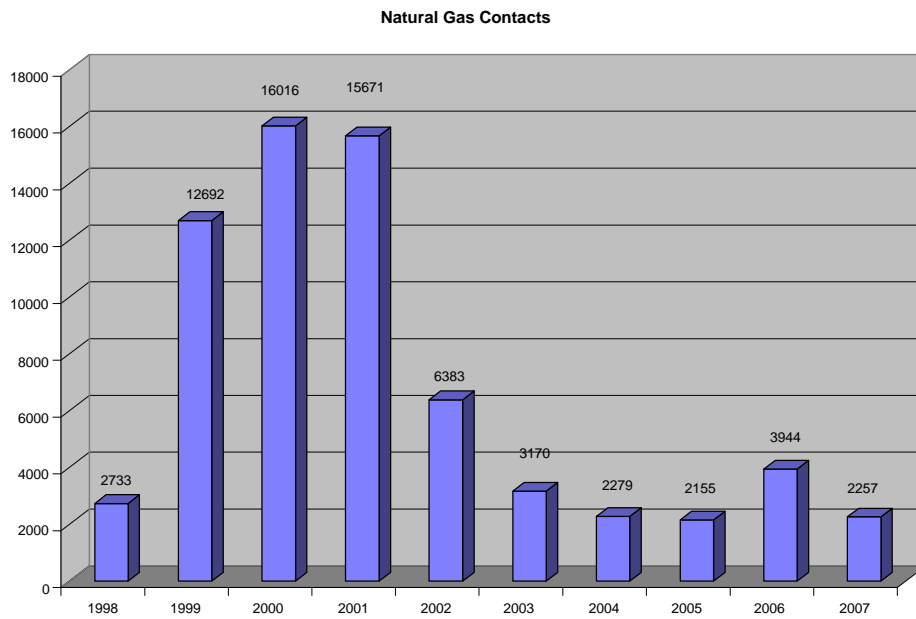
There was no change among the top categories of electric contacts in 2007, with customers regarding Payment Arrangements, Charges, and Deposits their top three concerns.

Top 10 Electric Issues



### Natural Gas Consumer Issues

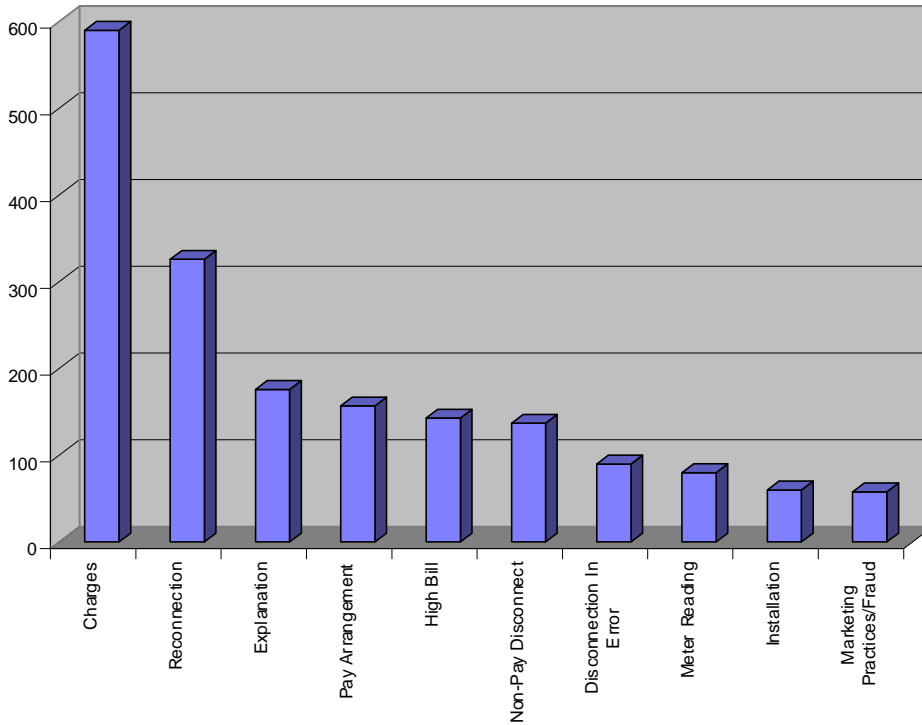
Natural gas contacts reversed the downward trend that began in 2002 when 1,788 more contacts were made in 2006 than in 2005, an increase of 82%. Following this one year spike, the number of natural gas contacts returned to a level similar to that seen in 2004 and 2005 with 2,257 contacts in 2007.



The categories comprising the top 10 natural gas issues changed somewhat in 2007 with Charges being the number one issue.



Natural Gas Top 10 Issues

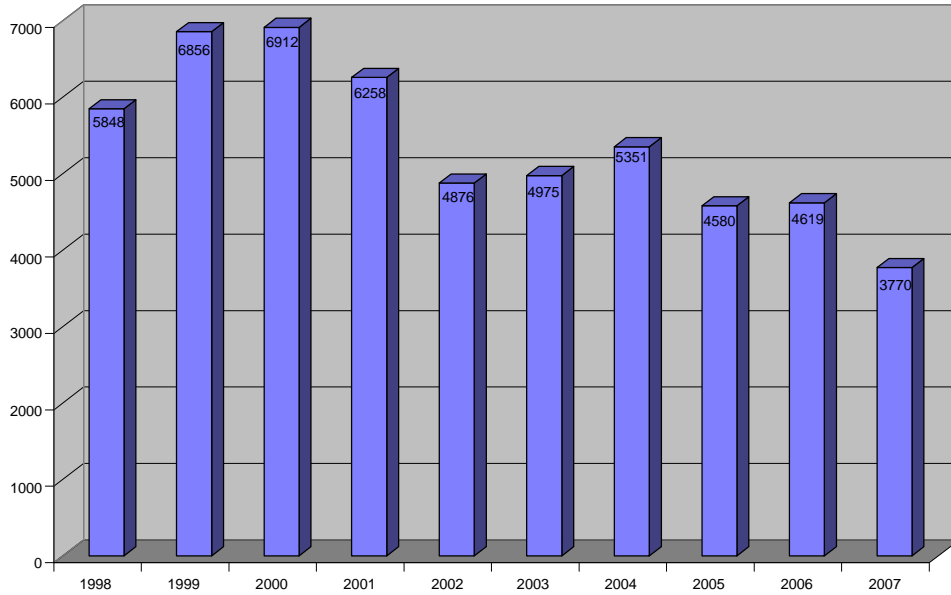


### Telecommunications Consumer Issues

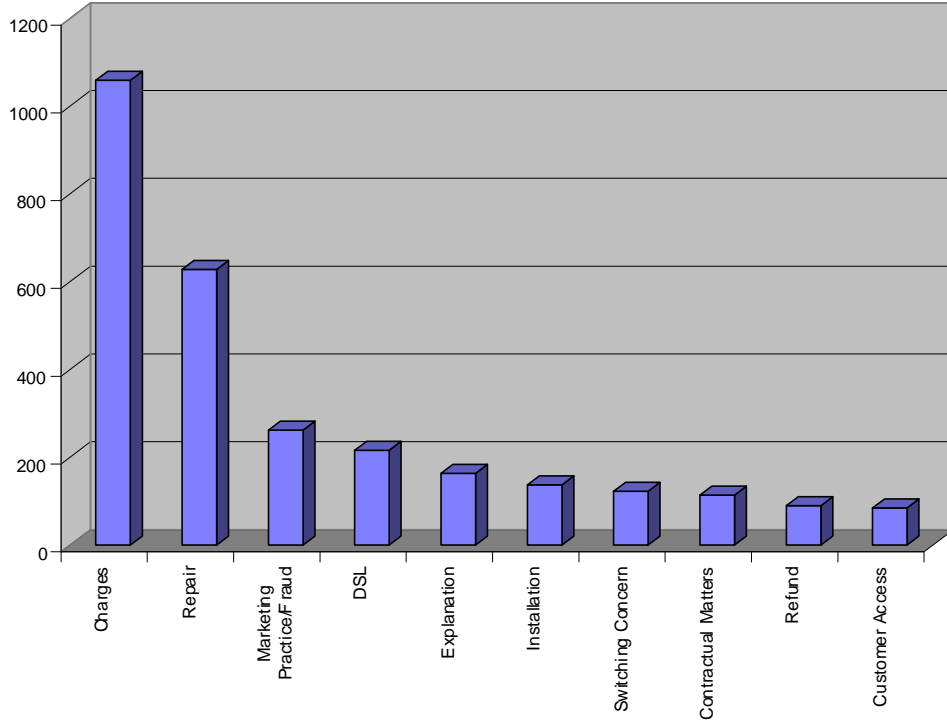
The overall trend of telecommunications contacts continued downward in 2007 to 3,770, the lowest level in 10 years. The top three categories of complaints, charges, repairs and marketing practices accounted for over half of all complaints.

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Telecom Contacts



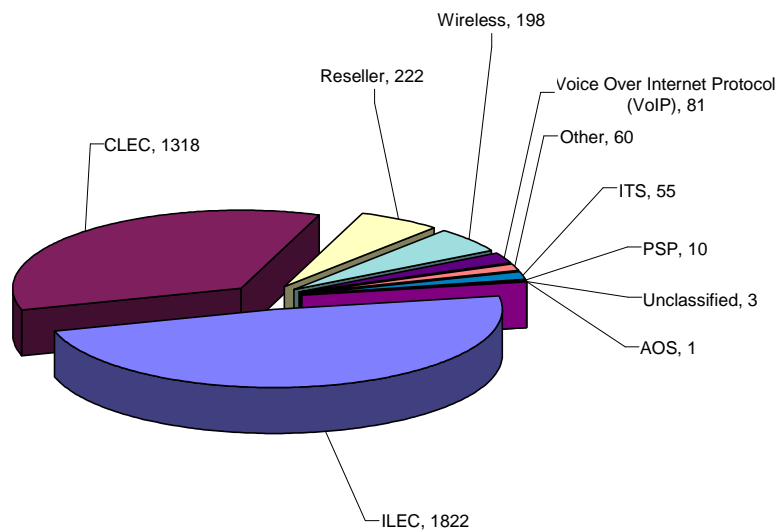
Telecom Top 10 Issues



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Almost 9 out of every 10 telecommunications contacts related to local or long distance service, whereas only 1 in 20 related to wireless service in 2007. Contacts regarding Voice over Internet Protocol Service (VoIP), first seen in 2005, remained at the 2006 level of 81 complaints in 2007 or 2% of all telecommunications contacts.

Telecom Contacts by Industry Type



## **Facilities Protection**

### **Pipeline Safety Challenges and Responsibilities in 2007**

The Georgia Public Service Commission is responsible for ensuring that all natural gas operators in Georgia meet federal safety requirements. 2007 marked the 39<sup>th</sup> year of certification for the PSC's Pipeline Safety program with the Research and Special Programs Administration of the Federal Department of Transportation. The PSC continued regulating all pipeline safety matters involving private and municipally-owned natural gas distribution systems, including liquefied natural gas facilities, master-meter operators, direct sales customers and propane facilities that operate in the state of Georgia.

During 2007 the Commission monitored and inspected over 78,159 miles of distribution mains, service lines and transmission pipelines transporting natural gas to over 2 million Georgia customers. With five qualified inspectors and three in training, that equates to each inspector being responsible for approximately 15,631 miles of natural gas pipeline along with 400,000 customers. Operator compliance with the Pipeline Safety Regulations was evaluated during 908 inspections, expending 1,442 inspection days. These inspections addressed Operator Qualification, Integrity Management, comprehensive, specialized and construction inspections, along with accident investigations and follow-up inspections that monitor operators for violations of the law.

### **Pipeline Safety Enforcement**

On December 29, 2006, HR 5782, the Pipeline Inspection, Protection, Enforcement and Safety Act (PIPES Act) of 2006, was signed into law. The PIPES Act was designed to improve safety and strengthen federal and state pipeline safety programs. Therefore, implementing the new law was a priority for the Commission during 2007 and beyond. The Commission is responsible for enforcing regulations contained in Parts 191, 192, 193, 199 and Part 40 of the Code of Federal Regulations, as well as applicable state regulations. The Commission also has the authority, if the need arises, to adopt additional regulations as required under the Pipeline Safety Act.

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

During 2007 the Commission's pipeline safety inspectors conducted 177 field verification evaluations of gas operators' OQ programs. Staff advised every gas operator in Georgia of various probable violations stemming from a lack of written

procedural information in the gas system operating manuals. Specifically, gas systems throughout the state have not adequately adopted procedures relating to operations and maintenance.

In the interest of encouraging compliance, Commission staff is working with Subscribed Regulatory Compliance Service (SRCS), Georgia Municipal Association Gas Section (GMA Gas Section), Harp & Associates and the American Public Gas Association's Security and Integrity Foundation (SIF) to prioritize the various operator qualification tasks used in Georgia into four groups to create model written procedures which will be made available to all cities operating municipal gas systems. The procedures developed in 2007 will be used to begin training the first group of model written procedures by April 1, 2008. The GMA Gas Section will provide this model written procedures to each municipal operation natural gas system. Each city will need to evaluate the model written procedures and adopt them for the city's use. In addition Staff will be available to work with any city requesting its assistance and plan to provide training seminars across the state throughout 2008.

By developing a master Operation and Maintenance Manual and then tailoring the procedures to each city, the natural gas operators will then be able to determine which of the covered tasks are used by their gas system and adopt the model procedures *in writing* to conform to the operations and maintenance procedures used. This allows for consistency and portability of their procedures.

Operators are encouraged to take advantage of the model written procedures provided by SRCS, SIF and the Commission. They are also encouraged to use the resources offered by Commission Staff in modifying the model procedures to meet the city's needs.

Also in 2007 the Commission's Pipeline Staff, the Georgia Municipal Association (GMA) and the Municipal Gas Authority of Georgia (MGAG) met to develop model emergency liaison procedures for inclusion in systems' emergency plans to ensure that liaison requirements with public safety officials are being met. Over a span of approximately four months (March, April, May and June) the Staff, GMA, and MGAG worked together to create a set of liaison procedures and support documents that can be easily customized to the specifics of each municipal gas system in the state. Fourteen separate documents were developed as listed below:

- A – Procedures for Acquainting Officials
  - 1 – Liaison Letter
  - 2 – Natural Gas Characteristics Properties and Precautions
  - 3 – Emergencies Requiring Notification
  - 4A – Leak Call Protocols
  - 4B – Leak Call Checklist
  - 5A – Updating On-Call List
  - 5B – Emergency Contact On-Call List
  - 6 – Responder-Official-Media Contact List
  - 7 – Emergency Operations Command Center
  - 8 – Mutual Assistance
  - 9 – Government-Organization-Entity Resources
  - 10 – Sample News Releases
  - 11 – Liaison Acknowledgement

Document A contains Emergency Liaison Procedures and the other documents provide support materials, arranged in the order they would be used in the liaison process.

In order to customize the Model Procedures to a specific system, the Operator need only insert the name of the system in each location that currently says **[Operator Name]** and fill in a few blanks that refer to the location of other documents, such as mutual aid agreements. Some of the forms may also need to be revised to fit local circumstances.

### **Total Inspections for 2007**

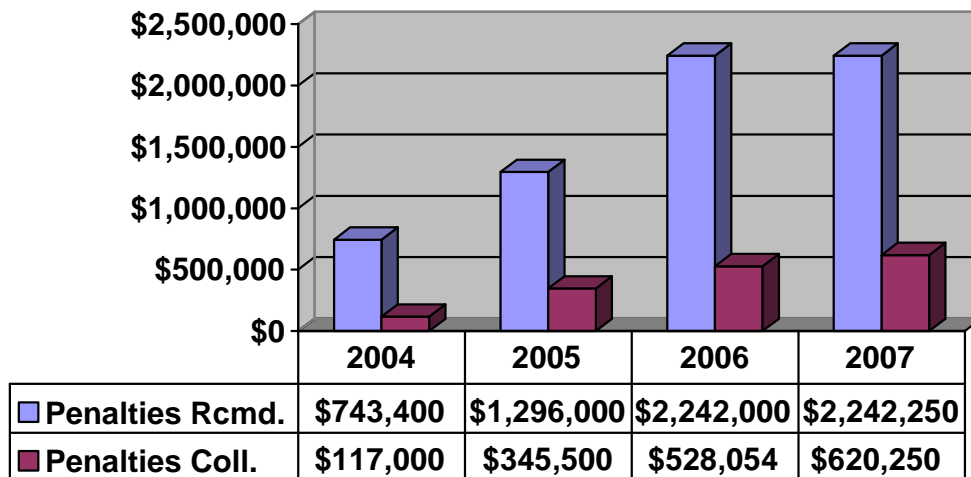
Inspection Type	Total Inspections	Total Inspection Days	Units Inspected
LNG Systems	5	8	5
GUFPA	17	17	17
Drug and Alcohol	32	34	32
Special Projects	81	213.5	28
Construction	53	53	53
Comprehensive	61	213.5	120
Specialized	279	406	279
Operator Qualification	177	171	237
Propane	5	5	5
Accident	18	26	18
Training	68	149.5	48
Transmission IMP	12	24.5	12
Follow Up	104	123.5	104
<b>Total</b>	<b>912</b>	<b>1,444.5</b>	<b>958</b>

### Georgia Utility Facility Protection Act (GUFPA) Enforcement

The responsibilities of the Commission's Facilities Protection Unit include enforcing the GUFPA (O.C.G.A. 25-9). In addition to investigating reported complaints and violations of the GUFPA, education has always been one of the PSC's most effective enforcement tools. 2007 saw no change in that enforcement philosophy with 2,663 people attending 234 training sessions in lieu of paying civil penalties. Even with this high number opting for training, penalties collected and sent to the State Treasury grew to \$623,250 in 2007. The total level of assessed penalties leveled off.

The collection efforts of Stokes, Lazarus & Carmichael played a prominent role in the increase in collections for 2007. Since the Commission hired Stokes, Lazarus & Carmichael for collection of bad debts several years ago, the firm has recovered \$116,617 in penalties with \$78,870 returned to the Commission for transfer to the State Treasury. Approximately \$50,000 of that amount was received in 2007.

In 2007, staff trained 1,614 persons representing including locators, excavators and facility owner/operators across the state on different facets of the GUFPA statutes.

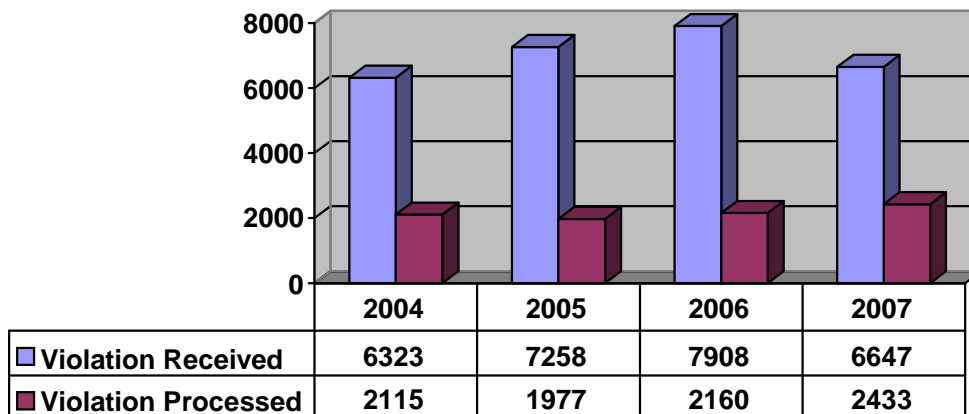


2007 witnessed a 16% reduction in reported violations of the GUFPA, a trend that hopefully will continue in the future. Most likely this reduction in reported damages was a result of the drastic fallout in the residential building sector of the economy as well as somewhat of a reduction in commercial building. The GUFPA investigative staff continued to operate with only three investigative personnel in 2007 processing 2,433 cases, a 12.6% increase over 2006 performance. This combined with the reduction in

overall reported cases resulted in 36% of all reported cases being processed compared with only 27% of reported cases being processed in 2006.

### Large Project Ticket Process

Implementation of the Large Project Ticket process, created by the 2005 changes in the GUFPA law, was started in February 2007, when the UPC installed the EDEN software package for ticket management.



Unfortunately, the system flaws caused the ticket management system at the UPC to fail. By mid-2007, those flaws were repaired, but the UPC could only accept large project tickets on a limited basis. All parties agreed to perform beta testing of both the ticket management system and the large project process before going statewide.

Several projects were selected for this testing and preliminary results indicate that the large project ticket process may work better than anyone had hoped for. The real benefit identified so far is from improved communication. A large project meeting must take place prior to any excavation and at that meeting the excavating schedule is laid out so that all existing facilities can be marked in a timely manner. The written marking schedule must be agreed to, and signed off by, the excavator and all participating utilities. By bringing together all local representatives (excavators, facility owner/operators and locators) at this meeting, the large project process ensures that important contact information is exchanged. This streamlined process drives the communication to the jobsite, as intended.



### **Marking Standards**

The beginning of 2007 saw the continuation of staff efforts from the fall of 2006 to develop a set of marking standards for buried utilities in the state. The committee formed in 2006 continued identifying issues to be addressed in the standards and then set about crafting the rule language. Staff completed its work on the proposed rule and presented it to the Commission in May 2007. The Commission adopted the proposed rule in September 2007. The object of the rule is to further strengthen communications between the excavator and facility owner/operator to minimize damage to utilities. In 2008 Commission staff and UPC personnel will continue educating all parties involved about the requirements of the marking standards rule as implementation takes place. One of the major components of the marking standards is the clarification and definition of white lining requirements for proposed excavation when the area cannot be sufficiently described as required in the GUFPA.

### **International Locate Rodeo**

Facilities Protection Unit personnel continued its participation in the International Locate Rodeo held annually in the metro Atlanta area. The rodeo celebrated its fifth anniversary in 2007. Facilities Protection Unit personnel have volunteered their time in four of those years to work at the rodeo as judges, timekeepers, shuttle drivers, and other roles, giving the Public Service Commission further exposure in the damage prevention arena.

### **Hispanic Construction Community**

Facilities Protection Unit personnel remained active in the Hispanic construction community in 2007. The big event for the year in that community was the Day of the Latino Construction Worker held at Georgia Towne Green in Duluth. One of the purposes of the event was to honor not only Hispanic but all construction workers killed in construction accidents in 2006. Another event of the day included free safety classes all held in Spanish.

Staff also participated in activities for Cinco de Mayo held at the North Atlanta Trade Center in Norcross and sponsored by the Hispanic construction community. Staff participated in the Hispanic Contractors Association of Georgia's second annual Safety Fair and is currently involved in helping to plan the same event to take place in 2008.

Facilities Protection Unit staff attended a damage prevention training class held in Spanish by the deBaires Group in order to evaluate the class for possible approval as a Commission approved source for damage prevention training in lieu of paying assessed penalties under the GUFPA. The Commission adopted staff's recommendation that the deBaires Group be approved to teach damage prevention on behalf of the Commission bringing to five the number of approved sources to conduct educational classes on

damage prevention in the state. These classes are required attendance by excavators who have been found to be in violation of the GUFPA in lieu of paying civil penalties assessed by the Commission. As stated earlier, these educational classes have proven to be an effective enforcement tool for addressing violations of the GUFPA.

## **ADMINISTRATION DIVISION**

During 2007 the Commission continued to maintain the highest standards in performing those administrative functions that serve the public. By making the most prudent use of its resources, the Commission has been able to work within the constraints of its budget to hire and retain quality staff members committed to serving the public sector.

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

### **Budget and Fiscal Office**

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

In 2007, the Commission hired a new Budget and Fiscal Officer. With a staff of three, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding \$10 million dollars.

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

### **Executive Secretary**

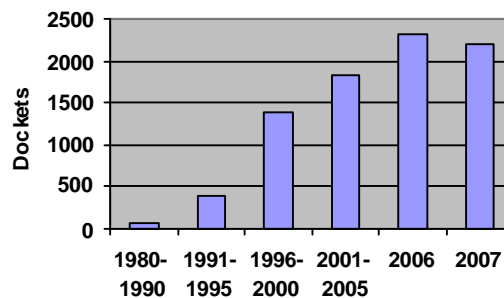
The Executive Secretary's Office is responsible for receiving all public documents filed at the Commission. The Executive Secretary's responsibilities include scheduling Commission proceedings, assigning hearing officers, signing and certifying Official

Orders, and preparing lists of interveners for docketed matters. In 2007, staff members in this Office opened 2,202 new case dockets, processed 10,117 filed documents and filed 2,660 orders. The Executive Secretary prepared 2,420 Orders for the Chairman's signature. The chart below shows that the number of dockets has grown tremendously over the past two decades.

During 2007, the Commission held 55 public hearings constituting 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, Telecommunications, Transportation and Administrative Affairs.

**PSC Docketed Workload**



## **Human Resources Office**

The Human Resources Office strives to meet the personnel and payroll needs of the Public Service Commission. In 2007, the Human Resources Office remained active in facilitating the self-sufficiency of PSC employees in several areas. All eligible employees entered benefit changes on-line during the Open Enrollment period for Plan Year 2008. Most health insurance, flexible benefits, Credit Union and Employees' Retirement System forms (along with instructions for completion and filing) are now available via the internet and are totally accessible to any employee. Team Georgia continues to be a valuable resource for PSC staff. In addition to providing access to paycheck and other benefit information, Team Georgia is a source for a wide array of information specifically geared to State employees.

The Public Service Commission has experienced the retirements of several long-term staffers over the past several years and can expect to see the number of retirees increase during the next five years. Due to budgetary constraints, recruitment to fill vacancies was again limited to a small number of critical positions. However, the agency successfully recruited a number of highly qualified individuals to fill those positions. It is vital that retention of staff and succession planning remain priority goals for the Public Service Commission and the Human Resources staff.

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

## **Public Information Office and Legislative Liaison**

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

During 2007 the Commission remained in the forefront of local, state, and national news media coverage as a result of high profile rate proceedings. The Office issued 47 news releases, 38 media advisories and five consumer advisories; responded to over 125 national, state and local news media inquiries; conducted numerous news media interviews with local, state and national media; and coordinated Commissioner interviews. The Public Information Officer was recalled to active military duty for most of 2007 but the Executive Director with several other staff members carried on most of the Office's responsibilities.

The Public Information Officer serves as the Commission's Legislative Liaison and coordinates the Commission's legislative agenda. In this capacity, the Office responded to numerous Legislator inquiries relating to constituent concerns, tracked more than two dozen pieces of legislation that impact the agency and the utilities it regulates, provided daily legislative updates and coordinated the Commission response to legislative proposals.

During the 2007 General Assembly, the Commission successfully sponsored two pieces of legislation (**House Bill 316 and House Bill 317**) to improve the agency's Transportation Unit operations. Governor Sonny Perdue signed both bills into law. A complete list of PSC monitored legislation, sponsors and status is provided below:

**House Bills**

- House Bill 22**, by Rep. Mike Keown. This bill prohibits the use of Automatic Direct Dialing Equipment to call telephone customers who have signed up for the Georgia Do Not Call List. Held in House Energy and Telecommunications Committee.
- House Bill 107**, by Rep. Jan Jones. Requires franchise fees to be listed as a separate line item on electric utility bills, except for Georgia Power bills. **Passed and signed by Governor.**
- House Bill 110**, by Rep. Jan Jones. Caps franchise utility fees at four per cent. Held in House Energy and Telecommunications Committee.
- House Bill 227**, by Rep. Jeff Lewis. Consumer Choice for Television Act. Establishes a statewide franchise fee process for cable television providers. **Passed and signed by the Governor.**
- House Bill 228**, by Rep. Tom Graves. Would require utilities to return customer deposits with a 24-month period. Held in the House Energy and Telecommunications Committee.
- House Bill 316**, by Rep. David Ralston. Allows Commission to regulate household movers operating inside municipalities. **Commission sponsored. Passed and signed by the Governor. Effective July 1, 2007.**
- House Bill 317**, by Rep. David Ralston. Allows the Commission to have concurrent jurisdiction over non-consensual towing inside municipalities. **Commission sponsored. Passed and signed by the Governor. Effective July 1, 2007.**
- House Bill 389**, by Rep. Jeff Lewis. De-regulates tariff and rates for luxury limousine and some passenger buses. **Passed and signed by Governor.**
- House Bill 460**, by Rep. Carl Rogers. Increases fines for illegal household movers. Held in House Energy and Telecommunications Committee.
- House Bill 522**, by Rep. Jay Roberts. Allows natural gas marketers to opt out of a natural gas capacity supply plan. Held in the House Agriculture and Consumer Affairs Committee.
- House Bill 587**, by Rep. Jeff May. Allows gas distribution company to file for a certificate in another territory if the current provider has failed to begin construction of a gas distribution system. **Passed and signed by the Governor.**
- House Bill 745**, by Rep. John Lunsford. Pays for state trauma centers using money from the telephone relay charge on telephone access lines. Held in House Energy and Telecommunications Committee.
- House Bill 746**, Rep. Timothy Bearden. Allows use of USF for pipeline safety. Held in House Energy and Telecommunications Committee.
- House Bill 759**, by Rep. Timothy Bearden. Caps DDDC factor for poultry houses at 2.0. Held in House Energy and Telecommunications Committee.

### Senate Bills

- Senate Bill 105**, by Sen. David Shafer. Requires uniform charges to communications and cable companies for accessing utility poles. Held in Senate Regulated Industries and Utilities Commission.
- Senate Bill 120**, by Sen. Ross Tolleson. Exempts certain petroleum pipeline expansions and relocations from some restrictions on eminent domain. Passed Senate but held in House Judiciary Committee.
- Senate Bill 180**, by Sen. Joseph Carter. Authorizes government agencies to enter into guaranteed energy cost savings contracts. Held in Senate Regulated Industries and Utilities Committee.
- Senate Resolution 598**, by Sen. Regina Thomas. Creates the Joint Nuclear Plant Vogtle Environmental Justice Issues Study Committee. Held in Senate Regulated Industries and Utilities Committee.

### Legislation Affecting Agency Operations And State Employees

- House Bill 91**, by Rep. Ben Harbin. Requires state agencies to submit certain financial reports to the General Assembly. **Passed but vetoed by Governor.**
- House Bill 94**, by Rep. Glenn Richardson. Amends the state's Fiscal Year 2007 spending plan. **Passed and signed by the Governor.**
- House Bill 95**, by Rep. Glenn Richardson. Provides money for the state Fiscal Year beginning July 1, 2007. **Passed and signed by the Governor.**
- Senate Bill 212** by Sen. Don Balfour. Disclosure of state employees' social security numbers and date of birth is not required under the Open Records Law. **Passed and signed by the Governor.**
- Senate Bill 108** by Sen. David Shafer. States that no government agency shall use private funds to finance any part of its official duties unless such funds are accounted for in the State budgeting process or with the approval of the House and Senate budget committee chairmen. Held in Senate Appropriations Committee.

## Information Technology Office

In 2007 the Information Technology Office forged ahead with developing business continuity plans and applications to enrich services provided by the Commission.

The Information Technology Office enhanced network operations by purchasing additional security products to fortify and protect network boundaries. In doing so, we were able to greatly reduce security threats to the agency equipment and decrease

support calls to our technical support desk. This year our agency e-mail intake grew from an average of 6,000 to 12,000 per workday (Monday through Friday). We increased internal productivity by using aggressive anti-spam, virus, and worm technologies.

As part of our business continuity plan, our team revamped the network architecture to include virtualization for servers. This allowed the agency to reduce operating costs such as maintenance, licenses, utility costs, and warranty fees that are associated with having many servers online 24/7. We have enhanced performance of the network and were able to retire a number of servers that were out of warranty.

Development staff spent 2007 enhancing application used by the PSC's Transportation Unit by adding increased functionality. Our agency teamed up with the Georgia Insurance and Safety Fire Commissioner (<http://www.gaupc.com>) to create data sharing capabilities for performing automatic updates to the transportation database. These procedures reduced overhead for our agency and insurance companies and also ensured that companies providing services to constituents were meeting regulatory requirements.

Information technology developers enhanced the Georgia Utilities Facilities Protection (GUFPA) application during 2007 by adding a file storage server for use in storing archived data such as case attachments and documentation. Our agency teamed up with the Georgia Utilities Protection Center (<http://www.gaupc.com>) to form a seamless data connection for damage reporting.

Late in 2007, our team provided access to a Natural Gas Bill Calculator that would allow constituents to check the accuracy of their natural gas bills in a competitive marketplace. Our developers also modified the docket filing search engine to give users the ability to search, sort and view docket filings. In 2008 our team is planning on implementing web 2.0 services (RSS feeds, geo-code data for interactive mapping) and a host of other enhancements.

The objectives of the Information Technology Office in 2007 were to reduce agency administrative overhead, ensure business continuity for agency services, and increase stakeholder satisfaction. Our staff continuously researches ways to increase efficiency for the agency as a whole. Our technology team is confident that 2008 will become a benchmark year as we serve stakeholders in a professional and timely manner.

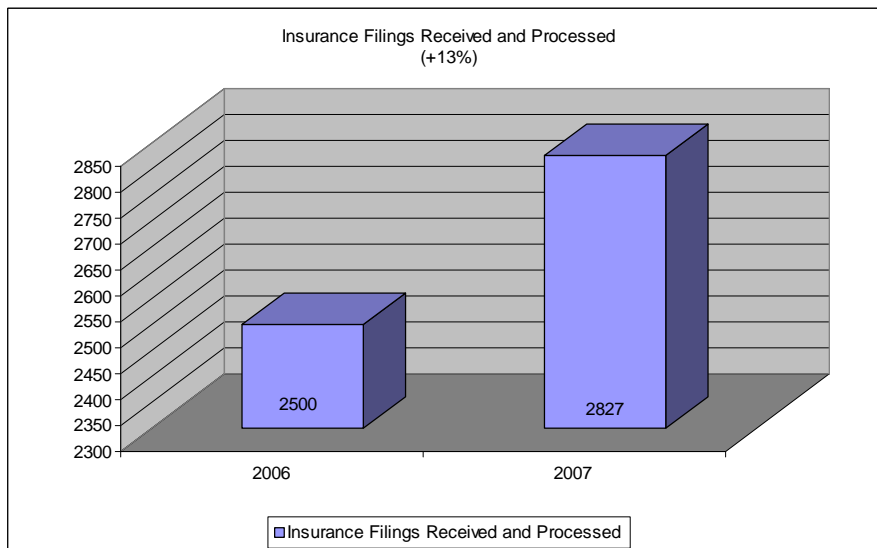
## **Transportation Unit**

The Commission's has regulatory responsibility for over 1,000 "for hire" intrastate motor carriers, comprised of household goods carriers, limousine operators, buses, and

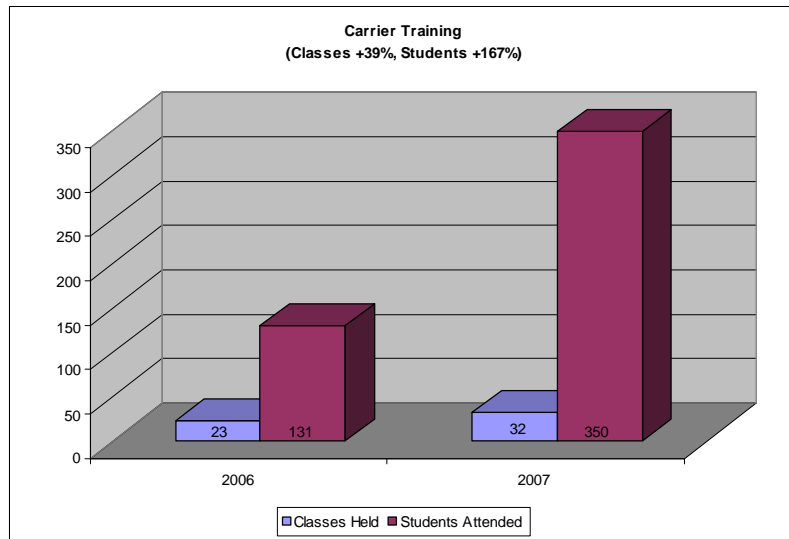


wrecker companies performing private property trespass towing operations. Duties relate to permitting and certification, training new carriers, auditing records, investigating consumer complaints, processing and maintaining insurance filings and taking action against illegal operators.

The goals of the Transportation Unit are to deliver prompt courteous service to all consumers and stakeholders and to ensure that Georgia citizens receive value for the transportation services that the Unit regulates. Public safety is a top priority and of primary importance. To ensure that a high degree of safety is maintained, the Unit actively monitors and administers insurance filings for all transportation companies under its regulatory authority.

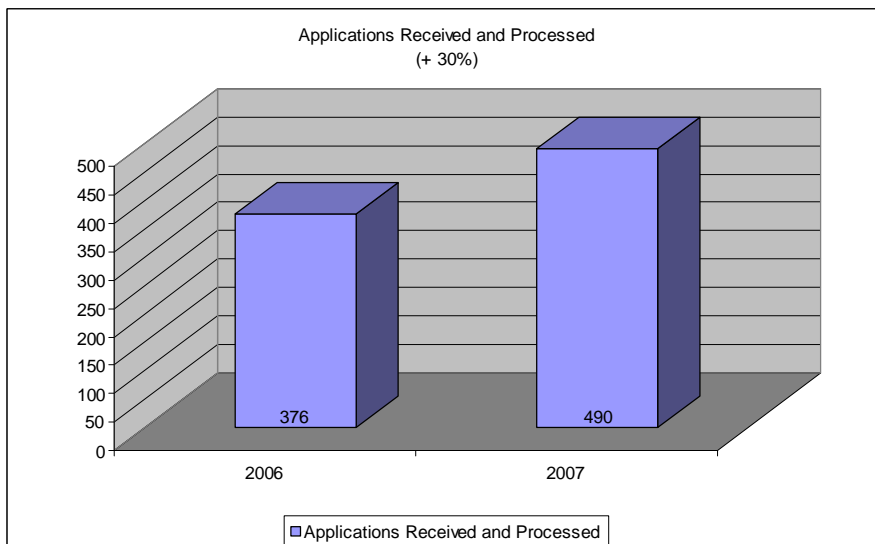


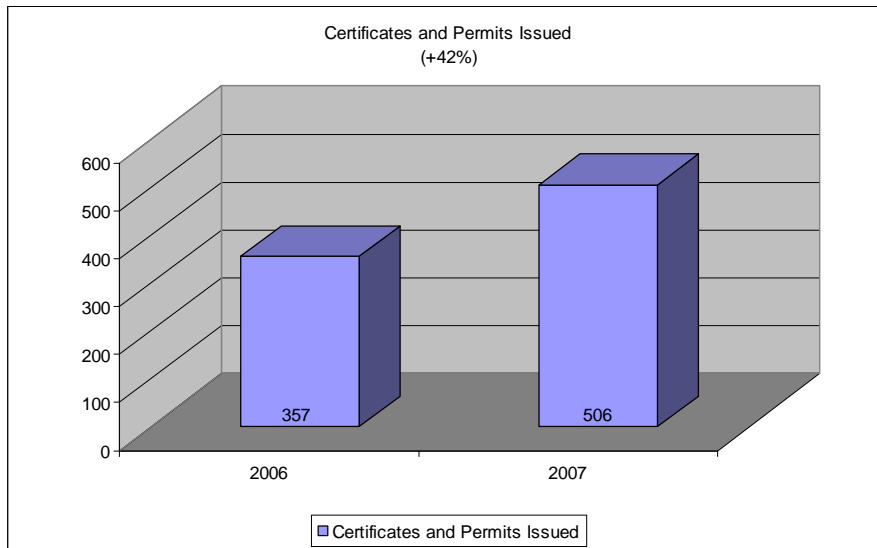
All new applicants for household goods and passenger carrier authority are required to complete a Commission-sponsored training session. Transportation staff provides ongoing education and training to permitted and certificated carriers who already hold permanent operating authority. By requiring regulated companies to maintain adequate insurance coverage and by offering training opportunities to the companies' employees, Staff believes that both the transportation industry and Georgia consumers are better served and protected.



### Assurance that Carriers are properly Permitted and Certificated

The Commission's Transportation Unit has statutory responsibility for issuing certificates and permits to qualifying "for hire" transportation companies that operate entirely within Georgia's boundaries. Household Goods Certificates, Limousine Carrier Certificates, Passenger Certificates, Passenger Permits and Non-Consensual Towing Permits are issued to businesses making application and meeting qualifications for license issuance. In 2007 the Transportation Unit received and processed 490 applications on all its regulated programs while issuing 506 certificates and permits.





### **Assurance of Reasonable Rates and Fair Tariffs**

The PSC's price setting authority for motor carriers is limited to household goods movers, some for-hire passenger carriers and wrecker companies conducting private property trespass towing operations. Commission personnel routinely conduct audits of regulated carriers to ensure that Georgia consumers are being charged fair and reasonable prices. Staff maintains several maximum rate tariffs and regularly evaluates the need for price adjustments to assure that regulated businesses can remain financially viable.

In 2007 the Commission saw the need for an adjustment to the household goods maximum rate tariff. Effective March 15, 2007, Georgia household goods movers were granted a twenty-five percent (25%) across the board rate increase. Additionally, provisions were added which allow for future annual rate adjustments based on the Producer Price Index published by the United States Department of Labor's Bureau of Labor Statistics.

The Commission sponsored two pieces of legislation in 2007 which increased the Commission's ability to protect consumers who hire household good movers that operate within a municipality and consumers who have their automobiles towed from a privately owned parking lot. House Bill 316 gives the Commission the authority to enforce laws and regulations dealing with household good movers who operate within the limits of a municipality. The second measure, House Bill 317 allows the Commission to have concurrent jurisdiction over non-consensual towing inside the limits of a municipality. Governor Perdue signed both measures into law on May 29, 2007.

In 2007, the Georgia legislature approved House Bill 389 which ended the Commission's authority to set, adjust, or change rates for limousines. With the passage of HB 389, Georgia limousine companies will set their own prices, so rates will be market based instead of being set by the Commission. With this legislative change, the Commission's maximum rate limousine tariff became null and void.

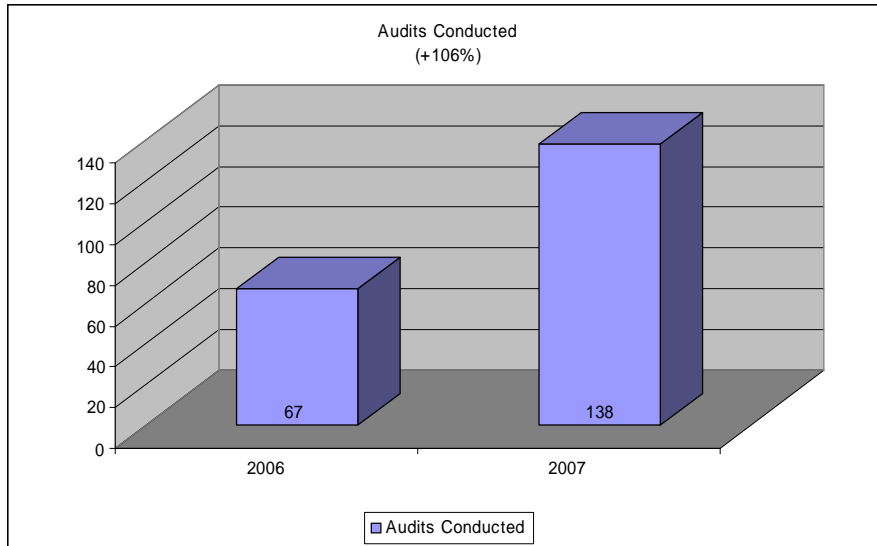
Even though rate regulation for limousine carriers has been eliminated, the work load for the PSC's Transportation Staff has dramatically increased. HB 389 also expanded the definition of a limousine carrier to include many non-metered, (i.e., non-taxi), vehicles operating in the State that were not previously under the Commission's authority. The revised limousine definition now includes vehicles, such as sedans, extended sedans, sports utility and extended sport utility vehicles and other vehicles with a capacity for transporting no more than ten persons for hire.

Since enactment of HB 389 the Transportation Unit has seen a significant increase (a 172% rise) in the number of new passenger carrier applications. Eventually the Transportation Unit expects to receive somewhere between 1,000 and 1,500 new motor carrier applicants as a result of the legislative change. The legislature did not change the PSC's responsibility and oversight for consumer complaints relating to a carrier's service and safety.

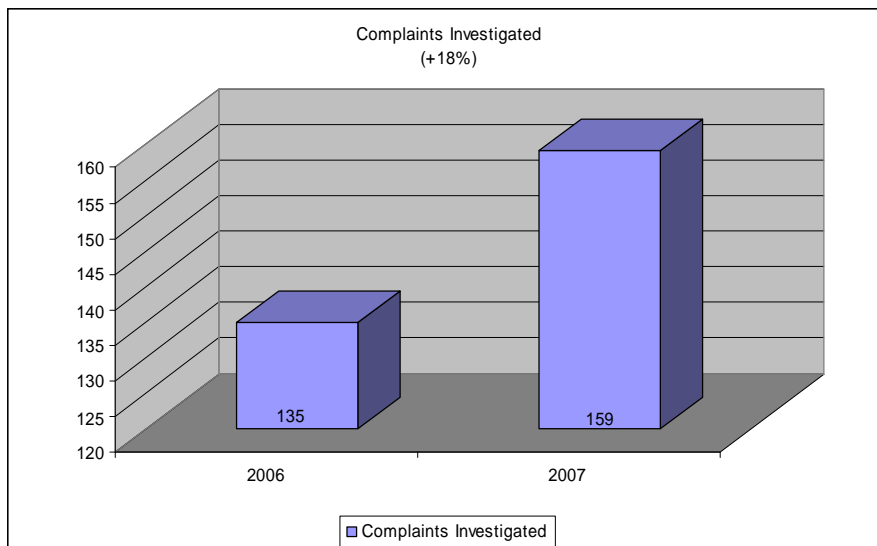
#### **Assurance of the Public's Trust**

The two practices of an effective regulatory program are auditing company records and investigating complaints. By systematically and routinely auditing transportation company records, the PSC holds carriers accountable and they are far more likely to follow best business practices outlined in rule and law. By actively investigating consumer complaints, the PSC enhances the likelihood that carriers will deliver better customer service and will be more attentive to the public's needs. The Transportation Unit vigorously engages in both audit and complaint actions. Failure to follow the rules and regulations or to provide adequate service could result in the Commission taking adverse action against a carrier. Such action may include assessment of a civil penalty, suspension of a carrier's authority or cancellation of a carrier's legal operating authority.

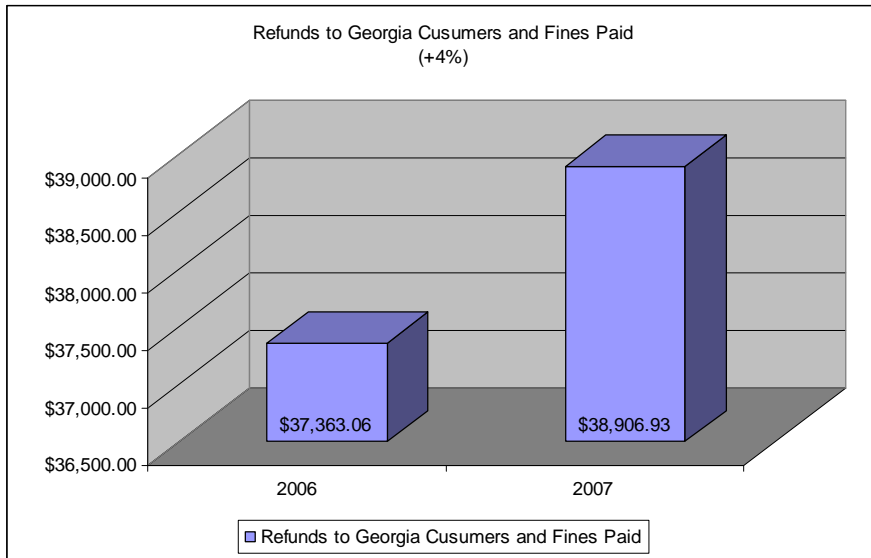
In 2007 the Commission conducted 138 audits, up 106% from the 67 audits conducted in 2006.



In 2007 the Transportation Unit investigated 159 complaints. The majority of complaints filed with the Commission pertained to grievances against household goods carriers and to problems or differences with private trespass tow operators. Typical issues reported against movers involved: 1) overcharges; 2) customer service or courtesy problems; 3) loss or damage of personal property; and 4) illegal carriers. Typical issues against tow operators involved: 1) overcharges; 2) customer service or courtesy problems; 3) untimely notification of tow and impound; and 4) improper sign posting.



As a result of these complaint investigations and audits, the transportation companies paid \$38,900 in refunds to customers or in penalties assessed by the PSC an increase of 4% over 2006.



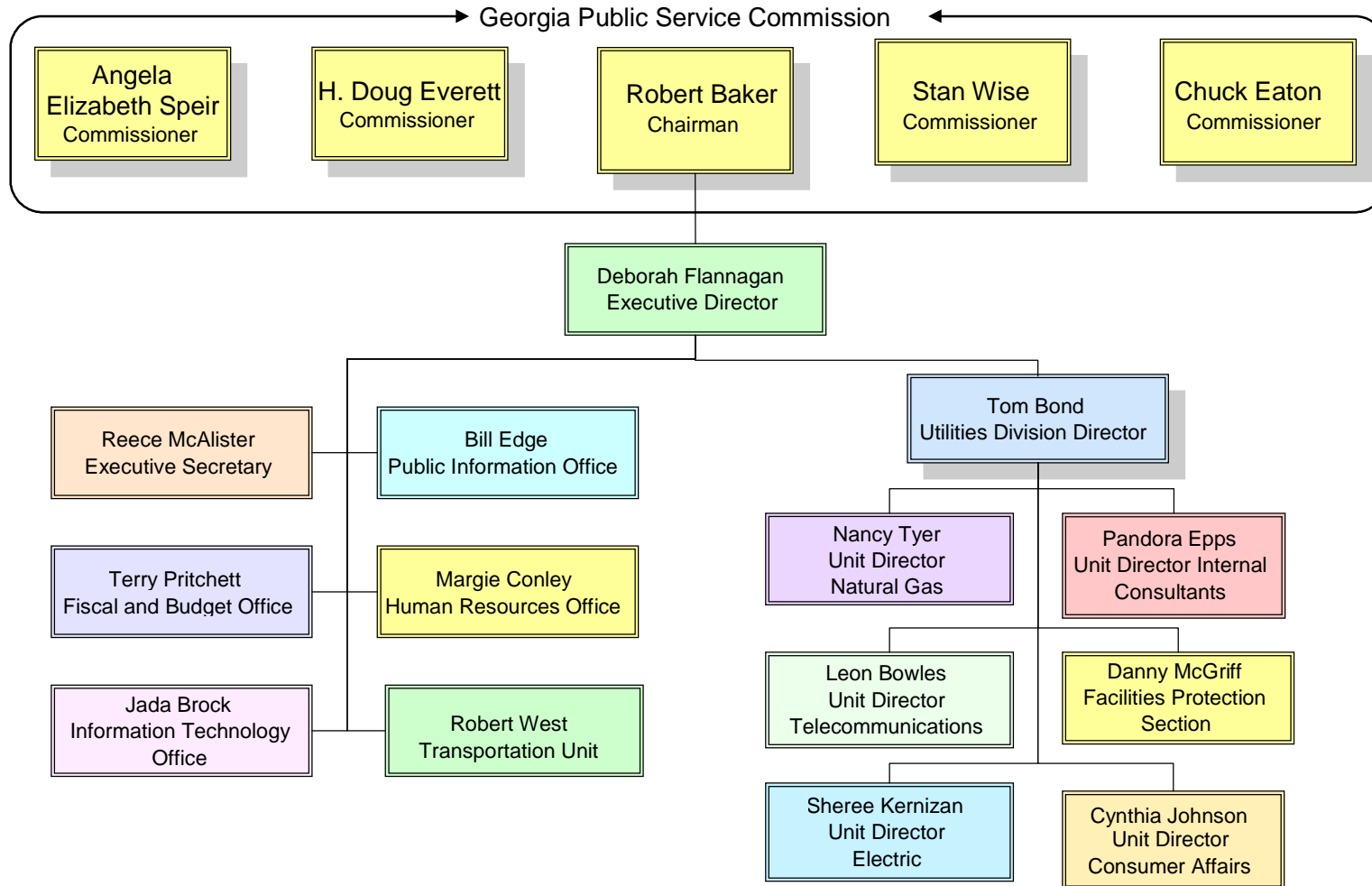
## AGENCY BUDGET

	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008 Budget Amendment 1
<b>Revenue</b>			
General Assembly Appropriations	\$8,460,480	\$9,043,821	\$9,965,190
Federal and Other Funds	\$650,008	\$673,493	\$449,000
<b>Total</b>	<b>\$9,110,488</b>	<b>\$9,717,314</b>	<b>\$10,414,190</b>
<b>Budgeted Expenditures</b>			
Personal Services	\$7,009,667	\$7,327,959	\$8,659,078
Regular Operating Expenses	\$494,057	\$370,158	\$355,443
Motor Vehicle Purchases	\$0	\$34,550	\$34,550
Equipment	\$12,758	\$143,901	\$188,609
Computer Charges	\$298,732	\$102,963	\$102,502
Real Estate Rental	\$516,899	\$656,528	\$671,370
Telecommunications	\$102,226	\$102,228	\$75,631
Contractual Services	\$676,149	\$987,253	\$327,007
<b>Total</b>	<b>\$9,110,488</b>	<b>\$9,717,314</b>	<b>\$10,414,190</b>
<b>Associated Revenue</b>			
Regulatory Assessment Fees Paid Directly to Dept. of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Regulatory Fees Collected and Remitted to State Treasury	\$1,140,575	\$2,066,291	\$509,896
<b>Total</b>	<b>\$2,190,575</b>	<b>\$3,116,291</b>	<b>\$1,559,896</b>

**Notes:**

Penalties and Fees collected in FY 2008 through January 31, 2008

## ORGANIZATIONAL CHART





**Notes**