



STATE OF ALABAMA

PUBLIC SERVICE COMMISSION
100 NORTH UNION STREET, SUITE 800
MONTGOMERY, ALABAMA 36130

TWINKLE ANDRESS CAVANAUGH
President

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Contact: Debbie Williams
334-242-5207

Cavanaugh Announces Public Service Commission Approval of Historic Rate and Revenue Reductions Benefitting Alabama Gas Customers

Montgomery – Alabama Public Service Commission President Twinkle Andress Cavanaugh on Tuesday announced that the regulatory panel approved historic rate and revenue reductions affecting Alabama Gas Corporation (Alagasco) and its customers.

Cavanaugh, who has been adamant throughout her first year as President about holding open and transparent public meetings, said she was pleased that Alagasco customers will receive some much needed relief during these difficult economic times.

“This is a real victory for the consumers,” Cavanaugh said. “I promised to review all utility rates regulated by the PSC in order to keep utility rates down and, in return, continue to recruit and grow jobs in Alabama. All of these efforts boil down to Alabama families getting to keep more of their hard earned money.”

In an unprecedented move, the Commission voted to lower the rate of return Alagasco is allowed to earn by 260 basis points at the reset point. This decrease represents one of the largest one-time reductions in an allowed return by a regulated utility in recent history.

The return for Alagasco, which has been in place since 1987, was reduced from the current range of 13.15 percent to 13.65 percent to the lower range of 10.5 percent to 10.95 percent. The reset point was lowered from 13.4 percent to 10.8 percent.

This reduction in allowed earnings will result in approximately \$13.5 million in annual savings to Alagasco customers, which equates to approximately \$33 in savings per customer during each year of this agreement, which runs through September 30, 2018. This savings takes into account Alagasco’s allowed equity of 56.5%.

Cavanaugh said the new agreement gives the Commission greater oversight through additional filing requirements and provides additional information needed to more effectively monitor the Company’s financial performance. It will also guarantee that customers can view their rates on-line or request a copy in the mail.

In addition, the agreement also contains a new provision that will safeguard consumers by ensuring open and transparent hearings will be held when drastic changes occur in the economy. “One of the things we ensured during this thorough public hearing process is the rate payers’ right to have the rate of return examined when the economy is experiencing extreme volatility,” Cavanaugh said.

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