2-4-2019

2017-2018 Annual Report


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February 4, 2019

The Honorable Bill Lee
Governor

The Honorable Randy McNally
Lieutenant Governor

The Honorable Glen Casada
Speaker of the House of Representatives

Members of the General Assembly,

It is with great pleasure that I present to you the 2017-2018 Annual Report of the Tennessee Public Utility Commission. This report has been prepared in accordance with Tennessee Code Annotated § 65-1-111.

The Commission continues to have jurisdiction over Tennessee’s investor-owned utility companies including electric, telephone, water and wastewater, natural and methane gas. Further, the Commission serves as the agency that performs the safety inspections of natural gas pipelines that travel across the state and mediates consumer complaints against utility service providers.

Through our numerous consumer outreach efforts, the TPUC continues to provide Tennessee citizens with information that can enhance their daily lives and provide protection and relief from unwanted telephone solicitations and fraudulent activities. Among the Commission’s more popular programs are the Tennessee Do Not Call program and the Telecommunications Device Access Program (TDAP). In addition, the TPUC has initiated efforts to promote safety awareness. The state’s underground utilities, through the Underground Utility Damage Prevention Act, is an effort designed to prevent harm to people, property, and underground utility facilities. The provisions of the Act are codified in Tenn. Code Ann. § 65-31-101 et al. of which the TPUC’s role is to assist the Underground Utility Damage Enforcement Board by providing administrative and investigative support.

We remain focused on the work that we have been entrusted to perform, as well as the role we play in protecting Tennessee consumers and maintaining an environment that is vigorously competitive. To the members of the Tennessee General Assembly, we look forward to working with you in continued service to the citizens of the Volunteer State.

Warmest Regards,

Earl R. Taylor,
Executive Director

Telephone 615.741.2904, Toll-Free 1.800.342.8359, Facsimile 615.741.5015
www.tn.gov/tpuc
www.facebook.com/TennesseePUC
The Tennessee Public Utility Commission, formerly the Tennessee Regulatory Authority, is the governing body to regulate investor owned public utilities in Tennessee. The Commission’s mission is to ensure the safe and reliable provision of public utility services to the citizens of Tennessee.

The agency has five Commissioners, each of whom serve on a part-time basis. Two Commissioners are joint appointees selected by the Governor, Lieutenant Governor, and Speaker of the House (Commissioner David F. Jones and Commissioner John Hie). The other three commissioners are appointees of either the Governor (Commissioner Herbert H. Hilliard), Lieutenant Governor (Commissioner Kenneth C. Hill), and Speaker of the House (Commissioner Robin L. Morrison).

Earl R. Taylor was appointed Executive Director of the Tennessee Public Utility Commission in 2012 by Governor Bill Haslam, Lieutenant Governor Ron Ramsey and House Speaker Beth Harwell and reappointed by the commissioners in 2018 to a three year term.

The Executive Director has the principal responsibility of implementing the broad strategies, goals, objectives, long-range plans and policies of the Commission. Among the executive director’s duties, which are not limited to, the following list, are:

◊ Serve as chief operating officer of the Commission responsible for the day to day management of the Commission and the supervision and hiring of all staff members within the limits of available funds authorized from time to time by the legislature

◊ Administer, monitor and review the operating procedures of each division of the Commission, ensuring that each employee and division of the Commission fully executes in an efficient and economical manner, the separate duties assigned to each

◊ Submit rules and policies for approval by the Commission

◊ Implement and administer rules and policies for the efficient and economical internal management of the Commission

◊ Coordinate the preparation of the report to the General Assembly as required by Tennessee Code Annotated Section 65-1-111

◊ Supervise the expenditure of funds and compliance with all applicable provisions of state and federal law in the receipt and disbursement of funds

Commission staff includes accountants, administrators, attorneys, consumer specialists, economists, engineers, information technology specialists, a consumer outreach manager, and administrative support.

The Commission has jurisdiction over public utilities including:

◊ Electric companies
◊ Telephone companies
◊ Water and wastewater companies
◊ Natural gas companies
◊ Methane gas companies

The Commission is financially independent of Tennessee’s general fund. The Commission’s operational expenses are covered wholly by the industries it regulates, with a small portion coming from the federal government.
As of June 30, 2018, the TPUC was budgeted for 63 Positions

<table>
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<tr>
<th>TPUC Division</th>
<th>Total Positions</th>
<th>Filled</th>
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<td>Consumer Services</td>
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<td>Gas Pipeline Safety</td>
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</tr>
<tr>
<td>Information Technology</td>
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<td>Utilities</td>
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<tr>
<td><strong>Total Positions</strong></td>
<td><strong>63</strong></td>
<td><strong>51</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>
Earl R. Taylor, Executive Director

Earl R. Taylor was appointed to the Tennessee Public Utility Commission as Executive Director in 2012 by Governor Bill Haslam, House Speaker Beth Harwell, and Lt. Governor Ron Ramsey and reappointed by the Commission in 2018 to another three year term.

Taylor received a Bachelor of Science degree from the University of Tennessee at Knoxville and a Juris Doctor from the University of Memphis School of Law. He began his career as an attorney in his hometown of Johnson City.

Later professional endeavors included the development of WKXT-TV, the CBS Television affiliate in Knoxville, and the subsequent launch of the Warner Brothers affiliate in the same market. Most recently, Taylor has been a franchisee of Panera Bread, developing bakery-cafes in Florida, Texas, and Louisiana.

Actively engaged in his community, he has served as a mentor in the Knoxville Fellows program, as a commissioner for the Metropolitan Knoxville Airport Authority, and on the Knoxville Young Life Committee. As Executive Director of the TPUC, he functions as the Commission’s Chief Operating Officer, responsible for the agency’s administrative duties and responsibilities. Mr. Taylor is married to Sheryl Dawson Taylor. They have four children and ten grandchildren.

Robin L. Morrison, Chair

Robin L. Morrison was appointed to the TPUC by House Speaker Beth Harwell in 2013 and reappointed in 2015. Ms. Morrison currently serves as a Vice President and financial center manager for one of the South’s largest banks, First Tennessee, and brings to the TPUC broad experience in customer relations, business management, and federal and regulatory compliance.

A graduate of the University of Tennessee at Chattanooga with a bachelor’s degree in business administration-finance, Ms. Morrison possess a comprehensive background in banking and finance and has obtained her Series 6/63 financial licenses to sell securities, as well as being licensed to sell life and health insurance.

In addition, Ms. Morrison is a graduate of both the Southeastern School of Banking and Leadership Chattanooga. She is active in leadership roles in her community, having served on the boards of the South Board of Redevelopment Group, Junior League of Chattanooga, and the Chattanooga Chamber of Commerce’s Southside Council. She is also a member of the Chattanooga Women’s Leadership Institute.
Dr. Kenneth C. Hill,  
Vice Chair

Dr. Kenneth C. Hill, a native of Morrison City (North Kingsport), was appointed to the Tennessee Public Utility Commission by Lt. Governor Ron Ramsey in 2009 and reappointed in 2016.

Since his appointment, Dr. Hill has served as Chairman of the Tennessee Public Utility Commission and is currently active with the National Association of Regulatory Utility Commissioners (NARUC) and the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is a member of the NARUC Committee on Water, the NARUC Committee on International Relations, and the NARUC Subcommittee on Clean Coal Carbon Sequestration.

He is also a member of the International Confederation of Energy Regulators (ICER), a member of the ICER Working Group for Small Energy Consumers, and a mentor in the ICER Women In Energy Mentoring Program.

Dr. Hill has been a presenter at the NARUC and SEARUC annual meetings. He has also been a presenter and participant at the National Association of Water Companies (NAWC) Water Summit, the NAWC Commissioners’ Forum, and the Emerging Issues Policy Forum (EIPF) (Energy) multiple times. Additionally, he has been a panelist at the NAWC Southeastern Chapter Conference, as well as the United States’ Department of Energy Industrial Energy Efficiency Conference in Little Rock Ark.

During his tenure with the TPUC, he has also served as a member of the Tennessee State Information Systems Council, member of the Board of the Organization of PJM States, Inc. (OPSI), member of the Eastern Interconnection States Planning Council (EISPC), delegate to the 5th and 6th World Forum on Energy Regulation (WFERV), and a Tennessee Team Member of the National Governors’ Association Policy Academy on Enhancing Industry through Energy Efficiency and Combined Heat and Power.

Dr. Hill has been active in communications and broadcasting all of his adult life, having been involved for more than four decades in virtually every aspect of radio. For the past thirty-six years, Dr. Hill has been President and CEO of the nonprofit Appalachian Educational Communication Corporation (AECC) in Bristol Tenn. AECC is the licensee of WHCB 91.5 FM. Dr. Hill has also provided consulting services for the past thirty-six years in the areas of technical writing and editing, public relations, proposal writing and editing, independent R&D documentation, government relations, corporate and business communication, media acquisition, media appraisal, and media utilization.

He earned his Bachelor of Science degree in Speech (Broadcasting) and History from East Tennessee State University; a Master of Science degree in Speech (Broadcasting) from Indiana State University; a Bachelor of Arts degree in Biblical Studies from Baptist Christian College; a Master of Religious Education from Manahath School of Theology; and a Doctor of Religious Education from Andersonville Baptist seminary. Dr. Hill and his wife, Janet, reside in Blountville. They have one daughter, Lydia, who serves as a nurse, and two sons: Matthew who serves as the 7th District Tennessee State Representative, and Timothy, who serves as the 3rd District Tennessee State Representative.

John Hie,  
Commissioner

Commissioner Hie was born in a small village outside of Dachau, Germany to parents that fled Hungary in January of 1945, as the Red Army was fighting in and around Budapest. Along with a small caravan of ox carts, his family moved across Hungary and Austria and settled in Bavaria, Germany. Eventually John and his four siblings, along with their mother and father, left the seaport town of Bremerhaven, Germany on board the General Adolphus Greeley and arrived in the United States at the port of New Orleans in October of 1951. The Hie family came to the U.S. as part of the Displaced Persons Act – an act on the part of the federal government authorizing the admission into the U.S. a limited number of Europeans displaced following World War II. The Hie family’s admission into the U.S. was sponsored by a farmer in Maury County, Tennessee; and following their transition to Middle Tennessee, the Hie family immediately began to learn the English language and the culture of the south.

Commissioner Hie attended grammar school in a two room school house and graduated from Columbia Central High School in Columbia, Tennessee. At that time, there were several smoke stack industries in Maury County that provided jobs for summer employment. These jobs and along with some scholarships, paid for Commissioner Hie’s college education. Commissioner Hie graduated from the
University of Tennessee’s College of Pharmacy in 1969 and was drafted into the army the following year. His pharmacy training enabled him to work as a pharmacist at Walter Reed Army Medical Center – which he described as an invaluable experience. After an honorable discharge from the army, Commissioner Hie and a business partner opened their own drugstore and ran it for ten years before selling it.

Commissioner Hie transitioned from the world of pharmacy to the world of finance, beginning work for the venerable JC Bradford investment firm in 1984 advising clients about their investments. After the sale of JC Bradford in the year 2000, John went to work for investment firm Stephens, Inc. of Little Rock, Arkansas. John eventually retired from Stephens in 2015 to spend more time with family and friends, although he still works a few hours a week at Carezone Pharmacy in Nashville. John and his wife Trish have one son, one daughter-in-law, one grandson AJ, and one grand-dog named Luna.

Herbert H. Hilliard, Commissioner

Commissioner Hilliard was appointed to the Tennessee Public Utility Commission in 2012 by Governor Bill Haslam and reappointed in 2017.

Commissioner Hilliard served as Executive Vice President and Chief Government Relations Officer for First Horizon National Corporation. In this role, he was responsible for the corporation’s lobbying activities at the federal and state levels. He is forty-three-year veteran of the company, having joined First Horizon in 1969 after earning a BBA in Personnel Administration and Industrial Relations from the University of Memphis. Prior to his current role, he was Executive Vice President and Chief Risk Officer. Commissioner Hilliard retired from First Horizon National Corporation on September 26, 2012.

Commissioner Hilliard is active in the community, currently serving as Chairman of the Board of Directors of The National Civil Rights Museum, and he is a Board Member of BlueCross BlueShield of Tennessee.

He was Chairman of the Memphis Housing Authority Board from 1992-1993, Chairman of the United Way General Fund Drive in 1987, and Chairman of the Annual NAACP Freedom Fund Dinner in 1988. He is a past member of the Memphis Park Commission, the University of Memphis National Alumni Board, the University of Memphis Foundation Board, and the Boards of Directors for the Chickasaw Council of the Boy Scouts of America and the Memphis Convention and Visitors Bureau. From 2000 to 2005, he was Chairman of the Board of BlueCross BlueShield of Tennessee, and he is currently Chairman of the Finance Committee of BlueCross BlueShield of Tennessee.

Commissioner Hilliard has completed additional studies at the Southwestern Graduate School of Banking at Southern Methodist University, the Tennessee Executive Development Program at the University of Tennessee Knoxville, Cornell University’s Executive Development Program, and Crosby Quality College.

David F. Jones, Commissioner

Commissioner Jones was reappointed to the Commission by Governor Bill Haslam, Lt. Governor Randy McNally, and House Speaker Beth Harwell in 2018. He is the Commission’s past Chairman and serves on the National Association of Regulatory Utility Commissioners (NARUC) Gas Committee.

Commissioner Jones is CEO and President of Complete Holdings Group, a complex medical claims (workers’ compensation, motor vehicle accidents, and Veterans Administration) revenue cycle solutions company to more than (700) hospitals across 39 states. Commissioner Jones spent 29 years in the energy industry with the nation’s largest natural gas interstate transmission company where he worked as an executive in a variety of areas, including Field Operations and Human Resources. He has been at Complete Holdings Group since 2009, and he serves on a number of boards including the Tennessee Center for Performance Excellence. He is a certified facilitator/executive coach to CEOs and owners of private businesses where he helps these entrepreneurs to scale their businesses.

Commissioner Jones obtained a B.S. in Business from the University of Tennessee in Knoxville and an MBA from the University of Houston. He is the author of the book Surviving and Thriving After Losing Your Job. He and his wife have been married over 40 years and have two children and six grandchildren.
Our Mission

To ensure the safe and reliable provision of public utility services to the citizens of Tennessee.

The Commission’s mission is fulfilled through three major operational components: consumer assistance and regulatory oversight of utility operations, market conditions and public safety of underground utilities.

**Consumer Assistance Component**

The Commission offers an efficient forum for the filing, investigation, and hearing of consumer complaints against regulated utilities. The Commission also engages in consumer outreach activities in an effort to educate consumers on its services and the regulated utilities.

The Commission manages consumer-friendly programs developed by the General Assembly, such as the Do Not Call Program, the Do Not Fax Program, the Telecommunications Device Access Program (TDAP), and the LifeLine telephone assistance program.

**Regulatory Oversight Component**

The Commission has regulatory oversight over privately-owned utilities serving Tennessee consumers. The Commission provides an accessible and efficient process that is fair and unbiased. Through this process, the Commission evaluates many items, including requests for rate modifications, applications for authority to provide service, requests for approval of financing transactions, requests for approval of mergers, petitions for transfer of authority to provide service, numbering appeals, requests for numbering allocations, requests for rule modifications, petitions for approval of interconnection agreements and utility-to-utility complaints. The Commission also monitors utility markets to evaluate current trends and determine the need for future action.

**Underground Utility Damage Prevention**

As delegated by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration, the Commission ensures the safety of natural gas distribution and transmission pipeline facilities in the state.

The Commission seeks to ensure the protection of the state’s underground utility infrastructure. As such, the Underground Utility Damage Prevention Act, signed into law in 2015 is designed to prevent harm to people, property, and underground utility facilities. The provisions of the Act are codified in Tenn. Code Ann. § 65-31-101 et al., and the Commission’s role is to assist the Underground Utility Damage Enforcement Board by providing administrative and investigative support on matters related to underground utilities.
Utilities Under the Commission’s Jurisdiction

The following are the number of utilities under the jurisdiction of the Tennessee Public Utility Commission as of June 30, 2018.

**Energy and Water**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Number</th>
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<tbody>
<tr>
<td>Electric</td>
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<tr>
<td>Natural Gas Companies</td>
<td>7</td>
</tr>
<tr>
<td>Water &amp; Waste Water</td>
<td>20</td>
</tr>
<tr>
<td>Methane Gas Provider</td>
<td>2</td>
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**Telecommunications**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competing Telephone Service Providers</td>
<td>140</td>
</tr>
<tr>
<td>Customer Owned-Coin Operated Telephone Providers</td>
<td>31</td>
</tr>
<tr>
<td>Incumbent Telephone Companies</td>
<td>26</td>
</tr>
<tr>
<td>Resellers and Operators Service Providers, Long Distance Facility Providers</td>
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**Gas Pipeline Safety**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Number</th>
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<tbody>
<tr>
<td>Intrastate Pipeline</td>
<td>18</td>
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<tr>
<td>Liquefied Natural Gas (LNG) Operators</td>
<td>2</td>
</tr>
<tr>
<td>Master Meters</td>
<td>25</td>
</tr>
<tr>
<td>Municipalities</td>
<td>70</td>
</tr>
<tr>
<td>Utility Districts</td>
<td>24</td>
</tr>
<tr>
<td>Private Utilities</td>
<td>6</td>
</tr>
</tbody>
</table>

**Total Public Utilities**

624
Appropriations, Fees, and Expenditures

The Tennessee Public Utility Commission (TPUC) budget for fiscal year 2018-18 (FY17-18) was $9,548,300. Actual expenditures by the agency during the fiscal year totaled $7,753,500. This represented a total savings of $1,794,800 (18.8%) from budgeted expenditures.

Total revenues collected by the TPUC during FY17-18 were $8,294,100. The majority of the revenue was derived from utility inspections fees paid by the public regulated by the Commission. Total inspection fee revenue collected during FY17-18 was $5,309,600. In addition to inspection fee revenue, the TPUC received $1,678,700 in interdepartmental revenue related to the TDAP/Relay program, $514,900 in federal revenue, $218,800 in registration fees from telemarketers for the “Do Not Call” program, $6,300 in penalties collected by the Underground Utilities Damage Enforcement Board, $125,800 in annual fees from certain cable companies, $4,600 in filing fees, and $435,500 in current services revenue which $160,700 is attributable to lifeline verification fees, $47,900 for the sale of surplus vehicles and $226,300 attributable to reimbursements related to the Underground Utilities Damage Enforcement Board. The balance of current services revenue was collected for miscellaneous items such as payment for copies.

All TPUC revenues, except for revenue received from contributions for TDAP and penalties levied by the Underground Utilities Damage Enforcement Board, are earmarked for the Public Utilities Account and are to be used to defray the cost of operations by the TPUC. Should revenues in future fiscal years not be sufficient to cover the costs of the TPUC for a given fiscal year, the deficit would be funded by the Public Utilities Reserve Account. As of June 30, 2018, the Public Utilities Reserve Account balance was $6,154,900.

The TDAP Program revenue is specifically earmarked for the purchase of TDAP equipment for the qualifying disabled citizens of Tennessee and the administration of the program. The TDAP Reserve Account had a balance of $679,700 as of June 30, 2018.

The TPUC also funds the majority of the administrative costs of the Office of State Assessed Properties which is part of the office of the Tennessee Comptroller of the Treasury. For FY17-18, the TPUC’s total inspection fee revenue of $5,309,600 was reduced by $516,400 for its share of the subsidization of the cost of the Office of State Assessed properties. Due to this reduction, net revenues to the agency for FY17-18 totaled $7,777,600.

TPUC FY 17 -18 Revenues

The FY17-18 actual inspection fee revenue received by the TPUC was $5,309,600. However, this amount was reduced by $516,400 for the amount charged to TPUC for its share of the cost of the Office of State Assessed Properties.
**Consumer Services Division**

Lisa Cooper, Director  
Stacy Balthrop, Deputy Director

**Mission**

To ensure consumers receive an adequate level of service from regulated companies and to educate consumers regarding changes and new programs in the regulated utility sector. This mission is accomplished through monitoring services utilities provide using quality of service reports and test, initiating investigations, and mediating consumer-utility disputes resulting from consumer complaints.

**Duties include:**

The Consumer Services Division ("CSD") is responsible for monitoring the quality of services provided by regulated utilities and enforcing the rules and regulations of the Commission. One aspect of this responsibility is to investigate and mediate consumer complaints filed against regulated utilities pursuant to T.C.A. § 65-4-119, 65-4-401 et seq., and 65-4-501 et seq.

The CSD also performs other functions such as: administering the Do Not Call telemarketing initiative through the registration of telemarketing companies and maintaining the Do Not Call Register; administering the Do Not Fax Program which is designed to prevent unsolicited faxes; and certifying the Lifeline Telephone Assistance Program candidates based on income and qualified public assistance.

The CSD administers the Telecommunication Devices Access Program ("TDAP"), which is designed to improve access to the telephone network by distributing equipment to assist individuals with disabilities. Additionally, the CSD monitors the operation of the Captioned Telephone and Tennessee Relay Center for individuals with a hearing loss or speech disability.

The CSD provides recommendations in enforcement actions involving utilities and telemarketing solicitors not in compliance with state law or the rules and regulations of the Commission.

**Major Activities**

- Received 473 consumer complaints filed against utility companies
- Distributed 747 TDAP devices to Tennessee residents qualifying for assistive communication devices
- Administered the Lifeline Telecommunications Assistance Program
- The Tennessee Relay Service call center processed approximately 136,350 calls during the fiscal year 2018. Administratively reviewed the reported operational practices of the Tennessee Relay Center to ensure that it is complying with the Commission’s rules and regulations
  - Received 223 Underground Utility Damage prevention complaints

The CapTel Service is designed to assist individuals who are late deafened or hard of hearing to make and receive telecommunications calls with a captioning feature offered by this service. The CapTel Service processed approximately 132,052 calls during the fiscal year 2018.

- Administratively reviewed the reported operational practices of the Tennessee CapTel Service to ensure that it is complying with the Commission’s rules and regulations.

At the end of fiscal period 2018, 5,267,053 Tennesseans registered with the “Do Not Call” program and 235 active telemarketers had registered as solicitors. The Commission received 1,032 “Do Not Call” telemarketing complaints by consumers against telemarketing companies during the fiscal year 2018 the Commission also received 4 fax complaints from consumers involving unsolicited facsimiles during the fiscal year 2018.

**Communications & External Affairs Division**

Tim Schwarz, Director

**Mission**

The mission of the Communications and External Affairs Division is to advance and support the Tennessee Public Utility Commission’s larger role of promoting the public interest through consumer outreach & education, external & internal communication, legislative and policy initiative and Title VI compliance.

The duties of the Division include responding to media inquiries on matters related to the Commission’s regulatory jurisdiction and providing timely responses to requests for information from media outlets, utility regulatory trade publications and other utility industry organizations. In addition, the Division prepares and provides communications counsel to staff in handling media interviews.

The Division writes and issues press releases on the Commission’s regulatory actions, manages its social media pages, and oversees the agency’s special reports, including its Annual Report to the Tennessee General Assembly, its

*continued on next page*
Title VI Report to the Tennessee Human Rights Commission and Affirmative Action report to the Tennessee Division of Human Resources. The Division ensures that compliance is maintained for the agency’s forms and documents and engages in consumer outreach to inform the general public of the Commission’s programs and services. The legislative and policy activities of the Division are predicated on the principle of protecting the agency’s interests and priorities at the state legislature. There are a number of ways which include, but are not limited to, assisting the agency in framing policy; drafting legislation and amendments; representing the agency as an advocate, in support of or against legislation. The agency identified and influenced, if necessary, 145 bills during the 110th Tennessee General Assembly.

Economic Analysis

Jerry Kettles, Director

Mission

The primary function of the TPUC’s Economist (TE) is to conduct research and formulate recommendations on economic and policy matters pending before the Commission.

The TE is responsible for crafting recommendations concerning cost of capital and the return on equity in rate case proceeding. The TE provides analytic support to other groups withing the TPUC on a diverse range of topics including financial derivatives used in the natural gas industry, implementation of orders issued by the Federal Communications Commission and interpretation of statistical analysis. The TE identifies and analyzes market trends that may impact regulation or consumers in natural gas electric, water, wastewater, and telecommunications markets. The TE also has responsibility for analysis of mergers, acquisitions and the issuance of financial instruments by public utilities. The TE often coordinates agency staff and in rule making actions initiated by the agency. The TE also produces several reports for the agency and completes special projects as requested by the Executive Director and Commissioners.

Gas Pipeline Safety Division

Pete Hut, P.E., Director
Travis Aslinger, Deputy Director

Mission

The mission of the TPUC’s Gas Pipeline Safety Division (GPSD) is to contribute to the safety and reliability of natural gas distribution and transmission pipeline facilities and to minimize to risk to public health and safety associated with the accidental release of natural gas.

Chapter 601, Title 49 of the United States Code provides the statutory basis for the pipeline safety program. Chapter 601 establishes a framework for promoting pipeline safety through Federal delegation to the States for all or part of the responsibility for intrastate pipeline facilities under annual certification or agreement. Chapter 601 authorizes Federal grants-in-aid of up to 80 percent of a State agency’s personnel, equipment, and activity costs for its pipeline safety program.

The State of Tennessee enters into certification agreement each year with the Secretary of the Department of Transportation and accepts the responsibility for regulation of intrastate natural gas pipeline facilities. The program is administered by the DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) and the TPUC is the regulating state agency. The GPSD enforces safety regulations in accordance with the Tennessee Code Annotated (“Tenn. Code Ann.”) § 65-2-102, the Tennessee Comprehensive Rules and Regulations (“Tenn. Comp. R. & Regs.”) 1220-4-5 and Title 49 of the Code of Federal Regulations (“CFR”) Chapter 1, Subchapter D, Parts 191, 192, 193, 195 and 199, as incorporated in the Tennessee rules by reference.

Natural gas is transported statewide through approximately 40,000 miles of distribution and transmission lines that provide service to over 1,556,000 customers. Distribution operators range in size from 8 to 307,000 customers and include 6 private companies, 70 municipalities, 24 utility districts, 2 liquefied natural gas plants and storage facilities, 7 apartment complexes, and 18 housing authorities. There are 18 jurisdictional intrastate transmission lines.

All natural gas operators are required by code to maintain records, compile reports, update operation and maintenance plans, and promptly repair hazardous leaks. The GPSD has 9 inspectors who logged a total of 762 inspection days this past year.
**Legal Division**

**Kelly Cashman-Grams, General Counsel**

**Mission**

To provide the Commission and Board with sound and timely legal advice, effective counsel in the deliberative process, and zealous representation before state and federal agencies and reviewing courts.

The Legal Division consists of a General Counsel, four attorneys, two legal assistants, and a Docket Room Manager. It is the Division’s responsibility to provide in-house counsel to the Commissioners and staff of the Tennessee Public Utility Commission (Commission). Attorneys from the Division also represent the Commission and the Commissioners in their official capacities before the Chancery Courts, Tennessee Court of Appeals, Tennessee Supreme Court and in the Federal Courts. The Legal Division represents the Commission before the Federal Communications Commission and the Federal Energy Regulatory Commission.

In addition, following passage of the Underground Utility Damage Prevention Act in 2015, the Legal Division is responsible for providing administrative support and counsel to the Underground Utility Damage Enforcement Board and Executive Committee (Board) on matters related to Tenn. Code § 65-31-101 et seq. The Division also counsels and represents the staff of the Consumer Services Division in its investigation support functions performed for the Board.

Attorneys in the Division often serve as Hearing Officers in contested case proceedings involving substantive and complex utility and business issues, rendering determinations on the merits, and preparing cases for hearing before the Commission or Board. Attorneys provide legal advice and analysis, represent staff designated as parties in contested case proceedings, act as prosecutors in enforcement actions before the Commission and Board. Division attorneys assist in drafting rules to be promulgated by the Commission and Board and appear before the state legislative committees of the Tennessee General Assembly to advocate for proposed rules, legislation, and to accompany Commission personnel providing testimony. Division personnel prepare orders reflecting the actions of the Commission and Board in specific cases, and provide vital assistance and support to the agency.

During the past fiscal year, 214 dockets required action by the Commission. Attorneys in the Legal Division provided continuing research, advisory memoranda, and counsel to the Commissioners and staff in most of these dockets. The Legal Division prepared 188 orders in active agency dockets including audits, tariff matters, contested cases, debt issuances, mergers, transfers of authority, requests for new and expanded certificates of public convenience and necessity, local franchise and special contract approvals, investigations, and show cause actions. In addition, the Division drafted 53 notices of approval of interconnection agreements.

Finally, the Legal Division opened and pursued 28 contested case or show cause proceedings on behalf of the Board, and Division staff drafted 6 initial orders of determination in these cases.

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**Information Technology Division**

**Tracy Stinson, Director**

**Mission**

The mission of the Information Technology Division (IT) is to provide, support, and protect hardware and software computer systems used by the staff of the Tennessee Public Utility Commission. The Division strives to meet the professional needs of its own staff members through training, team building, challenging work, recognition and personal and professional growth.

The division consists of an IT Chief and Executive Assistant.

**Duties of the Information Technology Division:**

- Develop the Information Systems three year plan
- Develop and maintain the Commission LAN
- Procure and maintain Commission desktop computer systems
- Develop new software systems
- Monitor software license needs
- Enforce state network acceptable usage policy
- Provide information resource training to Commission staff and IT staff
- Develop and administer Commission databases
- Oversee computer hardware inventory management
- Provide technical support and training to Commission staff
- Provide technical advice to Commission leadership
Utilities Division

David Foster, Director

Mission

To provide the Commissioners of the TPUC with detailed technical and financial analyses to aid the Commissioners in making informed decision on issues related to the establishment of just and reasonable rates for public utilities, audits results, new certificates of service and telecommunications issues related to the continued development of competitive markets.

The division is comprised of 10 full-time and two-part-time employees with diversified experience and background. The Staff’s credentials and background consist mainly of Certified Public Accountants along with an engineer. The Staff has over 200 years of combine experience in the utility industry.

The division is responsible for analyzing all utility petitions relating to rate changes for investor owned electric, gas, telecommunications, water and wastewater service utilities operating within the state. Of note, the Commission regulates rates for approximately 380,000 residential, commercial and industrial customers receiving natural gas service in Tennessee (primarily Chattanooga and the metro Nashville area), 47,000 electric customers in the Kingsport, and 73,000 water customers in Chattanooga, while maintaining regulatory oversight over approximately 150 individual water and wastewater systems.

The financial analysis focuses on establishing a reasonable return the utility can earn on its investment as well establishing a reasonable amount of prudent expenses to be recovered.

The division also develops and recommends rate designs for customer classes, e.g., residential, commercial and industrial. Each utility segment also has unique characteristics and distinctive federal and state mandates for review.

The division works closely together with smaller utilities especially water and wastewater, in order to ensure their viability, both financially and from a quality of service standpoint. The larger utilities (e.g., Piedmont Natural Gas, Atmos Energy, Chattanooga Gas, Tennessee American Water and Kingsport Power) are continually monitored from a financial/rate standpoint. The division also conducts a series of annual audits on utilities regarding their financial status and for compliance with TPUC rules and applicable state and federal laws, orders and tariffs.
Significant TPUC Proceedings for the 2017-2018 Fiscal Year Include:

**TPUC Dockets**

- Application of BellSouth Telecommunications, Inc. d/b/a AT&T Tennessee for a State-Issued Certificate of Franchise Authority, Docket No. 08-00115.
- Petition of Budget Phone, Inc. for Designation as an Eligible Telecommunications Carrier, Docket No. 05-00228.
- Petition of Chattanooga Gas Company for a General Rate Increase, Implementation of the EnergySmart Conservation Programs and Implementation of A Revenue Decoupling Mechanism, Docket No. 09-00183.
- Petition of Piedmont Natural Gas Company, Inc. for Approval of a CNG Infrastructure Rider to Its Approved Rate Schedules and Service Regulations, Docket No. 14-00086.
- Petition of Atmos Energy Corporation to Revise Performance Based Ratemaking Mechanism Tariff, Docket No. 16-00028.
- Petition of Tennessee Wastewater Systems, Inc. for Approval of Adjustment of Its Rates and New Tariff, Docket No. 16-00139.
- Petition of Tennessee Wastewater Systems, Inc. for Approval of the Capital Improvement Surcharges and Financing Arrangements for the Wastewater Systems Located at Maple Green and Cedar Hill Subdivisions in Robertson County, Tennessee, and at Smoky Village Subdivision in Sevier County, Tennessee, Docket No. 16-00096.
- Petition of Tennessee-American Water Company Regarding The Production Costs and Other Pass-through Rider, Docket No. 16-00148.
- Complaint of Milcrofton Utility District Against John Powell and/or King’s Chapel Capacity, LLC, Docket No. 17-00013.
- Petition of Integra Water Tennessee, LLC, for a CCN and Authority to Charge Rates in Casey Cove Subdivision Located in DeKalb County, Tennessee, Docket No.17-00014.
- Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the City of Murfreesboro, Tennessee, Docket No. 17-00016.
- Audit of Atmos Corporation’s Incentive Plan Account for the Period of April 1, 2016 through March 31, 2017, Docket No. 17-00044.
- Petition of Tri-County Fiber Communications, LLC For A CCN to Provide Competing Local Telecommunications Services in Tennessee, Docket. 17-00053.
- Petition of Cartwright Creek, LLC for Approval to Use Escrowed Funds, Docket No. 17-00061.
- Application of Monster Broadband, Inc. for a Certificate to Provide Competing Local Telecommunications Services, Docket No. 17-00065.
- Application of Premier Satellite LLC for a Certificate of Public Convenience and Necessity to Provide Competing Local Telecommunications Services, Docket No. 17-00069.
- Petition for Approval of Cartwright Creek, LLC, to Amend Service Territory to Include the Spanntown Development in Williamson County, Tennessee, Docket No. 17-00076.
- Petition of Kingsport Power Company d/b/a AEP Appalachian Power Requesting the Tennessee Public Utility Commission Commence a Contested Case to Resolve in Kingsport’s Favor a Boundary Dispute, Docket No. 17-00087.
- Atmos Energy Corporation’s 2017 ARM Filing, Docket No.17-00091.
- Request of Chattanooga Gas Company for Approval of Request for Proposal (RFP) for Asset Management and Agency Agreement and Gas Purchase and Sales Agreement, Docket No. 17-00093.
• Petition of SQF, LLC, for Certificate To Provide Competing Local Telecommunications Services, Docket No. 17-00110.
• Petition of Spirit Broadband, LLC, for State Issued Certificate Of Cable Franchise Authority, Docket No. 17-00110.
• Application of Ardmore Telephone Company Incorporated for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunication Services Statewide, Docket No. 12-00112.
• Petition of Superior Water Service, LLC, for a CCN to Provide Water Service to a Portion of King’s Chapel Subdivision in Williamson County, Tennessee, Docket No. 17-00120.
• Petition of Tennessee-American Water Company Regarding the 2018 Investment and Related Expenses Under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider, Docket No. 17-00124.
• Petition of United Way of Metropolitan Nashville to Partner with Heart of Florida United Way for the Provision of 2-1-1 Services Across 42 Counties in Middle Tennessee, Docket No. 17-00125.
• Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the Town Of Bluff City, Tennessee, Docket No. 17-00130.
• Rulemaking to Revise References in Rules Consistent with Name Change to Tennessee Public Utility Commission, Docket No. 17-00135.
• Rulemaking to Delete Obsolete Rule and Promulgate New Rule Related to Access to Public Records of the TPUC, Docket No. 17-00136.
• Request of Chattanooga Gas Company for Approval of Asset Management and Agency Agreement and Gas Purchase and Sale Agreement, Docket No. 17-00137.
• Show Cause Proceeding Against the City of Clarksville, Tennessee, for Violations of the TPUC Gas Pipeline Safety Rules, applicable State and Federal Law, and for Failure to Comply with Settlement Agreement, Docket No. 17-00139.
• Counce Natural Gas Actual Cost Adjustment for the Period October 1, 2016 through September 30, 2017, Docket No. 17-00141.
• Petition of Tennessee Wastewater Systems, Inc., to Amend Certificate of Convenience and Necessity to Include Sweet Apple Hill, a Development in Williamson County, Tennessee, Docket No. 17-00145.
• Atmos Energy Corporation Petition to Change Certain ARM Dates, Docket No. 18-00003.
• Application of United Telephone Company for Approval to Enter Price Regulation, Docket No. 18-00007.
• Application of Vero Fiber Networks, LLC, to Provide Competing Local Telecommunications Services in Tennessee, Docket No. 18-00008.
• Petition of West Kentucky and Tennessee Telecommunications Cooperative Corporation for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Service Statewide, Docket No. 18-00013.
• Petition of Chattanooga Gas Company for Approval of an Adjustment in Rates in Tariff; the Termination of the AUA Mechanism and the Related Tariff Changes and Revenue Deficiency Recovery; and an Annual Rate Review Mechanism, Docket No. 18-00017.
• Application of SVE Connect, LLC, for a State-Issued Certificate of Cable Franchise Authority, Docket No. 18-00020.
• Petition of Tennessee Wastewater Systems, Inc., for Approval of Financing Arrangement, Docket No. 18-00029.
• Show Cause Proceeding Against Chattanooga Gas Company for Violations of the TPUC Gas Pipeline Safety Rules, Applicable Federal Safety Regulations and Law, Docket No. 18-00032.
• Response of Atmos Energy Corporation to the Commission’s Order Opening an Investigation and Requiring Deferred Accounting Treatment, Docket No. 18-00034.
• Chattanooga Gas Company’s Compliance and Filing Report (as Ordered for Investigation by the Commission), Docket No. 18-00035.
• Petition of King’s Chapel Capacity to Post Alternative Financial Security, Docket No. 18-00050.
• Atmos Energy Corporation Performance Based Rate Adjustment in Tariff; the Termination of the AUA Mechanism and the Related Tariff Changes and Revenue Deficiency Recovery; and an Annual Rate Review Mechanism, Docket No. 18-00017.
• Application of SVE Connect, LLC, for a State-Issued Certificate of Cable Franchise Authority, Docket No. 18-00020.
• Petition of Tennessee Wastewater Systems, Inc., for Approval of Financing Arrangement, Docket No. 18-00029.
• Show Cause Proceeding Against Chattanooga Gas Company for Violations of the TPUC Gas Pipeline Safety Rules, Applicable Federal Safety Regulations and Law, Docket No. 18-00032.
• Response of Atmos Energy Corporation to the Commission’s Order Opening an Investigation and Requiring Deferred Accounting Treatment, Docket No. 18-00034.
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• Chattanooga Gas Company’s Compliance and Filing Report (as Ordered for Investigation by the Commission), Docket No. 18-00035.
Court Proceedings

- Milcrofton Utility District v. Non-Potable Well Water, Inc.; John Powell; and Tennessee Public Utility Commission, State of Tennessee Chancery Court for the 20th Judicial District, Metropolitan-Nashville Davidson County, Tennessee, Case No. 18-455-IV.
- Milcrofton Utility District v. Non-Potable Well Water, Inc. and John Powell; and Tennessee Public Utility Commission, Tennessee Court of Appeals at Middle Section, Nashville, Tennessee, Case No. M2018-01431-COA-R3-CV.
Underground Utility Damage Enforcement Board

Contested Case and Show Cause Proceedings for the 2017-2018 Fiscal Year Include:

- Citation Against Brasfield Construction Inc. for Violation Underground Utility Damage Prevention Act, UUDEB Docket No. U17-0004 (December 5, 2017).
- Contested Case Proceeding Concerning Citation Issued to Dreamhomes, Inc. for Alleged Violation(s) of Tenn. Code Ann. § 65-31-101 et seq., UUDEB Docket No. U17-0012 (March 2, 2018).
- Contested Case Proceeding Concerning Citation Issued to Stansell Electric Company, Inc. for Alleged Violation(s) of Tenn. Code Ann. § 65-31-101 et seq., UUDEB Docket No. U18-0018 (May 9, 2018).
### Appendix B

**Docket Room and Commission Activity**

**Formal Case Docket Activity**

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<tr>
<th>Type of Docket</th>
<th>Fiscal 2017-18</th>
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<tbody>
<tr>
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<td>(7/1/17 - 6/30/18)</td>
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<tr>
<td>Total</td>
<td>214</td>
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<tr>
<td>Alternative Rate Mechanism &amp; Rate Cases</td>
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<td>Cable Franchise</td>
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<tr>
<td>Certificates of Public Convenience &amp; Necessity (CCCN)</td>
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<tr>
<td>Complaints, Investigations, Show Cause</td>
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<tr>
<td>Contracts</td>
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<td>Local Franchise Approval</td>
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<tr>
<td>N11/Number Pooling</td>
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<td>Name Changes</td>
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<td>Rulemaking</td>
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<td>Telecom COCOT/Resellers Authority</td>
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<tr>
<td>Telecom Interconnection/Resale Agreements</td>
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<tr>
<td>Utility Audits</td>
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<tr>
<td>Utility Transfers- Mergers, Financing, Financial Security</td>
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<td>Other</td>
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