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January 10, 2011

The Honorable Nathan Deal
Governor of Georgia
Office of the Governor
State Capitol
Atlanta, Georgia 30334

Dear Governor Deal:

The Georgia Public Service Commission presents its 2010 Annual Report, pursuant to O.C.G.A. § 46-2-31, which highlights the agency’s major achievements during the past year regarding the state’s utility and transportation industries. The Commission dealt with three major utility rate cases in 2010, nuclear plant construction monitoring and an electric integrated resources plan.

Despite declining state revenues, budget cuts and a sluggish economy, 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 $1.5 million to the state’s treasury in fiscal year 2010, primarily as a result of its enforcement activities.

The Georgia Public Service Commission looks forward to serving Georgia’s citizens in 2011 and contributing to the state’s dynamic economic growth and development.

Respectfully submitted,

Lauren “Bubba” McDonald, Jr., Chairman
Stan Wise, Vice Chairman
Robert B. Baker, Jr., Commissioner
Chuck Eaton, Commissioner
H. Doug Everett, Commissioner
EXECUTIVE SUMMARY

The Commission’s major achievements during 2010 regarding utility regulation, transportation, pipeline safety and facilities protection are set forth below.

ELECTRIC

During 2010, the Commission issued a decision in the 2010 Georgia Power Company rate case on December 21, 2010 in Docket 31958. The Commission reduced the amount of increase in base rate revenues requested in the Company’s filing. The Company will collect additional revenues of $562 million through 2013.


On July 6, 2010 the Commission approved Georgia Power’s Integrated Resource Plan under an agreement that will ensure that Georgia Power customers have an adequate and reliable electric supply, establish measures to conserve energy, and promote alternate energy supplies. Georgia Power is required by law to file an updated Integrated Resource Plan every three years.

On October 5, 2010, the Commission approved the Company’s request for a new Solar Purchase Tariff that will allow the Company to purchase an additional 2,500 kilowatts of solar energy. Under the new tariff, the Company would purchase an additional 1,500 kilowatts of solar energy at the preset solar purchase price of $0.17 per kilowatt hour and purchase the remaining 1,000 kilowatts through a request for proposal process.

NATURAL GAS

At the end of 2010, the Commission had certified ten natural gas marketers and nine of these marketers were actively serving firm residential and commercial customers in the Atlanta Gas Light Company delivery area.

Throughout 2010, the Staff conducted audits of the following programs: Atlanta Gas Light Company’s Manufactured Gas Plant (Docket No. 4167); Atlanta Gas Light Company’s Pipe Replacement Program (Docket No. 8516); Atmos Energy’s Cast Iron and Bare Steel Retirement Program (Docket No. 12509); Audit Report Concerning Atlanta Gas Light Company’s Universal Service Fund (Sequent Audit) (Docket No. 16193); and AGLC’s Integrated-System Reinforcement Program (Docket No. 29950).
In February 2010, the Commission approved AGLC’s proposed Integrated Customer Growth Program as a pilot program for 2009-2012. In June 2010 the Commission approved customer growth projects in Bryan County and White County.

On March 29, 2010, the Commission issued its Order on Atmos Energy Corporation’s 2009-2010 Rate Case (Docket 30442). This decision completed a six-month process that began in October 2009.


On September 7, 2010, AGLC filed its 2011 Universal Service Fund (USF) Facilities Expansion Plan. As part of this filing, AGLC proposed to utilize USF funds to ideally develop a market in Georgia for compressed natural gas (CNG) vehicles to individuals and fleets. This issue will be decided in early 2011.


On November 3, 2010, the Commission issued its Short Order on Atlanta Gas Light Company’s 2010 Rate Case (Docket Number 31647). This decision completed a six-month long process that began in May 2010.

This is the final year for AGLC’s Home and Heartwarming Program. AGLC is continuing to file monthly reports for the remaining funds. For the 2009-2010 program years through November 2010, 427 homes were weatherized and $800,334 was spent. As of November 2010, there was $208,829 in remaining funds.

As of December 20, 2010, the Regulated Provider had a total of 89,309 customers, with 28,072 designated as Group 1 and 61,237 designated as Group 2.

TELECOMMUNICATIONS AND TRANSPORTATION

In 2010 the Commission approved 48 interconnection agreements, certificated 28 long-distance resellers, one alternative operator service provider, 14 competitive local exchange providers, five inter-exchange service providers and one payphone service provider. The total number of active certificates in 2010 was 354 resellers, 78 alternative operator service providers, 264 competitive local exchange providers, 103 interexchange service providers, 419 payphone service providers, and over 30 incumbent local exchange service providers.

In Transportation the Commission has regulatory responsibility for over 1,000 “for hire” intrastate motor carriers. The Commission’s responsibility extends to household goods carriers, limousine operators, buses, and wrecker companies performing private property trespass towing operations. The Commission engages in permitting and certification, training new carriers, auditing records, investigating consumer complaints,
processing and maintaining insurance filings and taking action against illegal operators.

In 2010, the Commission received and processed 1,726 Insurance filings, trained 138 individuals at 17 training classes, which are mandatory for newly certified transportation companies, received and processed 468 applications on all its regulated programs and issued 610 certificates and permits.

In 2010 the Commission received and investigated 121 complaints and conducted 90 audits. 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 routinely reported against movers involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) loss or damage of personal property, and 4) illegal carriers. Typical issues routinely reported against tow operators involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) timely notification of tow and impound, and 4) improper sign posting.

FACILITIES PROTECTION

During 2010 the Pipeline Safety Group monitored and inspected over 4,300 miles of transmission pipelines, nearly 44,000 miles of distribution mains, and more than two million service lines transporting natural gas to over two million Georgia customers in 144 counties. Each of the Commission’s eight qualified pipeline inspectors is responsible for approximately 9,769 miles of natural gas pipeline which serves over 250,000 customers. The inspectors evaluated operator compliance with the Pipeline Safety Regulations during 707 inspections, expending 1,157 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.

The year 2010 saw continued challenges to the Commission in its enforcement efforts of the Georgia Underground Facilities Protection Act (GUFPA) due to the budget situation faced by the State. The Commission received federal grants, the One Call Grant and the State Damage Prevention Grant, awarded by the Pipeline and Hazardous Materials Safety Administration of the Federal Department of Transportation which provided additional financial resources in enforcing the law. Those two grants totaled $145,000 and allowed the Commission to continue employing both a field investigator and an administrative assistant as well as providing the necessary equipment to enable those employees to carry out their duties.

GUFPA staff continued its damage prevention efforts in Fiscal Year 2010 by addressing numerous groups around the state including locators, excavators and facility owner/operators in 45 public presentations on different facets of the law. There were 3,120 attendees at these presentations. The participation of GUFPA staff in those presentations continued to strengthen the Commission’s relationship with different groups including the Georgia Utility Contractor’s Association, Plumbing Mechanical...
Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

LOCAL AND NATIONAL ACTIVITY

The Commission continued to monitor environmental proceedings at the state and national level. Although the Federal Government in 1998 approved Yucca Mountain as the repository for nuclear waste, the Commission continues to oppose Department of Energy (DOE) delays to fully comply with laws that require DOE to remove spent nuclear fuel from nuclear plants in Georgia. The Commission approved a resolution calling on the Federal Government to either honor the 1982 Nuclear Waste Management Act or refund Georgia ratepayers’ contributions.

CONSUMER AFFAIRS

Consumers continue to prefer contacting the Commission by telephone over any other contact method. The number of calls reported by the Commission’s Automated Call Distributor’s (ACD) for 2010 was 16,661. This represents a 25% decrease in inbound phone calls over 2009. Telephone calls comprised 78% of all inbound contact methods in 2010. In all, Consumer Affairs representatives received 21,387 inquiries, complaints, and opinions from the general public in 2010, a decrease of 18% from 2009’s 26,058.

The Consumer Affairs Unit was unable to contribute to the Commission’s community outreach activities as extensively as in past years due to budget constraints. The Commission did give presentations at Atlanta Metropolitan College, University of Georgia Weatherization Training, and the South Cobb Rotary Club. The Commission participated in the Atlanta Housing Authority Senior Wellness and Resource Fair and met with the Atlanta Regional Commission staff. Although the Commission’s community outreach was limited, the Commission kept abreast of community outreach programs and activities by attending Service Providers Network meetings. Members of the Consumer Affairs team provided informational materials to groups involved in utility related activities.

The Commission continued its efforts to increase public awareness of the Lifeline/Link-up Program, a federally funded program that subsidizes the cost of telephone service for low-income consumers. The Commission held a Lifeline Link-Up Awareness news conference and sign-up at the Bowden Senior Citizen Complex in East Point, Georgia which garnered local and statewide media coverage. As of June 30, 2010, the total number of Georgia consumers enrolled in the program was 12,859, an 8% increase from June 2009 and a 23% increase over the past two years.
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 Governor originally appointed the members of this body for the purpose of regulating railway freight and passenger rates. In 1906, the Legislature allowed the voters to elect the Commissioners for six-year terms and in 1907 the Legislature expanded the Commission to five members.

In 1891, telegraph and express companies came under the Commission’s jurisdiction. Then, in 1906 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. The Legislature in 1998 required Commissioners to reside in five separate districts though they remain elected by the voters statewide effective for the 2000 elections.

In 2001, the Commission’s Transportation Unit became part of the new Department of Motor Vehicle Safety as a result of legislation passed by the 2001 General Assembly.

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

In 2005, the Commission resumed responsibility for regulatory jurisdiction over household goods movers, limousines for hire, passenger carriers and nonconsensual towing due to the passage of House Bill 501. In 2006, the Commission approved the acquisition of Bellsouth Georgia by AT&T which serves nine southeastern states.

In 2009 the Commission approved the construction of Georgia’s and the nation’s first new nuclear power electric generation facilities since the 1970s.

In 2010, the Commission handled three major utility rate cases; a fuel cost recovery case, integrated resources plan docket and continued nuclear plant construction monitoring.
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 strives to facilitate market development, educate consumers, arbitrate complaints among competitors and monitor the effectiveness of the competitive markets.
H. Doug Everett
Commissioner Since: January 1, 2003
Serves Through: December 31, 2014
Republican, Albany, Georgia

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

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

Commissioner Everett is a past president of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), a non-profit corporation for the advancement and education of commission regulation and the promotion of cooperation among the commissions of the 11 member states. He is also a past member of the Advisory Board of Directors of the Institute of Nuclear Power Operations.

He entered Georgia Tech but later transferred to Georgia Teachers College (now Georgia Southern University) and majored in math.

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

Commissioner Since: January 1, 2007

Elected: December 4, 2006

Serves Through: December 31, 2012

Republican, Fulton County, Georgia

Commissioner, 2010 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. 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 and was also a representative to the Atlanta Neighborhood Planning Unit “B,” a citizen group that makes recommendations on zoning, land use, public safety and community issues. In Troup County he served on the Board of Directors for Troup Haven House—a children’s shelter.

Commissioner Eaton has been involved in the political process for a long time. In 1992, he served as Congressman Phil Crane’s Deputy Campaign Manager. In Troup County he successfully managed multiple campaigns for former 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.

Due to the judicial nature of the Commission, he enrolled at Georgia State Law School in 2009, to gain a better understanding of regulatory and administrative law proceedings in Georgia. Chuck takes night classes and pays for this education out of his own pocket.

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.
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.
McDonald, who served twenty years as a state Representative, was appointed to the PSC by Governor Zell Miller to fill a vacated post and then re-elected in a special mid-term election in 1998. He held the seat until 2002. On December 2, 2008, Georgians elected McDonald to serve on the Commission again.

McDonald has a deep knowledge of the energy industry. During his previous term, he served on the Committee on Electricity of the National Association of Regulatory Utility Commissioners, chairing that body’s subcommittee on Nuclear Issues and Waste Disposal in 2001 and 2002.

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

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

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

Commissioner Since: January 1, 1995
Serves Through: December 31, 2012
Republican, Cobb County, Georgia

Vice-Chairman, 2010 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 1992-1994.

Stan has served his state as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003-2004 furthering his responsibilities and interaction with Congress, Federal agencies, state officials, industry leaders, Wall Street, consumer groups and the news media. Stan has testified multiple times before Congress on matters related to energy, nuclear waste, telecommunications and pipeline safety. Wise is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC) and serves on the International Relations Committee and Gas Committee of NARUC. He is also on the Advisory Council for the New Mexico State University Center for Public Utilities.

Charleston Southern University named Wise the Outstanding Alumnus of the Year. In addition, he was named the Bonbright Center of the Terry College of Business Honoree of the Year in 2005.

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

DECEMBER 31, 2010

Commissioners
Lauren “Bubba” McDonald, Jr., Chairman
Stan Wise, Vice-Chairman
Robert B. Baker, Jr., Commissioner
Chuck Eaton, Commissioner
H. Doug Everett, 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, Office of Operational Support

Utilities Division
Tom Bond, Utilities Division Director
Leon Bowles, Director, Telecommunications and Transportation Unit
Pandora Epps, Director, Internal Consultants Unit
Sheree Kernizan, Director, Electric Unit
Mike Nantz, Director, Consumer Affairs Unit
Danny McGriff, Director, Facilities Protection Unit
Nancy Tyer, Director, Natural Gas Unit
Utilities Division

The Commission in 2010 completed three major rate cases involving the state’s major electric and natural gas investor owned utilities. 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 the transportation, gas and telecommunications 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, such as electricity, 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, federal and state authorities opened local telephone service by federal and state legislation, respectively. Over the last few years, local telephone competition has been effectively redefined due to 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. Since then certified marketers sell gas commodity service to customers in the Atlanta Gas Light Company territory while Atlanta Gas Light Company is a natural gas distributor only. 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 three utility industries, the electric industry is the most universally utilized and perhaps the most essential. The state’s only investor-owned electric utility, Georgia Power Company, is fully regulated by the Commission and serves approximately two million consumers. The Commission has limited regulatory authority over the 42 electric membership corporations (EMCs) and the 52 municipal-owned electric systems in the state.

SIGNIFICANT MATTERS IN THE ELECTRIC UTILITY INDUSTRY IN 2010

COMMISSION REVIEWS PROGRESS OF NUCLEAR PLANT CONSTRUCTION

The Commission continued in 2010 to monitor the construction of the new nuclear power units at Georgia Power Company’s Plant Vogtle Nuclear Power Plant near Waynesboro, Georgia. Under the agreement approved by the Commission, the Company must file semi-annual monitoring and monthly status reports with the Commission. The semi-annual monitoring report includes any proposed revisions to the cost estimate, construction schedule, or project configuration, as well as a report on actual costs incurred during the period covered by the report and an updated comparison of the economics of the certified project.

The Commission approved an agreement on February 25, 2010 to resolve all issues in the Georgia Power Company first semi-annual Vogtle Construction Monitoring Report period ending June 30, 2009. The stipulation lowers the certified cost of the plant from $6.446 billion to $6.113 billion to reflect a savings to ratepayers of $300 million. This savings is the result of allowing the company to recover financing costs during construction of the two new units rather than waiting until the plants are operational.

The agreement or stipulation provides:

- The Company should continue the project.
- The Commission and the Company agree to allow the independent construction monitor access to meetings of the construction consortium.
- The Company will request access for the construction monitor to meetings between the nuclear reactor vendor, Westinghouse, and the Nuclear Regulatory Commission.
- Each February, the Company will update its load and energy forecasts and other factors that impact the project’s economics.
- The Company and Commission will continue to work together to develop a risk sharing mechanism that will provide protection to the ratepayers.

The second semi-annual report was filed March 1, 2010. The third semi-annual report was filed August 31, 2010. The Commission will issue its decision in early 2011.
COMMISSION REDUCES COST FOR CONSUMERS IN GEORGIA POWER FUEL
CASE DECISION

The Commission on March 11, 2010 approved an agreement to settle issues in the
Georgia Power Company request for an increase in the Company’s fuel cost recovery
rates. The decision resulted in a lower increase in the monthly fuel rate, as well as other
mechanisms to keep future fuel costs in check and brought a lower fuel rate than the
one originally proposed by the Company. Georgia Power customers using an average
of 1000 kilowatt hours a month saw an increase of $5.59 in their bills beginning April 1,
2010. The agreement contained a number of items that will benefit consumers. By
collecting the under-collected balance of fuel costs, fuel that Georgia Power has already
purchased, over a 42-month period beginning April 1, the Company will be able to take
advantage of lower interest costs and lower fuel costs to bring the balance down to zero
as quickly as possible.

The Commission approved a mechanism to keep future under-collected balances from
reaching the huge balances which have accumulated in the past. The Interim Fuel Rate
(IFR) allows the Company to increase the fuel rate should the under-collected balance
reach more than $75 million of the projected fuel budget. However, the IFR cannot
exceed ten percent of the current fuel rate and may not be adjusted more than three
times in one year. Any increases in fuel rates through the IFR are subject to Staff review
and Commission approval.

A request for an increase in the fuel cost is not the same as a request for an increase in
base rates. Georgia law allows electric utilities to recover their fuel costs, prudently
incurred, on a dollar for dollar basis (O.C.G.A. §46-2-26). The utilities are not allowed to
make a profit on their fuel costs. The Commission can also, on its own request, require
a utility to file a fuel cost docket. Georgia law also requires the Commission to issue a
decision on the Company’s request within 90 days of the Company’s filing. Otherwise,
the Company’s request goes into effect.

COMMISSION ADJUSTS RATES FOR GEORGIA POWER COMPANY, CUTS
COMPANY’S RATE REQUEST; APPROVES SETTLEMENT

The Commission on December 21, 2010 approved a settlement agreement in the
Georgia Power Company rate case docket that adjusted the Company’s base rates
beginning January 1, 2011. The Company, the Commission’s Public Interest Advocacy
Staff, and eight other parties in the case all signed off on the settlement that resulted in
an average increase of about $10.76 in the average residential customer’s monthly bill.
Other items in the settlement include:

- Sets the Company’s return on equity (ROE) at 11.15 percent
- Sets an earnings band between 10.25 percent and 12.25 percent. Any earnings
  above 12.25 percent will be shared two-thirds with customers.
• The Company will not file a general rate case unless its retail earnings are projected to be below 10.25 percent
• Increases base rate revenues by approximately $562.3 million for 2011
• Provides for a three-year rate plan for a total base rate revenue increase of $844.6 million.

During this rate proceeding, the Commission held three rounds of hearings in Atlanta, as well as four additional meetings for public input in Macon, Rome, Savannah and Atlanta.

COMMISSION REVAMPS GREEN ENERGY PROGRAM TO ENCOURAGE MORE SOLAR ENERGY DEVELOPMENT

The Commission on February 18, 2010 amended Georgia Power Company’s Green Energy Program to increase the amount of solar energy included in its Premium Green Energy product. Georgia Power’s Green Energy Program is a voluntary program through which customers may purchase renewable energy from Georgia Power at a premium price in addition to the customer’s standard electric rates. The Premium Green Energy product will now contain 50 percent solar energy and 50 percent biomass at a price of $5.00 per 100kWh block. Previously, energy in the Premium product was comprised of 10 percent solar energy and 90 percent biomass at a price of $4.50 per block. The Commission also increased the amount of solar energy Georgia Power can currently purchase from suppliers and approved a mechanism by which Georgia Power can continue to purchase more solar energy as the sales of the Premium product increase in the future. In addition, the Commission also adopted a proposal that all the solar projects that contribute to the program must be located in Georgia.

Renewable energy sold through this program comes from landfill gas and solar photovoltaic energy resources located in Georgia. The decision means that 50 percent of the energy in the Premium Green Energy product will be produced from solar resources. The Commission also increased the amount of solar energy capacity to 2,500 kilowatts that Georgia Power is allowed to purchase for the Green Energy Program.

COMMISSION APPROVES ADDITIONAL SOLAR POWER OPTIONS FOR GEORGIANS

The Commission on October 5, 2010 approved a proposal by Georgia Power Company that gives consumers the option of purchasing more solar energy and making that energy available to consumers in the Green Energy Program. In approving the new Solar Purchase Tariff, the Commission allowed Georgia Power to purchase an additional 2,500 kilowatts of solar energy. Under the new tariff, the Company would purchase an additional 1,500 kilowatts of solar energy at the preset solar purchase price of $0.17 per kilowatt hour and purchase the remaining 1,000 kilowatts through a request for proposal process. In its filing, the company cited several reasons for making its
request at this time. This includes procuring additional resources that will allow the Company’s customers to take advantage of federal and state incentives that may expire soon. Through the additional solar purchases, the Company says it also expects to gain cost and operational knowledge of solar electricity generation by requiring customers to file project cost and operational data with both the Company and the Commission. To complement these additional solar purchases and to further grow the sales of the Green Energy Program, the Company said that it will also be implementing a new marketing initiative. These additional purchases of solar energy under the SP-1 and RNR-7 tariffs were proposed by the Company with the intention of holding non-participants of the Green Energy Program harmless.

All possible over or under recoveries attributable to purchases made under the RNR-7 and SP-1 tariffs will continue to be recovered through the Company’s fuel clause. Georgia Power will continue to make quarterly filings which provide information about the Green Energy Program including the program’s current recovery position.

COMMISSION APPROVES AGREEMENT TO RESOLVE GEORGIA POWER COMPANY 2010 INTEGRATED RESOURCE PLAN

The Commission on July 6, 2010 approved a stipulated agreement to resolve all issues in the Georgia Power Company 2010 Integrated Resource Plan (IRP) filing in Docket 31081 and Application for Certification of its Demand Side Management (DSM) Plan in Docket 31082. The plan will ensure that Georgia Power customers have an adequate and reliable electric supply, establish measures to conserve energy, and promote alternate energy supplies. Georgia law requires the Company to file an updated IRP every three years which details how it will supply the state’s electric generation needs. Under the stipulation, Georgia Power and the Commission Public Interest Advocacy staff reached agreement on the following issues:

- The Company will be allowed to develop a portfolio of solar demonstration projects up to one megawatt in size.
- Certifies seven of the Company’s proposed nine DSM programs with many of Staff’s modifications to those programs. These modifications not only increase the energy savings but also practically double the dollars savings at minimal additional costs, and therefore greatly improve the cost effectiveness of these programs. The energy savings that should result from these programs will benefit each and every one of the Company’s ratepayers. While these programs are not designed to reach the potential identified in some studies, their achieved energy savings will help to lead Georgia out of the bottom of national and regional comparisons on energy efficiency.
- The Company agrees to update its estimate of the cost of Expected Unserved Energy, which has not been updated since 1992, and to prepare a revised reserve capacity margin based on this estimate. This information will assist the Company and the Commission in ensuring that the consumers have access to reliable and reasonably priced electric service.
- Requires a new mix study to show the effect of potential new federal regulations on fossil fuel generation. This study may lead to additional coal plant retirements beyond the retirements identified in the Company’s filing. This study or studies are underway as part of the ongoing 2015 solicitation for new generation sources because any potential plant retirements could affect the need for new generation resources in this solicitation.
- This compromise results in an additional sum that provides for an equitable sharing of the benefits between the ratepayers and Georgia Power, and is adequate to provide the Company with a meaningful incentive to ensure that the energy efficiency programs are cost-effective and hopefully successful, while still protecting the ratepayers from paying an excessive incentive.
- Consideration of site specific biomass conversion of certain coal units.

**MONITORING ACTIVITIES**

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

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

**TERRITORIAL MATTERS AND EMC FINANCING REQUESTS**

The Commission also 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 also approves the financing applications of electric membership corporations.

**THE COMMISSION CONTINUES ITS INVOLVEMENT IN STATE AND 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 monitor federal legislation and its effect on Georgia ratepayers. Commissioners and staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council (SERC), Georgia
Green Pricing Accreditation Group, and Georgia Energy and Environment Group. The Commission has been active in many of the Federal Energy Regulatory Commission (FERC) rulemaking dockets to protect Georgia ratepayers.

**COMMISSION SEEKS TO PROTECT RATEPAYER INTERESTS IN NUCLEAR WASTE DISPOSAL POLICY DECISIONS**

On February 2, 2010, the Commission unanimously passed a motion calling for Georgia ratepayers to stop paying monies into the Yucca Mountain Nuclear Waste Fund which Congress established in 1982 to develop Yucca Mountain as a repository for permanent disposal of the nuclear waste. Additionally, the Commission called for the return of all Georgia ratepayers’ monies paid in since the fund’s inception in 1982. Commissioners noted that Georgia ratepayers have paid over $1.1 billion into the Nuclear Waste Fund yet in 2010 the Federal Government proposed to eliminate all funding for the Yucca Mountain Nuclear Waste Repository in the Federal Fiscal Year 2011 Budget. The Department of Energy also plans to withdraw the facility’s license application at the Nuclear Regulatory Commission. Under the 1982 Nuclear Waste Policy Act, the Federal Government is legally required to take spent nuclear fuel from nuclear plant operators and is financially obligated to repay expenses associated with onsite nuclear waste storage.
Natural Gas

Natural gas is important to the development and economic prosperity of Georgia. Approximately 1.6 million customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Atmos Energy Corporation (Atmos Energy).

During 2010, the Commission approved several Natural Gas Unit 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 the natural gas market in accordance with the Commission-approved customer education plan. This team, comprised of the Commission, the University of Georgia's College of Family and Consumer Services, AGLC and certificated marketers meet monthly to monitor and update the progress of this education plan. The Natural Gas Collaborative Team was part of a larger five-year customer-education program which ended April 30, 2010.

During 2010, the Natural Gas Staff worked on numerous projects, including two rate case filings (AGLC and Atmos), AGLC's Capacity Supply Plan, Atmos' Gas Supply Plan, multiple audits, management of the Universal Service Fund, certification issues for municipals and city gas systems, marketer certification issues, as well as the various other matters that arise with AGLC, Atmos, certificated marketers, etc.

SIGNIFICANT MATTERS IN THE NATURAL GAS UTILITY INDUSTRY IN 2010

CERTIFICATED NATURAL GAS MARKETERS

At the end of 2010, ten natural gas marketers were certificated; nine of these marketers were actively serving customers. On March 17, 2010, Commerce Energy filed a notice of intention to reenter the Georgia retail natural gas market, which contained a request to extend the effective period of its certificate. The Commission issued its order approving the request on April 6, 2010. The Staff is currently reviewing Commerce’s financial and technical capabilities to determine if Commerce should begin serving customers in Georgia.

REGULATED PROVIDER

As of December 20, 2010, the Regulated Provider had a total of 89,309 customers, with 28,072 designated as Group 1 and 61,237 designated as Group 2.

The Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the Federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are customers who have not been able to obtain service from other marketers due to poor credit or no credit. Since September 2002 and through November 2010, the Commission has approved approximately $16,250,463.56 in disbursements to SCANA Energy to offset bad debts related to Group 1 customers. During 2010, the Commission approved approximately $2,054,746.68 for Group 1 customer assistance. No such funds are available for Group 2 customers.

The Annual Review Report for the 2009-2010 year has been completed.

**BANKRUPTCY FILINGS MONITORED BY THE COMMISSION**

There were no marketer bankruptcy filings during 2010. The Commission Staff continually monitors the financial viability of all of the certificated marketers through monthly and quarterly reporting requirements and data requests.

**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 cleanup 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 Commission conducts four quarterly audits of capital expenditures related to the MGP cleanup activities at twelve 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. 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, 2010, the Commission Staff audited approximately $9,796,891.57 million of expenditures related to this program.

**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. The PRP is funded through a surcharge on customers’ bills. The surcharge is fixed at $1.95 for residential customers, G-11 tariff customers pay three times the $1.95, and G-12 tariff customers pay 25 times the $1.95.

The Commission Staff conducts four quarterly audits of the capital expenditures of the program to ensure accuracy and financial prudence of the expenditures. The program audit cycle runs from July 1\textsuperscript{st} to June 30\textsuperscript{th} of each year. July 1, 2009 to June 30, 2010 was Cost Year-12 of the program. During this fiscal year, AGLC had $56.6 million in capital expenditures. The Commission Staff uses audit standards based on those provided by the Public Company Accounting Oversight Board (PCAOB), formally known as Generally Accepted Auditing Standards (GAAS). The audit process uses a percentage of random sampling of invoices and other procedures. No material issues were found during the fiscal year. Since the inception of the PRP, AGLC had expenditures totaling $475 million with the Georgia natural gas ratepayers paying $248.5 million since 1998 toward the cost of the PRP.

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

In 2010, the Staff performed an audit of Atmos’ cast iron and bare steel retirement program. The period audited was October 1, 2008 through September 30, 2009 - Year 9 of the program. The Company filed its annual report for this period on February 4, 2010. In its report, the Company proposed a surcharge of $4.00 per residential customer, $11.99 per commercial customer, and $99.91 per industrial customer per month to be effective October 1, 2010. During the twelve months ending September 30, 2009, Atmos incurred pipeline replacement expenses in the amount of $6,121,841 for both the Cast Iron and Bare Steel projects and a savings of $43,239 in O&M expenses. Over this same period the Company replaced 2.59 miles of pipe in the Gainesville service area and 16.27 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 185.79 miles of pipe in the Columbus area and 45.97 miles of pipe in the Gainesville area for a combined total of 231.76 miles replaced. In a September 21, 2010 Order, the Commission adopted the following rates to be effective October 1, 2010: residential rider $4.00; commercial rider approximately three times the residential rate at $11.99 and an industrial rider approximately twenty-five times the residential rider amount at $99.91.
Docket No. 16193: Audit Report Concerning Atlanta Gas Light Company’s Universal Service Fund (Sequent Audit)

The Commission, as administrator of the USF, has a responsibility and obligation to audit and manage the Universal Service Fund. To that end, the Staff conducted audits of the transactions made by Sequent on behalf of AGLC for the years 2006 and 2007. Upon completion of these audits, the Staff prepared and presented for the Commission’s consideration its Audit Report in May 2010. The Staff’s audit report had the following findings: (1) The Company’s internal audit of Sequent’s asset management for AGLC should be conducted on an annual contract-year basis. The audit review, resultant audit report, and all associated supporting work papers should be filed with the Commission within 12 months of the end of the contract year; (2) The scope of the internal audit review should be sufficiently detailed to allow for findings and conclusions related specifically to the AGLC and Sequent Asset Management Agreement (“AMA”) activities and compliance; (3) The internal audit’s findings and conclusions should not be subject to exclusion by either Sequent or AGLC. If warranted, Sequent and AGLC should have the ability to challenge issues raised in the audit, but they should not be allowed to censor any audit findings or conclusions; (4) As part of each annual audit, Sequent and AGLC’s compliance with the Affiliate Procedure Guidelines (“APGs”) should be reviewed in order to ensure that the APGs are being followed and are up to date; (5) AGLC shall be required to make a filing within thirty (30) days of approval of this report that specifies its plans to address the physical logical issue; and (6) AGLC should be required to specify what adjustments have been, or will be, taken to eliminate on-going variances within thirty (30) days of approval of this report. AGLC should also be required to explain the associated cost of adjusting its storage balances and specify what entities will be charged for any associated costs.


Docket No. 29950: AGLC’s Integrated-System Reinforcement Program (I-SRP)

The Commission Staff conducts four quarterly audits of capital expenditures of AGLC’s I-SRP projects to ensure accuracy and financial prudence of the expenditures. The audit is conducted using the same PCAOB audit standards and procedures used in the PRP audits. The I-SRP cost year cycle uses the same time frame used by the PRP. Fiscal year 2010 coincided with Cost Year-1 of the I-SRP. During the cost year, AGLC reported no capital expenditures but had collected over $2.4 million in revenues from the Georgia natural gas ratepayers. The I-SRP program was approved in October 2009 and the program began ramping up in early 2010.

UNIVERSAL SERVICE FUND

Docket No. 15326: Amendment to Universal Service Fund Rules and Docket No. 11588: Universal Service Fund. The Georgia Legislature established the 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:
1. Ensure natural gas is available to marketers for sale;
2. Enable AGLC to expand its facilities in the public interest;
3. Assist low-income customers in times of emergency; and,
4. 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

On November 9, 2007, the Commission approved a stipulation between the Staff and AGLC concerning Sequent Asset Management funding. In sections two and three, it states that the total amount contributed to the USF for a given contract year (April to March) shall be the greater of the funds resulting from sharing formula above or the following guaranteed minimums: April 2008 – March 2009 - $3.5 million; April 2009 – March 2010 – $4.0 million; April 2010 – March 2011 - $4.5 million; and April 2011 – March 2012 – $4.5 million. Section three says funds will be remitted to the USF on a quarterly basis. The deposits will consist of 25% of the minimum yearly payment, plus any amounts over the minimum amount. Below is the activity for the USF during the fiscal year.

**USF Account Activity: Fiscal Year 2010**

As provided in Table-1 below during the fiscal year, the USF received its largest funding from account 401-1, Interruptible revenue with $5 million or 42% of total funding. Though Interruptible revenues have fallen every year since the inception of the Fund, it continues to be a vital source. Asset Management deposits, account 402, relates to Sequent Energy Management’s utilization of AGLC assets that are paid by the Georgia natural gas ratepayers. The deposits provided $4 million in deposits during the fiscal year or 33% of total funding. The total deposits into the USF were $12 million and the total expenditures were $10.6 million. This yielded a positive net funding of $1.3 million dollars into the USF during the fiscal year. The 2010 fiscal year ended with a USF balance of $48.2 million which reconciles to the June 2010 bank statement. The ending June 30, 2010 USF Balance had a $12.7 million encumbrance for AGLC approved line-extension projects not yet disbursed. The Regulated Provider program had a $575,540 encumbrance for Group-1 requests not yet disbursed. This was a total encumbrance of
$13.7 million when deducted from the ending June 30, 2010 balance of $48.2 million. This created an available balance of $34.9 million for other uses.

### Table-1: Fiscal Year 2010 USF Escrow Account Activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Beginning Balance July 1, 2009</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-1 USF Statutory Funding</td>
<td>$5,060,002.55</td>
<td>42.15%</td>
</tr>
<tr>
<td>401-2 DSR</td>
<td>$48,892.95</td>
<td>0.41%</td>
</tr>
<tr>
<td>401-3 Mismatch</td>
<td>$143,682.50</td>
<td>1.20%</td>
</tr>
<tr>
<td>401-4 Curtailment Violation</td>
<td>$90,013.80</td>
<td>0.75%</td>
</tr>
<tr>
<td>401-6 Supplier Refunds</td>
<td>$431,627.66</td>
<td>3.60%</td>
</tr>
<tr>
<td>401-7 Unclaimed Cust. Deposits</td>
<td>$245,098.05</td>
<td>2.04%</td>
</tr>
<tr>
<td>401-9 Miscellaneous Rev. Statut</td>
<td>$4,738.59</td>
<td>0.04%</td>
</tr>
<tr>
<td><strong>Total 401 - USF Statutory Funding</strong></td>
<td><strong>$6,024,056.10</strong></td>
<td></td>
</tr>
<tr>
<td>402 Asset Management</td>
<td>$4,000,000.00</td>
<td>33.32%</td>
</tr>
<tr>
<td>403 USF Interest Income</td>
<td>$472,787.00</td>
<td>3.94%</td>
</tr>
<tr>
<td>404 Miscellaneous Rev - Non-St</td>
<td>$8,100.00</td>
<td>0.07%</td>
</tr>
<tr>
<td>406 Matured Bonds Par Value</td>
<td>$573.61</td>
<td>0.00%</td>
</tr>
<tr>
<td>407 Income &amp; Principal Cash</td>
<td>$1,500,000.87</td>
<td>12.49%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$12,005,517.58</strong></td>
<td>100.00%</td>
</tr>
<tr>
<td>Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501 USF AGLC Line-Extensions</td>
<td>$8,227,579.00</td>
<td>77.01%</td>
</tr>
<tr>
<td>502 Bank Fees</td>
<td>$73,965.15</td>
<td>0.69%</td>
</tr>
<tr>
<td>503 Low-Income Assistance</td>
<td>$100,000.00</td>
<td>0.94%</td>
</tr>
<tr>
<td>505 Regulated Provider</td>
<td>$1,966,086.48</td>
<td>18.40%</td>
</tr>
<tr>
<td>507 Matured Bond Par Val Paid</td>
<td>$277,002.78</td>
<td>2.59%</td>
</tr>
<tr>
<td>508 Paid Bond Accrued Interest</td>
<td>$39,678.83</td>
<td>0.37%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$10,684,312.24</strong></td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$1,321,205.34</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Balance June 30, 2010</strong></td>
<td><strong>$48,230,273.24</strong></td>
<td></td>
</tr>
</tbody>
</table>

In Table-2 below, the account breakdown is provided for the total USF activity since the Fund was first operational in December 1998. The USF has received funding totaling $199.9 million and total expenditures of $151.7 million. The historic funding and expenditure amounts through the ending June 30, 2010 activity reconciles to the June 2010 bank statement at $48.2 million. As a highlight, the USF has provided $58.9 in low-income assistance, $59.7 million in refunds to all natural gas residential consumers, and $32.3 million to AGLC for line-extension projects.
Table-2: Historic USF Activity

<table>
<thead>
<tr>
<th>Table Entries</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance December 1, 1998</strong></td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>400 - Funding Sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-1 - 95% Interruptible Base</td>
<td>$105,115,439.13</td>
<td>52.56%</td>
</tr>
<tr>
<td>401-2 - DSR</td>
<td>$4,994,811.95</td>
<td>2.50%</td>
</tr>
<tr>
<td>401-3 - Mismatch</td>
<td>$5,148,018.33</td>
<td>2.57%</td>
</tr>
<tr>
<td>401-4 - Curtailment Violation</td>
<td>$510,131.88</td>
<td>0.26%</td>
</tr>
<tr>
<td>401-5 - Cash Out Adjustment</td>
<td>$7,837,186.64</td>
<td>3.92%</td>
</tr>
<tr>
<td>401-6 - Supplier Refunds</td>
<td>$13,796,194.03</td>
<td>6.90%</td>
</tr>
<tr>
<td>401-7 - Unclaimed Customer Deposits</td>
<td>$993,030.16</td>
<td>0.50%</td>
</tr>
<tr>
<td>401-8 - DSR Inc. Adj.</td>
<td>$(21,726.06)</td>
<td>-0.01%</td>
</tr>
<tr>
<td>401-9 - Miscellaneous Revenue - Statutory</td>
<td>$358,656.87</td>
<td>0.18%</td>
</tr>
<tr>
<td>401-10 - Adjustments</td>
<td>$(922,654.18)</td>
<td>-0.46%</td>
</tr>
<tr>
<td>401-11 - Capacity Release</td>
<td>$2,611,223.01</td>
<td>1.31%</td>
</tr>
<tr>
<td>401-12 - Off-System Sales</td>
<td>$3,544,271.49</td>
<td>1.77%</td>
</tr>
<tr>
<td>401-13 - Customer Refund</td>
<td>$(19,744,464.89)</td>
<td>-9.87%</td>
</tr>
<tr>
<td>401-14 - Finance Charge</td>
<td>$(48,923.45)</td>
<td>-0.02%</td>
</tr>
<tr>
<td>401-15 - Marketer True-Up</td>
<td>$1,795,311.59</td>
<td>0.90%</td>
</tr>
<tr>
<td><strong>Total Account 401 Statutory Funding:</strong></td>
<td>$125,966,506.50</td>
<td></td>
</tr>
<tr>
<td>402 - Asset Management</td>
<td>$56,150,429.12</td>
<td>28.08%</td>
</tr>
<tr>
<td>403 - USF Interest Income</td>
<td>$11,610,093.19</td>
<td>5.81%</td>
</tr>
<tr>
<td>404 - Miscellaneous Revenue - Non-Statutory</td>
<td>$1,551,472.71</td>
<td>0.78%</td>
</tr>
<tr>
<td>405 - USF Discount Income</td>
<td>$6,834.11</td>
<td>0.00%</td>
</tr>
<tr>
<td>406 - Matured Bonds Par Value</td>
<td>$139,544.45</td>
<td>0.07%</td>
</tr>
<tr>
<td>407 - Income &amp; Principal Cash Current Month</td>
<td>$4,540,905.97</td>
<td>2.27%</td>
</tr>
<tr>
<td>408 - USF Low-Income Assistance Returned</td>
<td>$10,266.00</td>
<td>0.01%</td>
</tr>
<tr>
<td><strong>Total Non-Statutory Funding:</strong></td>
<td>$74,009,545.55</td>
<td></td>
</tr>
<tr>
<td><strong>Total USF Account 400 Funding:</strong></td>
<td>$199,976,052.05</td>
<td>100.00%</td>
</tr>
<tr>
<td>500 - Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501 - USF Line-Extensions</td>
<td>$32,382,298.00</td>
<td>21.34%</td>
</tr>
<tr>
<td>502 - Bank Fees</td>
<td>$515,216.81</td>
<td>0.34%</td>
</tr>
<tr>
<td>503 - Low-Income Assistance</td>
<td>$58,958,315.50</td>
<td>38.85%</td>
</tr>
<tr>
<td>504 - Commission Credits</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>505 - Regulated Provider</td>
<td>$14,203,341.08</td>
<td>9.36%</td>
</tr>
<tr>
<td>506 - Miscellaneous</td>
<td>$207,631.37</td>
<td>0.14%</td>
</tr>
<tr>
<td>507 - Mature Bond Par Val Paid</td>
<td>$494,315.57</td>
<td>0.33%</td>
</tr>
<tr>
<td>508 - Paid Bond Accrued Interest</td>
<td>$428,854.92</td>
<td>0.28%</td>
</tr>
<tr>
<td>509 - USF Annual Plans</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>510 - Income &amp; Principal Cash Current Month</td>
<td>$936,760.55</td>
<td>0.62%</td>
</tr>
<tr>
<td>511 - Income &amp; Principal Cash Prior Month</td>
<td>$3,611,514.99</td>
<td>2.38%</td>
</tr>
</tbody>
</table>
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

In previous years, the Commission Staff issued data requests to municipal gas providers located within the state of Georgia to determine the extent of their natural gas systems, the structure of city government overseeing such facilities, customer information and rate information. From this data, Staff determined which cities are currently serving customers outside of their home counties without a certificate of public convenience and necessity. Staff issued additional data requests to the municipals and informed them of their requirement to file for the appropriate certification pursuant to Commission Rules. By the close of 2010, the Commission had granted 20 certificates of Public Convenience and Necessity.

The Natural Gas Staff is working in conjunction with the Pipeline Safety Staff on the County-Wide Natural Gas Safety Plans (Commission Rule 515-9-7-.01). The rule establishes that natural gas providers within each county develop a County-Wide Safety Plan (CWSP) delineating procedures for safety and emergency response to natural gas emergencies.

There are 62 separate CWSP filings which were filed in three phases during 2009. The initial Phase I filing date was March 18, 2009 and subsequently re-filed on August 2, 2009. The Phase I filing consisted of 21 CWSP and 32 Applications for Certificate of Public Necessity and Convenience amendments. Phase II was filed on September 15, 2009, and consisted of 23 CWSP and 26 Applications for Certificate of Public Necessity and Convenience amendments. Phase III CWSP were filed on November 2, 2009, and consisted of 18 CWSP; 13 Applications for Certificate of Public Necessity and Convenience amendments were filed on November 2, 2009; the corresponding 15 Certificate applications were filed on November 12, 2009. By the close of 2010, seven additional Applications for Certificate of Public Necessity and Convenience for Phase III were filed. The CWSP and Certificate Applications are currently under review by Staff.

As of the end of 2010, the Commission held one hearing on these plans – Troup County. On December 2, 2009, the Commission’s Hearing Officer heard the Troup County case for approval of its CWSP and Certificate Application. The case is pending due to the fact that the parties made numerous procedural filings. The Commission will make a final ruling in this case in 2011. The remaining applications in all three phases are under review and some may be subject to hearing for resolution.

| Refunds to Customers | $40,000,000.00 | 26.36% |
| Dividend Reversal | $7,530.02 | 0.00% |
| Total USF Account 500 Expenditures: | $151,745,778.81 | 100.00% |
ATLANTA GAS LIGHT COMPANY’S CAPACITY SUPPLY PLAN

On July 1, 2010, AGLC filed its 2010-2013 Capacity Supply Plan. This filing included supporting testimony, a Stipulation with the Certified Marketers, and Minimum Filing Requirements. On August 11, 2010, AGLC filed an Addendum to the Stipulation and revised testimony in support of the Stipulation and Addendum. The Addendum was signed by AGLC, the Certified Marketers, and the Staff. On August 12, 2010, the Commission held a hearing on the proposed Stipulation and Addendum.

On August 27, 2010, the Commission issued an Order Adopting the Stipulation and Addendum. The plan will be in effect until August 30, 2013. The Staff, AGLC and the marketers will continue to have meetings regarding certain aspects of the Capacity Supply Plan and the next three-year plan will be filed on July 1, 2013.

ATMOS ENERGY CORPORATION’S GAS SUPPLY PLAN

On September 29, 2010, the Commission issued an Order for Atmos Energy’s 2010-2011 Gas Supply Plan in Docket No. 31492. 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 55,150 customers. Significant issues in the 2010-2011 Gas Supply Plan included the methodology used to forecast peak day design, the appropriate capacity reserve margin and the associated turn back of capacity, as well as operational issues related to the Company’s Liquefied Natural Gas facility. This gas supply plan is in effect until September 30, 2011, and the Company is required to file its 2011-2012 Plan by July 1, 2011.

ATMOS ENERGY CORPORATION 2009-2010 RATE CASE


Atmos’ initial rate case filing included a request for a rate increase in the amount of $3,776,431 with a test year of the 12-month period ending October 31, 2010, which it later sought to revise upward through errata to $3,892,675. The Staff recommended that the Commission make certain adjustments to the Company’s requested rate increase, and that the Commission approve a rate increase in the amount of $1,703 million. The Commission authorized the Company to increase rates for retail service so as to provide approximately $2,934,921 in additional revenues, with said rates to be effective for service rendered on or after April 1, 2010 and the revenue increase to be distributed among the customer classes on an equal percentage increase.
The Commission made the following determinations: (1) the appropriate rate base for the test period is $60,211,909; (2) the appropriate available operating income level for the test period is $3,556,643; (3) that for ratemaking purposes the capital structure is 1.5% short-term debt, 50.8% long-term debt and 47.7% common equity, and the short-term debt rate is 0.75%, the long-term debt rate for the test period is 6.87%, the cost of equity is 10.70% and that the Company’s properly weighted Cost of Capital is 8.61%; and (4) that on the effective date of this Order the Company’s depreciation rates for its plant in service remain unchanged from the rates set in its last rate case proceeding.

AGLC’S HOME AND HEARTWARMING PROGRAM

As part of the Commission’s June 17, 2005 Order on Reconsideration in the AGLC 2005 rate case, the company received approval to implement a five year Home and Heart Warming Program with an annual budget of $1 million. The Reconsideration Order also requires Commission review and approval of the program.

For the program year starting May 1, 2009 and ending April 30, 2010, the Commission approved new allocation amounts for the program: Georgia Environmental Facilities Agency: $500,000; Resource Service Ministries: $200,000; Senior Connections, Inc.: $200,000; and United Way of the Coastal Empire: $100,000. The Commission also authorized funding for administrative expenses of five percent of the total amount allocated to all of the partners. The Commission approved new reporting and record keeping requirements that AGLC must follow. The Staff’s Audit of this program will be completed during the first quarter of 2011.

AGLC’S SUSTAINABLE ENVIRONMENTAL ECONOMIC DEVELOPMENT PROGRAM

During 2009 the Commission approved AGLC’s proposed Georgia Sustainable Environmental Economic Development program or SEED. The goal of this program was to allow AGLC to contract with business customers to help finance new line extensions, new natural gas equipment and equipment installations. There have not been any filings for this program.

AGLC’S INTEGRATED CUSTOMER GROWTH PROGRAM

On February 8, 2010, the Commission determined that AGLC’s proposed Integrated Customer Growth Program (“i-CGP”) was in the public interest and provided a reasonable, fair, and workable program to provide for immediate and long-term customer growth on AGLC’s distribution system and was approved as a pilot program for 2009-2012. In addition, the Commission determined that AGLC’s revised governance procedures for the i-CGP were in the public interest and provided a reasonable, fair and workable governance structure for the i-CGP program. Included in the approved governance procedures was the requirement that AGLC file a strategic corridor plan at least annually, similar to their annual USF filings. As a result of this program, the current STRIDE surcharge will continue for an additional three years, until September 30, 2025.
On March 19, 2010, AGLC filed its 2010 Strategic Corridor Proposal. AGLC proposed to create corridors in White, Greene, and Bryan counties at a cost of approximately $32 million. AGLC subsequently requested that the Commission hold its consideration of the Greene County project pending the submission of additional information in support of this project. The cost for White County and Bryan County is approximately $7 million.

On June 30, 2010, the Commission issued its Order approving the Bryan County and White County projects. The Commission found that the Bryan County and White County projects were in the public interest and required language concerning County-Wide Safety Plans and Certificates of Public Convenience and Necessity for Bryan and White County. The Commission’s Order also requires quarterly reporting requirements for the approved projects.

On December 1, 2010, AGLC filed its first quarterly report for the approved projects. The expected completion data for both projects is early January 2011.

**BACKGROUND OF NATURAL GAS Deregulation IN GEORGIA**

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 natural gas companies under Commission regulation the option of electing to be governed under a new regulatory frame work. 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 did not elect to be governed under the Act, Atlanta Gas Light Company 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 included 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 Legislature passed House Bill 587 to allow municipal natural gas systems to petition the Commission to provide service in areas that are certificated but as yet not served. The Commission approved rules consistent with House Bill 587 (Utility Rule 515-7-1-.13) in May 2008.
Telecommunications and Transportation

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 interconnection agreements, and resolves complaints among competitors. Under the Competitive Emerging Communications Technologies Act of 2006, the Commission cannot impose any requirement or regulate the rates, terms or conditions for broadband service, wireless service or VoIP (Voice over Internet Protocol).

SIGNIFICANT DEVELOPMENTS IN THE TELECOMMUNICATIONS INDUSTRY IN 2010

In 2010 the Commission approved 48 interconnection agreements, certificated 28 long-distance resellers, one alternative operator service provider, 14 competitive local exchange providers, 5 inter-exchange service providers and one payphone service provider. The total number of active certificates in 2010 was 354 resellers, 78 alternative operator service providers, 264 competitive local exchange providers, 103 inter-exchange service providers, 419 payphone service providers, and over 30 incumbent local exchange service providers.

ELIGIBLE TELECOMMUNICATIONS CARRIERS (ETC)

The Commission continues to monitor the activities of the seven competitive ETCs it had previously approved in Georgia. The ETCs, upon certification by the Commission, are eligible to receive Federal support for serving high-cost, generally rural, areas, as well as support for qualifying low-income customers. These ETCs will provide greater consumer choice in rural areas and consistent with the Federal Communications Commission’s goals, expand participation in the Lifeline and Link-Up programs. As a condition of certification, the Commission reserved the right to resolve complaints and requires detailed quarterly and annual filings from each ETC describing how the Federal funds are being spent.

TELECOMMUNICATIONS RELAY SERVICE (TRS)

Hamilton Telecommunications has been the Georgia TRS provider since April 2006. Headquartered in Nebraska, Hamilton currently provides relay service in 14 states. Georgia Relay operates a call center in Albany, Georgia seven days a week, twenty-four hours a day, employing over 65 communications assistants.
Captioned Telephone Service (CapTel®) in Georgia was implemented in January 2008. An enhanced form of Relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations. Over 900 subscribers now use the system, averaging approximately 9,000 calls a month by year’s end.

For 2010, the Relay Center in Albany processed an average of almost 43,000 relay calls per month. The cost was $863,036. CapTel® averages about 26,000 calls per month. The cost was $847,299.

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 3,900 equipment items, which includes approximately 145 CapTel® phones, have been distributed to almost 3,200 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. The cost of this service for 2010 was $815,722.

AUDIBLE UNIVERSAL INFORMATION ACCESS SERVICE (AUIAS)

In 2006 the passage of 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 to all Georgia telephone exchanges, 24 hours a day, 7 days a week and 52 weeks a year. The system is accessible by way of a toll-free or local number anywhere in the state and has the capacity to serve an unlimited number of subscribers. Currently there are over 1,450. The total number of Georgia citizens that could potentially benefit from this service exceeds 25,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services. The cost of this service in 2010 was $201,100.

HEARING AID DISTRIBUTION PROGRAM

In August 2007, the Commission approved a program 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. Under the contract the Foundation will receive $504,000 each year for this program. The Foundation currently partners with two hearing aid manufacturers and maintains a
network of over 75 audiologists throughout the state. The program has distributed 5,414 hearing aids to 1,886 applicants.

**CAPTEL SERVICE**

Georgia Telecommunications Relay Service currently includes CapTel® (captioned telephone) service. On August 21, 2007, the Commission approved the implementation of CapTel® service beginning January 1, 2008. The estimated cost of this service for the first year of operation was $372,000 plus $68,000 for equipment for low-income CapTel® users, distributed through Georgia’s Telecommunications Equipment Distribution Program (TEDP). The cost of the CapTel® for 2010 was $847,299.

**UNIVERSAL ACCESS FUND (UAF)**

On December 15, 2009, 16 Tier II Independent Local Exchange Carriers (ILEC) filed requests for an annual cap-adjusted aggregate disbursement (totaling $12,944,309) for the 15th UAF year covering the period July 1, 2009 through June 30, 2010 under the de minimus process. After an audit was performed by Victor Hurlbert, CPA, the Commission approved the disbursements for all applicants for the 15th UAF year of $12,497,156, with the aggregate annual cap amount remaining at $1,000,000.

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<th>De Minimus Carriers for 15th UAF Year</th>
<th>Approved Disbursements</th>
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<td>Hart Telephone Co.</td>
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<td>Plant Telephone Co.</td>
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<td>Planters Telephone Coop.</td>
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</table>
The Commission approved the disbursements for all applicants for the 15th UAF year of $12,497,156.

### Transportation Unit

The Commission has regulatory responsibility for over 1,000 “for hire” intrastate motor carriers including household goods carriers, limousine operators, buses, and wrecker companies performing private property trespass towing operations. The Commission’s regulatory oversight includes permitting and certification, training new carriers, auditing records, investigating consumer complaints, processing and maintaining insurance filings and taking action against illegal operators.

The Commission's goal is to deliver prompt, courteous service to all consumers and stakeholders. Public safety is also a top priority. To ensure that all motor carriers under the Commission’s jurisdiction maintain a high degree of safety, the Commission actively monitors and administers insurance filings for all transportation companies under its regulatory authority. In 2010, the Commission received and processed 1,726 insurance filings.

All new applicants for household goods and passenger carrier authority are required to complete a Commission sponsored training session. The Commission also provides ongoing education and training to permitted and certificated carriers that already hold permanent operating authority. By requiring regulated companies to maintain adequate insurance coverage and by offering training opportunities, the Commission believes that both the transportation industry and Georgia consumers are better served and better protected. In 2010, the Commission trained 138 individuals at 17 training classes, which are mandatory for newly certified transportation companies.

### ASSURANCE THAT CARRIERS ARE PROPERLY PERMITTED AND CERTIFICATED

The Commission has statutory responsibility for issuing certificates and permits to qualify “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 all statutory and Commission qualifications.
In 2010 the Commission received and processed 468 applications on all its regulated programs and issued 610 certificates and permits.

ASSURANCE OF REASONABLE RATES AND FAIR TARIFFS

The Commission’s price setting authority on rates for motor carriers is limited to household goods movers, some for-hire passenger carriers and wrecker companies conducting private property trespass towing operations. The Commission routinely conducts audits on regulated carriers to ensure that Georgia consumers are being assessed fair and reasonable prices. The Commission also maintains several maximum rate tariffs and regularly evaluates the need for price setting adjustments to assure that regulated businesses are operating in an environment that is both viable and healthy for the industry.

ASSURANCE OF THE PUBLIC’S TRUST

There are two practices by which an effective regulatory program may be measured. By systematically and routinely auditing transportation company records, carriers are held accountable and are far more likely to follow best business practices outlined in rule and law. By actively investigating consumer complaints, the Commission enhances the likelihood that carriers will deliver better customer service and will be more attentive to the public’s needs. The Commission 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 2010 the Commission received and investigated 121 complaints and conducted 90 audits. 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 routinely reported against movers involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) loss or damage of personal property, and 4) illegal carriers. Typical issues routinely reported against tow operators involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) timely notification of tow and impound, and 4) improper sign posting.
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 it a source of valuable information for other work groups within the Commission.

In addition to complaint resolution, the Consumer Affairs Unit is responsible for 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 number of calls reported by the Commission’s Automated Call Distributor (ACD) for 2010 was 16,661. This represents a 25% decrease in inbound phone calls over 2009. Telephone calls comprised 78% of all inbound contact methods in 2010.

Internet/Email contacts continued to be a favorable method of contacting the Commission in 2010 with 19% of total inbound contacts, an increase of 37% over 2009. This increase offsets some of the reduction of telephone calls recorded through the ACD and highlights the Commission’s efforts in driving consumers to the Commission’s website for information and the ability to file their contacts online.

Regular mail and faxes are also still popular methods for communicating with the Commission. Paper correspondence (letters and faxes) comprised 2% of inbound contacts in 2010, the same percentage as reported in 2009.

In all, Consumer Affairs representatives received 21,387 inquiries, complaints, and opinions from the general public in 2010, a decrease of 18% from 2009’s 26,058.
Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Of the 21,387 inbound contacts handled, 37%, or 7,980, were entered into CRS.

In 2010, electric issues comprised the majority of the contacts requiring follow-up at 39%, followed by telecommunications issues with 37%, and natural gas with 24%.

Telecommunications contacts decreased from 3,187 in 2009 to 2,971 in 2010. Natural gas contacts decreased from 2,248 in 2009 to 1,895 in 2010. Electric contacts increased from 1,852 in 2009 to 3,114 in 2010, an increase of 40%. The substantial percentage increase in 2010 was partially due to the number of contacts received relating to the Georgia Power Company 2010 Base Rate Case.

When viewed from a per capita perspective (contacts per 10,000 customers) electric contacts outpaced both natural gas and telecommunications contacts. Per capita Electric contacts were 15.6, natural gas 12.6 and telecommunications 7.4. The per capita calculations were based on an estimated 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 2010 and was the only industry to show an increase in contacts.
Payment Arrangements, Rate Case Opinions, High Bill and Charges, were the major concerns of electric customers.

**Top 10 Electric Issues**

- Pay Arrangement: 594
- Opinion: 627
- Charges: 221
- Deposit: 90
- Non-Pay Disconnect: 24
- High Bill: 226
- Outage: 31
- Meter Reading: 87
- Reconnection: 133
- Explanation: 38
Natural Gas Consumer Issues

Natural gas contacts decreased from 2009’s 2,290 contacts to 1,895 contacts in 2010, a 17% decrease.

Charges, Reconnection and Payment Arrangements were the major natural gas issues in 2010.
Telecommunications Consumer Issues

Telecommunications contacts were slightly lower in 2010 at 2,971 compared to 3,006 in 2009.

Charges, Repairs and DSL were the top three categories in 2010.
As in 2009, almost 9 out of every 10 telecommunications contacts related to local or long distance service. Wireless contacts increased from 6% in 2009 to 9% in 2010.
Transportation Consumer Issues

In March of 2010 Consumer Affairs began tracking contacts from customers contacting the Commission with issues relating to Household Goods Movers, Passenger Carriers and Non-Consensual Towing. The total number of calls regarding these issues in the 10 months of reporting in 2010 was 3,240. Consumer Affairs received 1,324 calls relating to Passenger Carriers, 343 relating to Household Goods Moves and 248 relating to Non-Consensual Towing. The remainder of the calls was non-jurisdictional issues.

Consumer Affairs Community Outreach

The Consumer Affairs Unit was unable to participate in the Commission’s community outreach activities as extensively as in past years due to budget considerations. The staff was able to give presentations at Atlanta Metropolitan College, University of Georgia Weatherization Training and South Cobb Rotary Club and participated in the Atlanta Housing Authority (AHA), in conjunction with Quality Living Services (QLS) Senior Wellness and Resource Fair and met with the Atlanta Regional Commission. Although, the Commission’s community outreach was limited, the Consumer Affairs Unit kept abreast of community outreach programs and activities by attending Service Providers Network meetings. The Commission provided informational materials to groups involved in utility related activities.

The Commission continued its efforts to increase public awareness of the Lifeline/Link-up Program, a federally funded program that subsidizes the cost of telephone service for low-income consumers. The Commission held a Lifeline Link-Up Awareness News Conference and Sign-Up at the Bowden Senior Citizen Complex in East Point, Georgia which garnered local and statewide news coverage. Commission Chairman Lauren “Bubba” McDonald, Jr. and representatives from AT&T and the Georgia Telephone Association took part. As of June 30, 2010, the total number of Georgia consumers enrolled in the program was 12,859, an 8% increase from June 2009 and a 23% increase in the past two years.
Facilities Protection

FACILITIES PROTECTION UNIT
PIPELINE SAFETY AND GUFPA

PIPELINE SAFETY CHALLENGES AND RESPONSIBILITIES IN 2010

The Facilities Protection Unit of the Georgia Public Service Commission is composed of two sections: Pipeline Safety enforcement and Georgia Utility Facility Prevention section for buried utilities. The pipeline safety function is carried out under an agreement with the Pipeline and Hazards Materials Safety Administration (PHMSA) of the U.S. Department of Transportation. The Pipeline Safety Group is responsible for enforcement of federal regulations regarding the safe installation and operation of natural gas pipelines. The year 2010 was the 42nd year of this relationship between PHMSA and the Commission. The Commission assumed responsibility for damage prevention efforts in 2000 following passage of the Georgia Utility Facility Protection Act (GUFPA). The goals of the Act are to prevent injury to Georgia citizens and damage to buried utilities by requiring those who want to perform mechanized excavation activities to call for the location of buried utility facilities in the proposed area of excavation so that those facilities can be properly identified to avoid damage.

During 2010 the Pipeline Safety Group monitored and inspected over 4,300 miles of transmission pipelines, almost 44,000 miles of distribution mains, and more than 2,000,000 service lines transporting natural gas to over 2,000,000 Georgia customers in 144 counties. Each of the eight qualified inspectors is responsible for approximately 9,769 miles of natural gas pipeline, along with 250,000 customers. The inspectors evaluated operator compliance with the Pipeline Safety Regulations during 707 inspections, expending 1,157 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

The Commission’s Pipeline Safety Group continues to implement requirements of the Pipeline Inspection, Protection, Enforcement, and Safety Act (PIPES Act) of 2006. Congress passed The PIPES Act to improve safety and strengthen federal and state pipeline safety programs. The Commission made implementation of this law a top priority. The Commission’s Pipeline Safety Group 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 additional authority to adopt additional regulations as required under the Pipeline Safety Act.
In 2010 the Commission’s Pipeline Safety Group began monitoring every gas operator’s compliance as they began the training and qualification of their employees. The Commission also started to provide training for the operators to enhance the qualification process further.

In 2009 the Commission implemented requirements for a Countywide Safety Plan. This rule required all operators having a natural gas distribution system pipeline facility within any county where more than one operator provides natural gas distribution service to jointly file with the Commission a proposed Natural Gas Safety Plan for the county. The Commission developed this rule to enhance communication and safety among all the natural gas operators in the county. During 2010 Pipeline Safety Inspectors completed comprehensive reviews on 27 of the 62 plans for counties which have more than one natural gas operator.

### Total Inspections for Calendar Year 2009

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**GEORGIA UTILITY FACILITY PROTECTION ACT (GUFPA) ENFORCEMENT**

Damage prevention efforts to buried utilities in Georgia stem from the requirements of the Georgia Utility Facility Protection Act contained in O.C.G.A. § 25-9. The Act, passed in 2000 by the General Assembly, assigns responsibility for enforcement of the Act to the Georgia Public Service Commission. The Commission faced challenges in 2010 in its enforcement efforts of the Act due to the state's budget cuts but the Commission sought the continued use of outside resources to accomplish this responsibility. The Commission applied for and received both the One Call Grant and the State Damage Prevention Grant awarded by the Pipeline and Hazardous Materials Safety Administration of the Federal Department of Transportation. The Commission received a total of $145,000 in grant funds which allowed the Commission to retain both a field investigator and an administrative assistant and provide their equipment.

The Commission continued its damage prevention efforts in FY 2010 by making 45 presentations on the GUFPA to groups around the state representing locators, excavators and facility owner/operators. More than 3,120 persons attended these presentations. The Commission’s participation in these meetings continued to strengthen the Commission’s relationship with different groups across the state dedicated to damage prevention such as the Georgia Utility Contractor’s Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.
The year 2010 again witnessed a reduction in reported violations of the GUFPA as a result of the continued drastic decline in the residential building sector of the economy, a reduction in commercial building and the increased enforcement capabilities of GUFPA staff. In 2010, the Commission completed 4,862 investigations, an increase of 1,252 cases investigated over 2009. While the number of investigated cases increased, the total number of reported cases to the Commission decreased. This occurred from open cases in 2009 not being closed until 2010. In 2010 there were 4,593 total violations reported to the Commission, a reduction of 1,171 reports over 2009.

With the implementation of the EDEN ticket management system at the Utilities Protection Center, the Commission began enforcement of the Large Project Rule on May 1, 2009. This process has proved beneficial to both the excavating and utility operator community. The Commission, in concert with other groups involved in damage prevention efforts, continues to work and refine the process.

An annual event for Commission personnel is participation in the International Locate Rodeo. In 2010 the event was held on the campus of the Georgia Institute of Technology. The rodeo celebrated its eighth anniversary in 2010 and Commission personnel in the Facilities Protection Unit volunteered their time in seven of those years to work at the rodeo as judges, timekeepers, shuttle drivers, etc., giving the Commission further exposure in the damage prevention arena.

One of the many programs started in the past by the Commission aimed at advancing damage prevention efforts is the outreach to the Hispanic community, as well as participation in events in the Hispanic community. Many of the workers found on excavation sites are of Hispanic descent and educating them on damage prevention efforts is important to the safety and well-being of those workers, as well as maintains a reliable utility infrastructure.

The Commission once again filed application for and was granted the 2010 State Damage Prevention Grant. This grant is awarded by PHMSA to those states that show initiative in promoting damage prevention efforts. The funds from this grant were used to continue the employment of the field investigator hired from funds received under the 2009 grant.
Internal Consultants

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for the Electric, Natural Gas, Telecommunications, Pipeline Safety, and Consumer Affairs units. The Unit provided technical, financial and economic analyses, as well as expert testimony as members of the Public Interest Advocacy Staff teams. In addition, the Unit provided technical and policy advice and recommendations to the Commission as leaders of the Commissioner Advisory Staff teams in contested dockets.

FEDERAL ISSUES

The Commission monitored electric, natural gas and telecommunications issues on the federal level which potentially impact the state of Georgia, Georgia utility companies and Georgia ratepayers. Two of the major federal issues during 2010 that the Commission actively monitored include the Waxman-Markey Bill (H.R. 2454) known as the American Clean Energy and Security Act and the Yucca Mountain project, a proposed national nuclear waste repository.

Although the estimates of the potential cost of this environmental legislation varies widely, the United States Congressional Budget Office estimated that the cost of H.R. 2454 legislation (commonly referred to as Cap-and-Trade) could be as much as $22 billion annually, or about $175 per household, by 2020. Because the implications for Georgia and the nation as a whole are enormous, the Commission closely monitored activity surrounding the proposed rule for implementation of such legislation throughout 2010. As part of the rulemaking process, the Environmental Protection Agency received a flood of comments from lawmakers and industry on the proposed rule. As a result, the EPA requested that the Court (District of Columbia) push back its January 16, 2011 deadline to April 2012.

The issue of permanent disposal of high level nuclear waste continued to be at the forefront of important national issues. Currently, Georgia Power Company operates two nuclear plants (Plants Hatch and Vogtle) in the state of Georgia. Pursuant to the Nuclear Waste Policy Act, the federal government has committed to take the nuclear waste accumulated at these retail electric power plants for permanent disposal. To date, the Department of Energy has yet to develop a permanent repository for the waste and remove it from the plant sites where it is currently stored. Yet, Georgia Power Company’s ratepayers have paid over $732.6 million through December 31, 2010 (excluding interest or return on investment) into the Nuclear Waste Fund. Each utility is assessed a fee of 1 mil/kwh nuclear energy generated for disposal of the waste.

Two major developments relating to the nuclear waste disposal issue during 2010 were the Department of Energy’s motion filed with the Nuclear Regulatory Commission to withdraw its licensing application for the Yucca Mountain repository and the formation of the Blue Ribbon Commission on America’s Nuclear Future by the Obama
Administration. The Commission continues to work diligently with other state commissions and the National Association of Regulatory Utility Commissioners to remain engaged in these matters and to protect the health, welfare, and economic interest of Georgia citizens and ratepayers.

**AMERICAN RECOVERY AND REINVESTMENT ACT GROUP**

The Commission formed the ARRA group within the Internal Consultants Section in January 2010. This group is responsible for working on electric issues relating to Energy Efficiency, Renewable Energy, Smart Grid, Demand Response, Transmission and Distribution planning, and Plug-in Electric Vehicles. During 2010, the ARRA group assisted the Electric Staff in Docket Nos. 31081 and 31082, Georgia Power Company’s 2010 Integrated Resource Plan and Certification of Demand Side Management Programs. In these cases, the Commission approved and certified seven Demand Side Management programs for a period of 10 years beginning January 2011. The Company was also allowed to construct a small (up to 1 MW) solar demonstration project.

The ARRA group also worked on several changes to Georgia Power Company’s Green Energy Program including raising the amount of solar energy that comprises the Green Energy Premium Product to fifty (50) percent. During 2010, the amount of solar energy purchased under the green energy program increased to 4.9 MW and the Commission approved a 10 year biomass contract with Waste Management.

During 2010, there were 621,335 smart meters installed in Georgia. The ARRA group continues to monitor the progress of the smart meter rollout and other smart grid technologies to determine if there are improvements that could be made to the grid to provide benefits to customers. As part of an agreement approved during the IRP docket, the Staff and GPC are meeting on a quarterly basis to focus on the availability of online and other electronic methods of information access to customers. The ARRA group also assisted in Georgia Power Company’s 2010 Rate Case (Docket No. 31958. In that proceeding, the Company received approval for an Electric Vehicle Time of Use (TOU-PEV1) rate. This rate creates a super off peak rate during the hours of 11:00 p.m. through 7:00 a.m. to encourage off peak charging.
ADMINISTRATION DIVISION

During 2010 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 promote efficiencies and make the maximum use of taxpayers’ monies to fulfill its mission.

The Commission’s Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resource Office, Public Information/Legislative Liaison Office, Office of Operational Support 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 and the Commissioners through interactions with the Governor’s Office of Planning and Budget (OPB) and the Legislative Budget Offices as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency’s State and Federal funding, purchasing, asset management and accurate financial reporting of results to Federal, State and other agencies as required or requested. In 2010, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding $9.8 million dollars.

The Office continued to support the State Leadership in meeting all directives to control and reduce the overall budget for the Commission. New analytical and modeling tools were implemented to monitor, control and forecast all expenses. Each budget item was analyzed in great detail and revaluated in order to submit Budgets for FY 2011 that reflected 4%, 6% and 8% reductions and FY 2012 that reflected 6%, 8% and 10% reductions.

In order to achieve its mission, the Office used the OPB Financial Management System to prepare and submit the Commission budget, including all amendments and scheduled allotments of funds. The Commission’s accounting functions (including Accounts Receivable, Accounts Payable, Payroll and General Ledger) are managed and performed using QuickBooks. The Commission’s Payroll Processing and Purchase Orders are managed using the Georgia Technology Authority administered PeopleSoft System, as well as using PeopleSoft’s Asset Management Module for items costing over $1,000.
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 2010, staff members in this Office opened 2,110 new case dockets, processed 7,898 filed documents and filed 2,460 orders. The Executive Secretary prepared 2,460 Orders for the Chairman’s signature. The chart below shows that the number of dockets has grown tremendously over the past two decades.

During 2010, the Commission held 96 public hearings constituting either a quorum of the Commission or a hearing officer assigned by the Commission. Matters docketed for public hearing are generally heard by the entire Commission in open session with a majority of the five-member Commission constituting a quorum.

During 2010, the Commission held public meetings in Macon, Savannah, Atlanta and Rome, Georgia to hear public comment on the Georgia Power Company rate case and the Atlanta Gas Light Company rate case. These meetings were very well attended. The Commission also held a public meeting in Gainesville on March 8, 2010 to hear public comments on the Atmos Energy rate case.

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 five standing Committees of the Commission are Energy, Facilities Protection, Telecommunications, Transportation and Administrative Affairs.
Human Resources Office

The Human Resources Office strives to meet the personnel and payroll needs of the Public Service Commission. In 2010, the Human Resources Office remained active in facilitating the self-sufficiency of Commission employees in several areas. All eligible employees entered benefit changes on-line during the Open Enrollment period for Plan Year 2011. Most health insurance, flexible benefits 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 Commission staff. In addition to providing access to paycheck and other benefit information, Team Georgia serves as a source for a wide array of information specifically geared to State employees.

The Commission continued to experience the retirement of longtime staffers in 2010 and expects several retirements in 2011. Recruitment to fill vacated positions was extremely limited in 2010 due to mandated budget cuts. However, the Commission maintains plans to fill critical positions as soon as financially possible. It is vital that retention of staff and succession planning remain priority goals for the Commission.

Public Information and Legislative Liaison Office

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 2010 the Commission received high visibility coverage in the local, state, and national news media coverage as a result of three major utility rate case proceedings and ongoing nuclear construction monitoring hearings. The Office issued 48 news releases, 58 media advisories and six consumer advisories; responded to over 150 national, state and local news media inquiries; conducted numerous interviews with local, state and national media; coordinated Commissioner interviews; and produced Commission publications for internal and external use.

The news media in particular provided extensive coverage of the Commission’s Georgia Power and Atlanta Gas Light Company rate case decisions and the Commission’s role in ensuring pipeline safety following a major natural gas pipeline explosion in California in September 2010.

The Office in conjunction with Consumer Affairs and NARUC also coordinated a Lifeline/Linkup Awareness week during September 12-18, 2010. The campaign included a Commission news conference, a proclamation issued by the Governor, radio public service announcements, statewide radio network interview and a news release.
Governor Perdue Signs Lifeline/Linkup Proclamation

Chairman McDonald Kicks-Off Lifeline/Linkup Week

The Public Information Officer also serves as the Commission’s Legislative Liaison and coordinates the Commission’s legislative agenda. In this capacity, the Office responded to numerous Legislators’ 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.

A complete list of PSC monitored legislation, sponsors and status is provided below:
House Bills Introduced in 2010 Relating to Regulated Industries

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House Bill 168, by Rep. Clay Cox. Sets telecommunications rates at parity for intrastate and interstate rates. **Passed and signed by the Governor.**


House Bill 1233, by Rep. John Lunsford. Allows the cost of consultants in utility rate cases to be charged to the utility but recovered in rate base. **Passed and signed by the Governor.**

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Senate Bills Introduced in 2010 Relating to Regulated Industries

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Senate Bill 392 by Sen. Jack Murphy. Requires educational institutions to verify that motor carriers are certified by the Commission. **Passed and signed by the Governor.**


Senate Bill 415 by Sen. Jeff Mullis. Provides for PSC regulation of point to point emergency notification systems. **Passed but vetoed by Governor.**


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Legislation Affecting Agency Operations and State Employees

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House Bill 947, by Rep. David Ralston. Amends the State’s Fiscal Year 2010 spending plan. **Passed and signed by the Governor.**

House Bill 948, by Rep. David Ralston. Provides money for the State 2011 Fiscal Year beginning July 1, 2009. **Passed and signed by the Governor.**

Senate Bill 1, by Senator David Shafer. Provides for zero-based budget review of each state agency every four years. **Passed but vetoed by the Governor.**

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**Office of Operations Support**

In 2010, the Georgia Public Service Operations Support Office continued efforts to improve efficiency. Implementation of power backup within the infrastructure reduced the risk of network outages. The unit is continuing with its efforts to improve energy efficiency and reduce overhead costs within the data center. The Operations Support
Unit continues with its virtual server implementation to reduce overhead and support costs, with 90% of our network servers now functioning in a virtual environment.

The Operations Support Unit completed its development project for the Transportation Unit. This program allows for online submissions of towing applications. The unit also introduced a pilot training program for staff eager to learn about Microsoft Office Suite applications. The unit has also completed development of an application to allow for renewals online for Non-consensual towing permits.

During 2010, the objectives of the Operations Support office included reducing hardware maintenance overhead, reducing energy consumption and the risk of unplanned network outages. With a very limited budget during 2010, Operations Support continued to research and utilizes alternative technology resources to maintain support, rigid application development standards, network continuity and security.
### AGENCY BUDGET

#### Revenue

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<th>Fiscal Year 2010</th>
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#### Associated Revenue

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*Paid Directly to Dept. of Revenue

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<td>$3,031,268</td>
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**Total** $4,081,268 $2,549,311 $1,521,615

**Notes:** Penalties and Fees Collected in FY 2011 through December 31, 2010

* Includes additional Federal Reimbursement Revenue of $54,079
Notes