

Report on the

**Public Service Commission
State of Alabama
Montgomery, Alabama**

October 1, 2017 through September 30, 2019

Filed: July 24, 2020



**Department of
Examiners of Public Accounts**

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Rachel Laurie Riddle, Chief Examiner



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Public Service Commission, Montgomery, Alabama, for the period October 1, 2017 through September 30, 2019, by Examiners Daniel Dupree and Charles Bass. I, Daniel Dupree, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daniel Dupree".

Daniel Dupree
Examiner of Public Accounts

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Table of Contents

		<i>Page</i>
Summary		A
Contains items pertaining to state legal compliance.		
Comments		B
Contains information pertaining to agency operations and other matters.		
Exhibit #1	Schedule of Cash Receipts, Disbursements and Balances	1
Exhibit #2	Commission Members and Official – a listing of the Commission Members and Official.	2



Department of
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SUMMARY

**Public Service Commission
October 1, 2017 through September 30, 2019**

The Public Service Commission (the “Commission”) regulates the safety, quality of service, and economic activity of utilities and common carriers. The Commission operates under the authority of the *Code of Alabama 1975*, Title 37, Public Utilities and Public Transportation.

This report presents the results of an examination of the Commission and a review of compliance by the Commission with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12. Our examination was performed for the purpose of determining whether the public officers, agents, and employees of the Commission properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Commission. Our examination included determining compliance by the Commission with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. As a part of our examination, we also reviewed internal control policies and procedures relating to the areas listed above. Our examination did not encompass managerial and operational matters, such as whether the Commission accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

Tests performed during the examination did not disclose any significant instances of noncompliance with applicable laws and regulations.

The examination resulted in no reportable discrepancies, and on June 23, 2020, a letter informing the Public Service Commission of this result was sent by email to the Executive Director and to all Commission members who served during the period examined.



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COMMENTS

**Public Service Commission
October 1, 2017 through September 30, 2019**

The Public Service Commission (the “Commission”) regulates the safety, quality of service, and economic activity of utilities and common carriers. The Commission operates under the authority of the *Code of Alabama 1975*, Title 37, Public Utilities and Public Transportation.

The Commission’s regulated entities include privately owned corporations providing electric, gas, and water service to the public; select providers of telecommunications and wastewater services; as well as railroads, buses, trucking companies, transportation network companies, and taxis operating outside police jurisdictions on a for-hire basis.

The Commission consists of three Commissioners, the President and two Associate Commissioners, elected by the qualified electors of the state. Commissioners serve four-year, staggered terms, and must devote his or her full time to his or her official business.

The Commission, under the provisions of the merit system, has the authority to appoint employees as are necessary or expedient to carry out its duties. The Commission currently has sixty-one employees.

The Commission’s operating funds consist primarily of inspection and supervision fees from regulated entities.

The Commission operates from the following Funds in the State Treasury:

- ***Fund 0325 – Gas Pipeline Safety Fund*** – Gas pipeline safety inspection fees and federal grants are deposited into this fund to operate the Commission’s gas pipeline safety program. The Commission retains unexpended balances that remain in this fund at the end of each fiscal year.
- ***Fund 0326 – Public Service Commission Fund*** – Used to account for all operations of the Commission except for the Gas Pipeline Safety Program. Annual appropriation acts routinely require the Commission to transfer amounts from this fund to the General Fund. The Commission transferred \$13,000,000.00 in fiscal year 2018 and \$9,000,000.00 in fiscal year 2019, as required.

- **Fund 1282 – State Dual Party Relay Fund** – Used to account for funds received from local exchange companies in Alabama and expended in support of the dual party relay system, which is a system that provides telephone service to persons with impaired hearing, blind persons, and speech impaired persons, and also makes information services available to blind persons.
- **Fund 1718 – Transportation Network Companies (TNC) Assessment Fees – Local Share** – Used to account for the portion of local assessment fees received from TNCs to be disbursed to the jurisdiction where the TNC ride originated. The Commission may retain an amount necessary to cover the expenses derived from the regulation of TNCs, however; the amount retained may not exceed 50 percent of the total local assessment fees collected.

The Commission owned nonconsumable personal property consisting of automobiles, office furniture, computers and equipment. A comparison was done of nonconsumable personal property in the custody of the Commission with property records maintained by the Property Inventory Division of the State Auditor's Office. No discrepancies were noted.

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2017 through September 30, 2019

	2018-2019	2017-2018
Receipts		
Gas Pipeline Safety Inspection and Supervision	\$ 543,694.00	\$ 539,477.50
Motor Carrier Licenses and Permits	2,501,990.07	2,795,251.77
Transportations Companies Inspection and Supervision	2,203,011.39	2,606,412.29
Utilities Inspection and Supervision	11,533,555.85	11,540,305.41
Transportation Network Companies Local Assessment Fee	467,236.31	
Dual Party Relay Surcharge	936,846.25	1,522,439.61
Fees - Dockets	8,900.00	5,300.00
Reimbursement Not Otherwise Classified	180.60	
Prior Year Refunds	24.99	1,644.63
Salvage Equipment or Other Property	5,180.00	13,178.08
Federal Operating Reimbursement	925,061.00	512,155.64
Total	19,125,680.46	19,536,164.93
Disbursements		
Personnel Costs	4,675,000.93	4,690,054.28
Employee Benefits	1,711,751.15	1,721,439.23
Travel, In-State	80,645.93	65,119.50
Travel, Out-of-State	45,761.74	51,323.08
Repairs and Maintenance	4,508.32	3,683.45
Rentals and Leases	829,063.91	893,103.13
Utilities and Communications	577,531.33	732,849.78
Professional Services	232,816.80	179,466.25
Supplies, Materials and Operating Expenses	195,692.66	195,690.35
Transportation Equipment Operations	51,373.40	55,635.76
Grants and Benefits	206,235.00	204,309.00
Transportation Equipment Purchases	44,386.00	89,976.00
Other Equipment Purchases	46,515.52	63,635.88
Transfer to General Fund	9,000,000.00	13,000,000.00
Transportation Network Companies Distributions To Cities	200,110.69	
Transportation Network Companies Distributions To Counties	33,509.10	
Total	17,934,902.48	21,946,285.69
Excess (Deficiency) of Receipts Over Disbursements	1,190,777.98	(2,410,120.76)
Cash Balances at Beginning of Year	11,764,074.00	14,174,194.76
Cash Balances at End of Year	12,954,851.98	11,764,074.00
Reserve for Year-End Obligations	(155,480.02)	(145,088.07)
Unobligated Cash Balances at Year-End	\$ 12,799,371.96	\$ 11,618,985.93

Commission Members and Official
October 1, 2017 through September 30, 2019

Commission Members		Term Expires
Hon. Twinkle Andress Cavanaugh	President	2020
Hon. Jeremy H. Oden	Associate	2022
Hon. Chris Beeker, Jr.	Associate	2022

Official

Judge John Garner, Chief Administrative Law Judge	Executive Director 100 North Union Street Montgomery, AL 36104 Phone: (334) 242-5218 Fax: (334) 353-0122 www.psc.alabama.gov
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