

**LOUISIANA PUBLIC SERVICE COMMISSION**  
**MINUTES FROM FEBRUARY 24, 2016**  
**OPEN SESSION**

**MINUTES OF FEBRUARY 24, 2016 OPEN SESSION OF THE LOUISIANA PUBLIC SERVICE COMMISSION HELD IN BATON ROUGE, LOUISIANA. PRESENT WERE CHAIRMAN CLYDE HOLLOWAY, VICE CHAIRMAN SCOTT ANGELLE, COMMISSIONER FOSTER CAMPBELL, COMMISSIONER LAMBERT BOISSIERE, COMMISSIONER ERIC SKRMETTA AND EXECUTIVE SECRETARY EVE KAHAO GONZALEZ.**

Open Session of February 24, 2016, convening at 9:32 A.M., and adjourning at 4:48 P.M., Natchez Room, 602 N. 5<sup>th</sup> Street, 1<sup>st</sup> Floor, Baton Rouge, Louisiana, with the above-named members of the Commission and Executive Secretary Eve Kahao Gonzalez.

<b>Ex. 1</b>	It was announced that Exhibit 17 would be taken up after Exhibit 1. Commissioner Angelle noted that he had two directives to Staff, which he then read into the record, referred to as Directives 25 and 26 [See Exhibit 18].
<b>Ex. 2</b>	<p><b>T-33858</b> - Louisiana Public Service Commission vs. Fred Taylor dba Fred's Automotive Repair and Wrecker Service (Vidalia, Louisiana) . In re: Alleged violation of Louisiana Revised Statutes Title 45:1177 for failure to pay to the state a fee for the years 2013 &amp; 2014 for the inspection, control, and supervision of its business service and rates authorized in Common Carrier Certificate Number 7178.</p> <p><b>In re: Discussion and possible vote to accept guilty plea pursuant to Rule 57.</b></p> <p>On motion of Commissioner Boissiere, seconded by Chairman Holloway, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to assert its original and primary jurisdiction and take this matter up pursuant to Rule 57.</p> <p>Commissioner Skrmetta made a motion to increase the fine to \$1,000. That motion was withdrawn.</p> <p>On motion of Chairman Holloway, seconded by Commissioner Boissiere, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to accept the Staff recommendation.</p>
<b>Ex. 3</b>	<p><b>T-33859</b> - Louisiana Public Service Commission vs. Jessie Baugh dba Baugh Transfer &amp; Moving Company (Baton Rouge, Louisiana). In re: Alleged violation of Louisiana Revised Statutes Title 45:1177 for failure to pay to the state a fee for the years 2013 &amp; 2014 for the inspection, control, and supervision of its business service and rates authorized in Common Carrier Certificate Number 7448.</p> <p><b>In re: Discussion and possible vote to accept guilty plea pursuant to Rule 57.</b></p> <p>On motion of Chairman Holloway, seconded by Commissioner Boissiere, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to assert its original and primary jurisdiction and take this matter up pursuant to Rule 57.</p> <p>On motion of Chairman Holloway, seconded by Commissioner Boissiere, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to accept the Staff recommendation.</p>
<b>Ex. 4</b>	<p><b>S-33421</b> - Intracoastal Liquid Mud, Inc. (Lafayette, Louisiana), ex parte. In re: Application to increase tariff rates for Common Carrier Certificate No 5561-D.</p> <p><b>In re: Discussion and possible vote on Staff Recommendation.</b></p> <p>On motion of Vice Chairman Angelle, seconded by Chairman Holloway, with Commissioner Boissiere and Commissioner Skrmetta concurring and Commissioner Campbell absent, the Commission voted to adopt Staff's recommendation.</p>

<p><b>Ex. 5</b></p>	<p><b>S-33821</b> - ExxonMobil Pipeline Company (Spring, Texas), ex parte. In re: Application to increase rates currently contained in LPSC Tariff No. 81 for Crude Petroleum.</p> <p><b>In re: Discussion and possible vote on Staff Recommendation.</b></p> <p><b>PASSED</b></p>
<p><b>Ex. 6</b></p>	<p><b>U-33770</b> - Entergy Louisiana, LLC, Entergy Gulf States Louisiana, L.L.C and Entergy Louisiana Power, LLC. In re: Joint Application for Approval to Construct St. Charles Power Station, and for Cost Recovery.</p> <p><b>In re: Discussion and possible vote on ALJ Report of Status Conference for review of Interlocutory Ruling.</b></p> <p><b>PASSED</b></p>
<p><b>Ex. 7</b></p>	<p><b>U-33856</b> - Southwestern Electric Power Company, ex parte. In re: Prudence review, including project costs, planning, construction cost control and all aspects of effective plant operations and dispatch of SWEPCO's 73% ownership of the John W. Turk, Jr. ("Turk") Plant in Hempstead County, Arkansas, in compliance with Order No. U-29702 consolidated with U-27866 Subdocket B, dated April 29, 2008.</p> <p><b>In re: Discussion and possible vote to hire outside technical consultant.</b></p> <p><b>(Ex. 17 on the February 1, 2016 B&amp;E Agenda)</b></p> <p>On motion of Commissioner Boissiere, seconded by Chairman Holloway, with Vice Chairman Angelle concurring, Commissioner Skrmetta opposing, and Commissioner Campbell absent, the Commission voted to hire Exeter Associates, Inc. at a budget not to exceed of \$184,500 for professional services and \$10,000 for direct expenses.</p>
<p><b>Ex. 8</b></p>	<p><b>U-33925</b> - Atmos Energy Corporation, ex parte. In re: 2015 Rate Stabilization Clause filing for Trans Louisiana Gas Rate Division.</p> <p><b>In re: Discussion and possible vote to hire consultant.</b></p> <p>On motion of Chairman Holloway, seconded by Commissioner Boissiere, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to hire United Professionals Company to assist Staff throughout completion of the docket for a proposed budget of \$15,000 in fees, \$3,000 in expenses, for a total not to exceed budget of \$18,000.</p>
<p><b>Ex. 9</b></p>	<p><b>S-33646</b> - Cecilia Water Corporation, Inc., ex parte. In re: Supplemental and Amending Petition for Approval of Rate Increase and Capital Financing.</p> <p><b>In re: Discussion and possible vote on Staff recommendation.</b></p> <p><b>(Ex. 12 on the February 1, 2016 B&amp;E Agenda)</b></p> <p><b>PASSED</b></p>
<p><b>Ex. 10</b></p>	<p><b>S-33780</b> - Village Water System, Inc., ex parte. In re: Request for an increase in water rates (non-profit system).</p> <p><b>In re: Discussion and possible vote on Staff Recommendation.</b></p> <p>On motion of Commissioner Boissiere, seconded by Chairman Holloway, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to accept Staff's Recommendation with the modification that the Capital Improvements Plan is for a five year period rather than a three year period, which results in modifications to condition 5 as follows:</p> <ol style="list-style-type: none"> <li>1) VWS commits to spending <b>\$366,000</b>, within plus or minus 25 percent (+\ - 25%), each year of the <b>five year projected</b> Capital Improvements Plan, as detailed in Exhibit H, adjusted for inflation. If VWS goes outside of this range, it must file into the record of this proceeding a detailed explanation of why it could not meet this requirement.</li> </ol>

<p><b>Ex. 11</b></p>	<p><b>S-33828</b> - CenterPoint Energy Resources Corp., ex parte. In re: Request for a Letter of Non-Opposition regarding an Amendment to Asset Management Agreement as previously approved by this Commission in Docket No. S-31146.</p> <p><b>In re: Discussion and possible vote on Staff Report and Recommendation.</b></p> <p>On motion of Commissioner Skrmetta, seconded by Chairman Holloway, with Commissioner Boissiere and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to accept Staff Report and Recommendation.</p>
<p><b>Ex. 12</b></p>	<p><b>S-33877</b> - Tele Circuit Network Corporation, ex parte. In re: Application for Certification as an Eligible Telecommunications Carrier.</p> <p><b>In re: Discussion and possible vote on Staff recommendation.</b></p> <p>Commissioner Boissiere made a motion to accept the Staff recommendation. The motion failed for lack of a second. Commissioner Campbell was absent.</p>
<p><b>Ex. 13</b></p>	<p><b>S-33898</b> - Water Treatment &amp; Controls Company, D/B/A Peoples Water Service Company of Donaldsonville, ex parte. In re: Request for a Letter of Non-Opposition to Transfer and Sell Water Utility System to Parish of Ascension, State of Louisiana.</p> <p><b>In re: Discussion and possible vote on Staff recommendation.</b></p> <p>On motion of Vice Chairman Angelle, seconded by Commissioner Boissiere, with Chairman Holloway concurring, Commissioner Skrmetta temporarily absent, and Commissioner Campbell absent, the Commission voted to accept Staff recommendation.</p>
<p><b>Ex. 14</b></p>	<p><b>S-33928</b> - West Winnsboro Water System, Inc., ex parte. In re: Request for a Letter of Non Opposition for a \$250,000 loan.</p> <p><b>In re: Discussion and possible vote on Staff recommendation.</b></p> <p>On motion of Commissioner Boissiere, seconded by Chairman Holloway, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to accept Staff recommendation.</p>
<p><b>Ex. 15</b></p>	<p><b>R-32777</b> - Louisiana Public Service Commission, ex parte. In re: Rulemaking to establish rules and regulations specific to the regulation of prison telephone communications systems.</p> <p><b>In re: Discussion and possible vote on Staff recommendation.</b></p> <p><b>(Ex. 20 on the February 1, 2016 B&amp;E Agenda)</b></p> <p><b>PASSED</b></p>
<p><b>Ex. 16</b></p>	<p><b>X-33876</b> - Entergy Services, Inc., ex parte. In re: Potential Request for Proposals for Renewable Resources.</p> <p><b>In re: Discussion and possible vote to hire outside consultant.</b></p> <p>Commissioner Skrmetta made a motion, seconded by Vice Chairman Angelle, to hire J. Kennedy and Associates, Inc.</p> <p>Chairman Holloway offered a substitute motion, seconded by Commissioner Boissiere to hire J. Kennedy and Associates, Inc. with the condition that Phil Hayet will not actively participate in the project. Commissioner Skrmetta and Vice Chairman Angelle opposed. The motion failed 2-2.</p> <p>Thereafter, Commissioner Skrmetta's original motion was taken up, seconded by Vice Chairman Angelle, with Chairman Holloway and Commissioner Boissiere opposing. The motion failed 2-2.</p> <p>Commissioner Skrmetta made a motion to pass the item to next month, seconded by Chairman Holloway. The motion was unopposed.</p> <p>Commissioner Campbell was absent.</p>

<p><b>Ex. 17</b></p>	<p><b>U-33434</b> - Cleco Power LLC, ex parte. In re: Joint Application of Cleco Power LLC and Cleco Partners L.P. for: (1) Authorization for the Change of Ownership and Control of Cleco Power LLC and (ii) Expedited Treatment.</p> <p><b>In re: Discussion and possible vote on ALJ recommendation.</b></p> <p><b>In re: Possible executive session pursuant to La. R.S. 42:17 to discuss litigation strategy.</b></p> <p>Commissioner Skrmetta made the following motion:</p> <p>As per the Administrative Law Judge’s recommendation, conditioned upon the 77 regulatory commitments attached to the ALJ’s recommendation in Docket No. U-33434, and with the directive that the policy issues related to double-leveraging and tax structure referenced in the ALJ’s recommendation be addressed in separate directives just named by Vice Chairman Angelle [noted in Ex. 18]. The Commission should also require that the securities within the company be maintained at investment grade and that Cleco is prohibited from claiming any grandfathered rights on the tax policy or equity issues and the Commission determines that the acquisition as proposed in this docket satisfies the 1994 General Order, is in the public interest, and therefore is authorized. The motion failed for lack of a second.</p> <p>After discussion, Chairman Holloway made a motion to deny change of ownership, which was seconded by Commissioner Campbell.</p> <p>Vice Chairman Angelle offered substitute motion to defer the vote until March to allow Mr. Andrew Chapman, who requested additional time to speak, the opportunity to do so. The motion was seconded by Commissioner Skrmetta, with Chairman Holloway, Commissioner Campbell and Commissioner Boissiere opposing. The motion failed 2-3.</p> <p>Thereafter, Chairman Holloway’s original motion was taken up, seconded by Commissioner Campbell, and unanimously adopted.</p>
<p><b>Ex. 18</b></p>	<p><b>1) Reports</b></p> <p><b>Report On Projected Gas Cost by Utilities – PASSED</b></p> <p>2) Resolutions 3) Discussions <b>4) ERSC/OMS Business</b></p> <p><b>Discussion and possible vote to ratify Commissioner Skrmetta's votes taken on February 9 and 12, 2016.</b></p> <p>On motion of Vice Chairman Angelle, seconded by Commissioner Boissiere, with Chairman Holloway and Commissioner Skrmetta concurring and Commissioner Campbell absent, the Commission voted to ratify Commissioner Skrmetta's votes taken on February 9, 12 and 17, 2016.</p> <p><b>5) Directives</b></p> <p><b><u>Directive to Staff to open a generic docket to investigate double leveraging issues for all LPSC-jurisdictional utilities. (Directive #25)</u></b></p> <p><b>At the request of Vice Chairman Angelle</b></p> <p>I would like to propose a directive to the Staff to open a generic docket to investigate double leveraging issues for all LPSC-jurisdictional utilities to provide that to the extent that double leveraging is utilized to fund a utility’s capital structure, that any costs associated with such double leveraging shall not be included in the rates paid by the utility’s retail ratepayers.</p>

	<p><b><u>Directive to Staff to open a generic docket to investigate tax structure issues for all LPSC-jurisdictional utilities. (Directive #26)</u></b></p> <p><b>At the request of Vice Chairman Angelle</b></p> <p>I would like to propose a directive to the Staff to open a generic docket to investigate tax structure issues for all LPSC-jurisdictional utilities to provide that the only state and federal taxes that may be included in a utility's retail rates will be those that do not exceed the utility's share of the actual taxes that will be paid to those federal and state taxing authorities.</p>
<p><b>Ex. 19</b></p>	<p><b>U-32220</b> - Southwestern Electric Power Company, ex parte. In re: Application for extension of Formula Rate Plan.</p> <p><b>In re: Discussion and Possible vote on Uncontested Proposed Partial Stipulated Settlement to Renew and Extend Service Quality Improvement Program</b></p> <p><b>At the request of Chairman Holloway.</b></p> <p>On motion of Commissioner Boissiere, seconded by Chairman Holloway, with Commissioner Skrmetta and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to adopt the Staff Recommendation and approve the stipulated agreement filed February 19, 2016 pursuant to Rule 6 (B) (7) and Rule 6 (C) of the Commission's Rules of Practice and Procedure.</p>
<p><b>Ex. 20</b></p>	<p><b>U-33974</b> - Entergy Gulf States Louisiana, LLC, ex parte. In re: 2015 Rate Stabilization Plan Filing.</p> <p><b>In re: Discussion and possible vote to hire consultant.</b></p> <p><b>At the request of Vice Chairman Angelle.</b></p> <p>On motion of Commissioner Skrmetta, seconded by Chairman Holloway, with Commissioner Boissiere and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to hire United Professionals Company to assist Staff throughout completion of the docket for a proposed budget of \$15,000 in fees, \$3,000 in expenses, for a total not to exceed budget of \$18,000.</p>
<p><b>Ex. 21</b></p>	<p><b><u>Directive regarding Dr. Peter Pry</u></b></p> <p><b>At the request of Vice Chairman Angelle.</b></p> <p>As you are aware, the Commission has opened a docket to study and possibly implement rules regarding both the physical and cyber security of utility assets and computer systems. One issue that Staff is reviewing as part of its study is the potential impact of an electro-magnetic pulse or EMP.</p> <p>Dr. Peter Pry, who is an expert in the field, and specifically with regards to EMP, is available to assist the Commission in its review, by providing a presentation and information on that issue in a technical conference setting. Given his knowledge on the subject, I believe such a presentation would greatly assist Staff and the Commissioners in reaching ultimate conclusions regarding this issue. Accordingly, I direct Staff to make the necessary arrangements to convene a technical conference on Tuesday, March 29, 2016 at 9:30 AM at a suitable location in Baton Rouge, Louisiana, and to seek Dr. Pry's services to assist at that technical conference.</p>
<p><b>Ex. 22</b></p>	<p><b><u>Directive to Staff regarding Cyber Security</u></b></p> <p><b>At the request of Commissioner Skrmetta.</b></p> <p>Currently, in Docket No. R-32702, <i>Study of and possible implementation of rules regarding the security of jurisdictional utilities and the cyber security of these systems.</i></p> <p>I direct Staff to open a new rulemaking specifically addressing cyber security issues, and to move all issues directly relating to cyber security in docket no. R-32702 to the new rulemaking.</p>

<p><b>Ex. 23</b></p>	<p><b><u>Directive for Staff to study the implications of the FERC ruling in Docket ER14-3 on LPSC avoided cost general orders.</u></b></p> <p><b>At the request of Commissioner Skrmetta.</b></p> <p>Commissioner Skrmetta directed Staff to study the implications of the FERC ruling in Docket QM14-3 (incorrectly cited above as FERC Docket ER14-3) on LPSC avoided cost general orders.</p>
<p><b>Ex. 24</b></p>	<p><b><u>Directive to Staff regarding Christopher Monckton.</u></b></p> <p><b>At the request of Commissioner Skrmetta.</b></p> <p>As you are aware, the Commission has opened a rulemaking docket to take comments on the EPA's Clean Power Plan.</p> <p>Christopher Monckton has provided a number of presentations before congress the Clean Power Plan and its impact. Given his knowledge on the subject, I direct Staff to contact Mr. Monckton regarding his availability to provide a presentation to the Commission, in connection with the Commission's rulemaking.</p>

On motion of Commissioner Skrmetta, seconded by Chairman Holloway, with Commissioner Boissiere and Vice Chairman Angelle concurring, and Commissioner Campbell absent, the Commission voted to adjourn.

**MEETING ADJOURNED**

The next Business and Executive Session will be held on Wednesday, March 16, 2016 at 9:00 a.m. in Baton Rouge, Louisiana.