

**LOUISIANA PUBLIC SERVICE COMMISSION**  
**MINUTES FROM JUNE 20, 2018**  
**OPEN SESSION**

**MINUTES OF JUNE 20, 2018 OPEN SESSION OF THE LOUISIANA PUBLIC SERVICE COMMISSION HELD IN BATON ROUGE, LOUISIANA. PRESENT WERE CHAIRMAN ERIC SKRMETTA, VICE CHAIRMAN MIKE FRANCIS, COMMISSIONER FOSTER CAMPBELL, COMMISSIONER LAMBERT BOISSIERE, COMMISSIONER CRAIG GREENE AND EXECUTIVE SECRETARY BRANDON FREY.**

**Open Session of June 20, 2018, convening at 9:13A.M., and adjourning at 11:12A.M., the Galvez Building, 602 North 5<sup>th</sup> Street, Baton Rouge, Louisiana, with the above-named members of the Commission and Executive Secretary Brandon Frey.**

<b>Ex. 1</b>	<p>Chairman Skrmetta congratulated Commissioner Greene on his promotion to the rank of Commander in the United States Naval Reserves.</p> <p>Commissioner Campbell gave history on the Bossier Educational Excellence Fund (BEEF), which was initiated by him urging then Governor Edwin Edwards to invest \$500,000 in tax revenue that to date is worth \$50 million. On June 26, 2018 at 11A.M., Commissioner Campbell and the Bossier Parish School Board will host a reception to mark this achievement.</p> <p>Chairman Skrmetta acknowledged that former Commissioner Jack A. “Jay” Blossman, Jr. was present and congratulated him on his recent appointment to the Louisiana State University Board of Supervisors.</p> <p>The October B&amp;E will be held at the Cypress Bend Resort on Toledo Bend on Friday, October 26, 2018.</p>
<b>Ex. 2</b>	<p><b>U-34353</b> - Southwood Ridge Utilities, Inc., ex parte. In re: Application for Sewer Rate Increase.</p> <p><b>In re: Discussion and possible vote on Uncontested Stipulated Settlement.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to adopt the Uncontested Stipulated Settlement granting an increase subject to conditions contained therein. Chairman Skrmetta commended the company on the actual notice provided to their customers and asked Staff to use the notice letter as a template for what the Commission will require in the future.</p>
<b>Ex. 3</b>	<p><b>U-34471</b> - Water and Wastewater Utilities, Inc., ex parte. In re: Application for an Increase and Adjustment in Retail Rates and Reservation of Rights to Request Interim Rates.</p> <p><b>In re: Discussion and possible vote on Uncontested Stipulated Settlement Agreement.</b></p> <p><b>(Ex. 10 on the May 16, 2018 B&amp;E Agenda)</b></p> <p>On motion of Commissioner Greene, seconded by Chairman Skrmetta, and unanimously adopted, the Commission voted to adopt the Uncontested Stipulated Settlement permitting a rate increase subject to conditions contained therein with the following modification: For those water customers whose rates will increase 50% or more as a result of this stipulated settlement, the Commission approves a phase-in rate with 80% of the recommended rates being effective in accordance with condition 10 of the stipulated settlement with the remaining 20% taking effect the first billing cycle in January 2019.</p>
<b>Ex. 4</b>	<p><b>U-34796</b> - South Alexander Development I, LLC, ex parte. In re: Petition for Reservation of Capacity on an Expedited Basis.</p> <p><b>In re: Discussion and possible vote to approve the request by South Alexander I, et al. pursuant to Rule 57.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.</p> <p>On motion of Chairman Skrmetta, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to adopt the Draft Order agreed to by the parties and filed into the record approving the request by South Alexander for a total reservation of 29.5 MW of the capacity under the Entergy Louisiana, LLC Standard Offer Tariff Option, with 19 MW to be located in the Legacy EGSL service area and 10.5 MW to be located in the Legacy ELL service area, to be allocated as provided for therein, for Renewable Resources under §3.1.2 of the Commission’s Renewable Energy Pilot Program Implementation Plan subject to certain conditions as contained in the Draft Order and read into the record.</p>

**Ex. 5**

**U-34619** - Southwestern Electric Power Company (SWEPCO), ex parte. In re: Application for Expedited Certification and Approval of the Acquisition of Certain Renewable Resources and the Construction of a Generation Tie Pursuant to the 1983 and/or 1994 General Orders.

**In re: Discussion and possible vote on SWEPCO's Motion for Rehearing.**

**(Ex. 13 on the May 16, 2018 B&E Agenda)**

On motion of Chairman Skrmetta, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to bring Docket No. U-34619 up for rehearing.

Upon granting a rehearing, discussion was had whereby additional commitments were agreed to by the Company. On motion of Chairman Skrmetta, seconded by Commissioner Campbell, with Commissioner Boissiere and Vice Chairman Francis concurring and Commissioner Greene opposing, the Commission voted to adopt the Uncontested Stipulated Settlement filed into the record on April 20, 2018 as modified by the following additional terms:

1. The company shall pay the total fuel replacement energy costs of the system if wind generation falls below 46% during the lifetime of the project without limitation to the number of years in use. No fuel costs of sub 46% performance by the system to the ratepayers.
  - a. This shall be a guarantee of production equivalent to 90% of the Company's projected values. The 46% performance shall be set at the eastern bus bar in Tulsa adjusted for line losses.
  - b. In the event the plant performs below a capacity factor specified in paragraph a. above, SWEPCO shall make customers whole for not only the replacement energy costs, which includes fuel costs associated with any underperformance, but for the total replacement energy costs for the total life of the facility without limitation to the number of years in use as well as any lost PTCs if the plant does not perform accordingly.
2. SWEPCO shall accept all Force Majeure risk during the construction phase of the project and shall not seek to recover any such costs from Louisiana customers, should they be incurred.
  - a. Company shall accept the complete risk of Force Majeure above the 103% cost cap.
3. SWEPCO can seek recovery of prudently incurred capital costs associated with Force Majeure events during operations with the Commission maintaining the right to evaluate prudence of such costs.
  - a. During the operational phase of the Project, SWEPCO will agree to exclude any hours caused by force majeure events (tornadoes, ice or others) from the Minimum Production Guarantee for the life of the project.
  - b. Any capital costs attributed to force majeure will be included in the revenue requirement of the 10 year Customer Savings Guarantee.
4. SWEPCO will agree to report to LPSC staff on the 10-year Customer Savings Guarantee on a semi-annual basis.
  - a. These reports shall be made twice a year.
  - b. If a report indicates that the project is not performing as projected beginning at the end of the first full year of operations, the Staff shall ask the Commission to open a docket to investigate what is causing the underperformance.
5. SWEPCO agrees to expand the 10-year Customer Savings guarantee to protect customers from any change in federal law that would potentially reduce or eliminate the federal PTC.

<p><b>Ex. 6</b></p>	<p><b>Docket No. TBD</b> - In re: Cleco Power's planned application for renewal and extension of blanket financing authority.</p> <p><b>In re: Discussion and possible vote to retain J. Kennedy to assist Staff in the upcoming docket.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain J. Kennedy and Associates to assist Staff for a budget of \$36,800 in fees and \$700 in expenses for a total not to exceed budget of \$37,500.</p>
<p><b>Ex. 7</b></p>	<p><b>X-34853</b> - Louisiana Public Service Commission, ex parte. In re: Audit of Federal Environmental Adjustment Clause filings for Southwestern Electric Power Company for the period of January 2016 through December 2017.</p> <p><b>In re: Discussion and possible vote to hire outside consultant.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain Henderson Ridge Consulting, Inc. to assist Staff for a budget of \$26,550 in fees and \$900 in expenses for a total not to exceed budget of \$27,450.</p>
<p><b>Ex. 8</b></p>	<p><b>X-34854</b> - Louisiana Public Service Commission, ex parte. In re: Audit of Federal Environmental Adjustment Clause filings for Entergy Louisiana, LLC for the period of January 2016 through December 2017.</p> <p><b>In re: Discussion and possible vote to hire outside consultant.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain J. Kennedy and Associates to assist Staff for a budget of \$32,700 in fees and \$700 in expenses for a total not to exceed budget of \$33,400.</p>
<p><b>Ex. 9</b></p>	<p><b>X-34855</b> - Louisiana Public Service Commission, ex parte. In re: Audit of Federal Environmental Adjustment Clause filings of Cleco Power LLC for the period of January 2016 through December 2017.</p> <p><b>In re: Discussion and possible vote to hire outside consultant.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain Henderson Ridge Consulting, Inc. to assist Staff for a budget of \$26,550 in fees and \$900 in expenses for a total not to exceed budget of \$27,450.</p>
<p><b>Ex. 10</b></p>	<p><b>Docket No. TBD</b> - LPSC RFP 18-05 In re: Entergy Louisiana, LLC's Formula Rate Plan Annual Evaluation Reports for Test Years Ending December 31, 2017, 2018 and 2019.</p> <p><b>In re: Discussion and possible vote to hire outside consultant.</b></p> <p>On motion of Commissioner Boissiere, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain United Professionals Company to assist Staff for a budget of \$144,000 in fees and \$6,000 in expenses for a total not to exceed budget of \$150,000.</p>
<p><b>Ex. 11</b></p>	<p><b>Docket No. TBD</b> - LPSC RFP 18-06 In re: Entergy Louisiana, LLC's Formula Rate Plan Annual Evaluation Reports for Test Years Ending December 31, 2017, 2018 and 2019.</p> <p><b>In re: Discussion and possible vote to hire outside counsel.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain Patrick Miller LLC to assist Staff for a budget of \$198,500 in fees and \$9,400 in expenses for a total not to exceed budget of \$207,900.</p>
<p><b>Ex. 12</b></p>	<p><b>Docket No. TBD</b> - LPSC RFP 18-07 In re: Rules applicable to electric service providers' provision of service to load outside its historic footprint and rates that may be offered for industrial load.</p> <p><b>In re: Discussion and possible vote to hire outside consultant.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain United Professionals Company to assist Staff for a budget of \$47,000 in fees and \$2,500 in expenses for a total not to exceed budget of \$49,500.</p> <p>Commissioner Francis requested that the project be completed in 90 days.</p>

<p><b>Ex. 13</b></p>	<p><b>Docket No. TBD - LPSC RFP 18-08</b> In re: Rules applicable to electric service providers' provision of service to load outside its historic footprint and rates that may be offered for industrial load.</p> <p><b>In re: Discussion and possible vote to hire outside counsel.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to retain Patrick Miller LLC to assist Staff for a budget of \$68,700 in fees and \$1,100 in expenses for a total not to exceed budget of \$69,800.</p>
<p><b>Ex. 14</b></p>	<p>FERC Consolidated Docket Nos. ER17-2219-000, System Energy Resources, Inc.; EL17-93-000, System Energy Resources, Inc.; EL17-41-000, Arkansas Public Service Commission and Mississippi Public Service Commission v. System Energy Resources, Inc.</p> <p><b>In re: Discussion and possible vote on Offer of Partial Settlement.</b></p> <p><b>In re: Possible Executive Session to discuss litigation strategy pursuant to revised statutes.</b></p> <p>On motion of Chairman Skrmetta, seconded by Commissioner Boissiere, and unanimously adopted, the Commission voted to approve the Offer of Partial Settlement filed with the FERC on June 18, 2018.</p>
<p><b>Ex. 15</b></p>	<p>FERC Consolidated Docket Nos. ER17-2029 Entergy Arkansas, Inc.; ER17-2030, Entergy Louisiana, LLC; ER17-2031, Entergy Mississippi, Inc.; ER17-2033 Entergy New Orleans, Inc. and ER17-2034, Entergy Texas, Inc.</p> <p><b>In re: Possible Executive Session to discuss litigation strategy pursuant to the revised statutes.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, with Commissioner Campbell and Commissioner Greene concurring and Commissioner Boissiere temporarily absent, the Commission voted to enter executive session.</p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis with Commissioner Boissiere and Commissioner Greene concurring and Commissioner Campbell absent, the Commission voted to exit executive session.</p>
<p><b>Ex. 16</b></p>	<p>1) Reports 2) Resolutions 3) <b>Discussions</b></p> <p><b>Update and presentation from AT&amp;T and CenturyLink regarding the status of Connect America Fund "CAF" broadband deployment in Louisiana. – PASSED</b></p> <p><b>Update from Staff on Transportation Network Companies (TNC's) Research. – Executive Secretary Brandon Frey gave report and recommendation to the Commission that a docket be opened to determine whether these are common carriers or not prior to legislation being drafted.</b></p> <p>4) <b>ERSC/OMS Business</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to hear the ERSC/OMS vote ratification out of order.</p> <p>On motion of Chairman Skrmetta, seconded by Commissioner Campbell, with Vice Chairman Francis and Commissioner Greene concurring, and Commissioner Boissiere abstaining, the Commission voted to ratify Commissioner Boissiere's vote taken on June 14, 2018 as the LPSC Representative to the OMS Board of Directors.</p> <p>5) <b>Directives</b></p> <p><b><u>Directive to Staff to open up a rulemaking docket to study the implications of participation of Aggregators of Retail Customers ("ARCs") and determine whether, and under what conditions, such activity should be allowed in the LPSC's jurisdiction. Further, the MISO monitoring counsel and consultants should submit budgets to assist the Staff in this matter under the related hirings provision of the November 10, 2014 General Order.</u></b></p>

	<p><b>At the request of Chairman Skrmetta. – There was no opposition.</b></p> <p><b><u>Directive to Staff to study the possibilities for the establishment of an LPSC Bond Fund to provide loans to small Louisiana owned water and wastewater companies to allow for physical plant improvements to meet government mandated Standards.</u></b></p> <p><b>At the request of Chairman Skrmetta. – There was no opposition.</b></p>
<p><b>Ex. 17</b></p>	<p>Report from DEMCO regarding ongoing internal audit and directive to Staff to open a docket for review of the DEMCO audit and perform its own audit.</p> <p><b>At the request of Chairman Skrmetta.</b></p> <p>Commission directed Staff to review the independent audit when it is completed and to assess whether the independent audit is sufficient as a utility audit, and should there be any gaps, the Commission will decide whether any further audit is needed at that time. Further, Chairman Skrmetta requested that the independent audit be completed by the September 2018 B&amp;E. The Commission directed DEMCO report back to the Commission at the September B&amp;E Meeting with a status report, and should the independent audit not be completed by then, the Commission requests an audit representative attend the meeting to explain the status of the audit.</p>
<p><b>Ex. 18</b></p>	<p><b>T-34695</b> - Crimson Gulf, LLC (Denver, Colorado), ex parte. In re: Application for a rate increase on service originating at Grand Isle and Terminating at St. James for Crude Petroleum as currently outlined in LPSC Tariff No. 75.2.</p> <p><b>In re: Discussion and possible vote on Crimson Gulf LLC's motion for interim rates pursuant to Rule 57.</b></p> <p><b>At the request of Chairman Skrmetta.</b></p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.</p> <p>The Commission heard oral argument from counsel for both Energy XXI GOM, LLC and Crimson Gulf, LLC.</p> <p>On motion of Chairman Skrmetta, seconded by Vice Chairman Francis, with Commissioner Greene concurring, Commissioner Campbell opposing and Commissioner Boissiere temporarily absent, the Commission voted to approve Crimson Gulf's Motion for Interim Rates, allowing Crimson to implement its proposed rate increase of \$1.4554/per barrel effective July 1, 2018 pending the Commission's full decision on the merits of its rate application, subject to Crimson posting with the LPSC Secretary and filing into the record of Docket No. T-34695 a letter of credit in the amount of \$2.2 million, based on applying the difference between the requested rate of \$1.4554/per barrel and the current rate of \$0.6942/per barrel to an estimated throughput volume of 12,000 barrels/day over the next eight months (July 2018 through February 2019), to ensure refund if necessary, and filing an interim tariff consistent with this motion prior to July 1<sup>st</sup>.</p>

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

**MEETING ADJOURNED**

The next Business and Executive Session will be held on Wednesday, August 1, 2018 at 9:00am in Baton Rouge, Louisiana.