

TRANSCRIPT OF THE LOUISIANA PUBLIC SERVICE COMMISSION BUSINESS AND EXECUTIVE OPEN SESSION HELD ON JANUARY 18, 2023 IN BATON ROUGE, LOUISIANA. PRESENT WERE: CHAIRMAN FOSTER CAMPBELL, COMMISSIONER MIKE FRANCIS, COMMISSIONER ERIC SKRMETTA, COMMISSIONER CRAIG GREENE, AND COMMISSIONER DAVANTE LEWIS.

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1 **TRANSCRIPT OF THE LOUISIANA PUBLIC SERVICE COMMISSION**
2 **BUSINESS AND EXECUTIVE OPEN SESSION HELD ON JANUARY 18,**
3 **2023 IN BATON ROUGE, LOUISIANA. PRESENT WERE: CHAIRMAN**
4 **FOSTER CAMPBELL, COMMISSIONER MIKE FRANCIS,**
5 **COMMISSIONER ERIC SKRMETTA, COMMISSIONER CRAIG**
6 **GREENE, AND COMMISSIONER DAVANTE LEWIS.**

8 **VICE CHAIRMAN MIKE FRANCIS:** Call the meeting to order. All rise. All
9 right. Sorry, we're starting a little bit late today, but traffic hadn't been very
10 friendly for us. Thank you for such a good crowd today. I want to ask Eric Skrmetta
11 to open this fine meeting with a prayer.

12 **[COMMISSIONER ERIC SKRMETTA LEADS IN PRAYER]**

13 **VICE CHAIRMAN FRANCIS:** I'm going to ask our new Commissioner,
14 Davante Lewis, to lead us in the pledge.

15 **[COMMISSIONER DAVANTE LEWIS LEADS IN THE PLEDGE]**

16 **VICE CHAIRMAN FRANCIS:** All right. We'll open this first meeting, January
17 2023. What kind of announcements do we have?

18 **MS. KATHRYN BOWMAN:** Staff does have a couple of announcements,
19 Commissioners, but I don't know if any of the Commissioners have announcements
20 first.

21 **VICE CHAIRMAN FRANCIS:** I have one. I want to recognize a new employee
22 that's -- went to work for me in our Crowley office. He's a resident of Eunice,
23 Louisiana. He is a retired State Trooper, a captain of Troop I. And I'd like you,

1 Eric, would you please stand, Eric Duplechain. And Chair recognizes Eric
2 Skrmetta.

3 **COMMISSIONER SKRMETTA:** I'd like to --

4 **MS. BOWMAN:** I don't think your mic is on, please.

5 **VICE CHAIRMAN FRANCIS:** Okay. Hold on.

6 **COMMISSIONER SKRMETTA:** Got it? Okay. Great. And I'd like to take the
7 opportunity to welcome our new Commissioner, Davante Lewis. Congratulate him
8 on a decisive victory and welcome him to the Public Service Commission. I think
9 he's going to find it an interesting experience as he moves into sort of a different
10 element of government that he's probably not used to, but I'm sure he'll find it an
11 experience that he will come to know and he will come to love. So please join me
12 in welcoming Commissioner Lewis.

13 **VICE CHAIRMAN FRANCIS:** Commissioner Greene has an announcement.

14 **COMMISSIONER CRAIG GREENE:** I'd also like to welcome Commissioner
15 Lewis, and I have a new employee, Shayla Johnson. She is a law student at
16 Southern, and if you ever come to my office, she might be the first smiling face that
17 you meet. So if you see her, just introduce yourself and say hello, Shayla Johnson.

18 **VICE CHAIRMAN FRANCIS:** Commissioner Campbell.

19 **COMMISSIONER FOSTER CAMPBELL:** I had the pleasure eating supper,
20 we call it in north Louisiana, dinner down here I guess, last night with Mr. Lewis.
21 I told him that we had something in common, a couple of three things. Once -- I
22 was 28 when I got elected to the Senate. I know how he feels. He's 30 and I was
23 teaching at Haughton High School. I went from corn dogs at Haughton High

1 School to eating big fancy steaks down here that people were taking me out to eat.
2 But anyway, he and I have some -- my dear friend in Lake Charles was a guy served
3 in the Senate with Senator Greene's -- I mean, Commissioner Greene's dad and I,
4 Jim Cox. Jim Cox and Mr. Lewis are dear friends. And so we had a nice
5 conversation last night. I told him it's -- he's got a bright future ahead of him.
6 Politics or public service is the best thing young people can get into. You can help
7 a lot of people, and you get an education that no one could get from every issue,
8 from funeral homes to beauty shops to oil companies to electric companies, you
9 name it, you get to know a little bit about them. So I hope you enjoy your start --
10 he started at a elevated level now. He's up at the -- up at the top. As far as elected
11 officials, this is -- we actually represent more people than congressmen. We don't
12 have the whole state like the governor does, but we have a lot of people that depend
13 on us. And another thing, I'm real proud of him. He's a democrat just like me.
14 Sort of lonesome up here sometimes. But anyway, thank you for what you've done
15 and what you're going to do for the people of Lake Charles and southwest
16 Louisiana and -- that's where you come from but you represent New Orleans and
17 Baton Rouge, so people here are lucky to have you. We're glad to have you, and
18 we will all get along and do what's right for the people. Thank you.

19 **VICE CHAIRMAN FRANCIS:** Commissioner Lewis, the Chair recognizes and
20 appreciates you coming on, giving of your time, sacrifice for the people. I'm -- live
21 pretty close to Lake Charles and where you're from. My wife's from Lake Charles,
22 so it's a great place to be from. I mean, you live over here on this end of the state

1 now, and I know you'll represent these folks well. So welcome to the crew. Okay.
2 Davante. Okay. Go ahead.

3 **COMMISSIONER LEWIS:** Thank you. Well, first I want to thank all my fellow
4 Commissioners for being so hospitable and welcoming me over the past month
5 now. It seems like it's been three years since the election, but it's only been about
6 a month. So I want to thank each and every one of you for your phone calls and
7 your guidance and your support. It has meant the world to me. To many of you
8 all, who I've been able to meet with in such a short time, I want to thank you for
9 your guidance and your support. For those who I haven't been able to return an
10 email or a text to, I promise you I will get back to you, and I want to thank you.
11 But most importantly, I want to thank the people of the Third District. This was an
12 election where we really centered people, and I just want to start this first meeting
13 by recognizing that will always be my focus. I'm looking here in the audience
14 today, and I'm honored to see so many of you, but what saddens me is I do not see
15 regular people. They're not here in this Commission meeting right now, and this
16 is what we need to do. When I think about the term Public Service Commission, it
17 is a Commission that should serve the public. And that will always be my guiding
18 principle, my systematic approach to reviewing every issue in front of me and
19 recognizing this. Over this past month, I've met people, today the janitor in the
20 hallway, people at the grocery store who are struggling in this state. We're the most
21 impoverished state in the nation. And the work that we do here is incredibly
22 important to ensure that their voices are uplifted and that the system is working for
23 them and not just for a select few. And so I am honored and humbled by the trust

1 that they have put into me, and I look forward to working with all of you to do the
2 great work of the people of Louisiana. And I want to once again thank you for
3 welcoming me today.

4 **VICE CHAIRMAN FRANCIS:** Thank you, Mr. Lewis. Announcements.

5 **MS. BOWMAN:** We do have two Staff announcements, one from Ms.
6 Pendergrass and one from Ms. Burl.

7 **MS. ROBIN PENDERGRASS:** Yes. The PSC has a new Audit Staff member.
8 We'd like to welcome Mr. Dylan McGee. Dylan.

9 **MS. TAMMY BURL:** Good morning, Commissioners. Just wanted to introduce
10 -- I have a new enforcement agent that will be handling all of the transportation
11 complaints that comes into the main office, and it's Mr. Chad Domingue. So we're
12 looking for great things with Chad. Chad is in the National Guard, and so we like
13 to welcome him to the Commission and hopefully we can get some enforcement
14 going again out in the field. So if y'all see him pass by your office, don't be
15 surprised.

16 **VICE CHAIRMAN FRANCIS:** All right. Good, good.

17 **SECRETARY BRANDON FREY:** And I just have one from over here. We had
18 sent this notice out but after we had voted on the schedule for the meetings for this
19 year. There are two conflicts that arose for both the April and June B&Es. The
20 proposed dates, and we sent these all out, but just to put them on everybody's radar
21 is to move the April B&E to April 26th and move the June meeting to June 14th. So
22 check your email for that but for the audience as well. We'll finalize those as we
23 get closer to those dates.

1 **COMMISSIONER GREENE:** What's the June one?

2 **SECRETARY FREY:** June 14th.

3 **VICE CHAIRMAN FRANCIS:** Any more announcements?

4 **MS. BOWMAN:** No, sir.

5 **SECRETARY FREY:** That's all from Staff.

6 **VICE CHAIRMAN FRANCIS:** Okay. We're moving on to Exhibit Number 2.

7 **MS. BOWMAN:** Exhibit Number is undocketed and it's the election of the 2023

8 Chair and Vice Chair for the Commission.

9 **VICE CHAIRMAN FRANCIS:** Okay. Nominations are open for Chairman and

10 recognize Commissioner Greene.

11 **COMMISSIONER GREENE:** I'd like to motion to nominate Commissioner

12 Foster Campbell as Chairman of the Louisiana Public Service Commission and for

13 Commissioner Mike Francis as Vice Chair with the understanding that this begins

14 a yearly rotation starting from District 5 as Chair and District 4 as Vice Chair this

15 year, and proceeding in descending order such that District 4 Chairman next with

16 District 3 as Vice Chair and so on in descending numerical order.

17 **VICE CHAIRMAN FRANCIS:** Is there a second? Second by Commissioner

18 Campbell. Is there any discussion?

19 **COMMISSIONER SKRMETTA:** I have a motion -- substitute motion.

20 **VICE CHAIRMAN FRANCIS:** Okay. Chair recognizes Commissioner

21 Skrmetta for a substitute motion.

22 **COMMISSIONER SKRMETTA:** Substitute motion is for Commissioner Mike

23 Francis for Chairman and Commissioner Greene for Vice Chairman and

1 recognizing that I believe that other elements of Commissioner Greene’s motion
2 require a rule change before the Commission and aren’t changeable for this vote
3 through that action.

4 **VICE CHAIRMAN FRANCIS:** Okay. Hearing that motion, is there a second?
5 I’ll second that motion. Okay. And so I guess the vote is in order for the substitute
6 motion; is that right, Ms. Parliamentarian?

7 **MS. BOWMAN:** That is correct.

8 **VICE CHAIRMAN FRANCIS:** All right. So Commissioner Greene, how do
9 you vote?

10 **COMMISSIONER GREENE:** No.

11 **MS. BOWMAN:** Well, unless there’s an objection, you don’t need a roll call vote.

12 **COMMISSIONER GREENE:** I object.

13 **VICE CHAIRMAN FRANCIS:** Okay. Well, sorry about that. All right. So we
14 do have a roll call vote in order now; is that right?

15 **MS. BOWMAN:** Yes, sir.

16 **VICE CHAIRMAN FRANCIS:** Okay. Well, Commissioner Greene, how do you
17 vote?

18 **COMMISSIONER GREENE:** No.

19 **VICE CHAIRMAN FRANCIS:** Commissioner Skrmetta?

20 **COMMISSIONER SKRMETTA:** Yes.

21 **VICE CHAIRMAN FRANCIS:** Commissioner Lewis?

22 **COMMISSIONER LEWIS:** No.

23 **VICE CHAIRMAN FRANCIS:** Commissioner Campbell?

1 **COMMISSIONER CAMPBELL:** No.

2 **VICE CHAIRMAN FRANCIS:** And I guess I'm going to vote for myself and
3 vote yes for Mike Francis. All right. So it's -- it looks like it's a three to two vote,
4 so Francis went down in a ball of flames. Okay. So we move back to the original
5 motion. And do we have any discussion about the point that Commissioner
6 Skrmetta made because it was -- would that be -- are you suggesting that's in the
7 rules or just we would -- out of courtesy we would respect --

8 **COMMISSIONER GREENE:** Just courtesy. Yeah.

9 **VICE CHAIRMAN FRANCIS:** Okay. So in that case, does that satisfy
10 Commissioner Skrmetta --

11 **COMMISSIONER SKRMETTA:** If it's -- it's still changing the pro forma
12 through the rules, so if it's just for the vote for Chairman and Vice Chairman, it's
13 one thing. To tag on all the other elements of it, I think it's unnecessary.

14 **VICE CHAIRMAN FRANCIS:** Commissioner Greene, would you agree to just
15 put it on as a motion for Chairman, Vice Chairman and nothing else? Would you
16 agree to that?

17 **COMMISSIONER GREENE:** Yes, sir. Just I'll make it known that the plan next
18 year is for you to be Chairman and so on as according to the plan.

19 **VICE CHAIRMAN FRANCIS:** Does that mandate everyone to vote for me next
20 year for Chairman? Would that do? The mood today, I don't know if that's going
21 to go down well, but --

22 **COMMISSIONER GREENE:** We can just vote on the current one now.

1 **VICE CHAIRMAN FRANCIS:** All right. Let's do it -- do we all understand
2 now we have a motion for Chairman and Vice Chairman.
3 **MS. BOWMAN:** Yes, sir, on the table.
4 **VICE CHAIRMAN FRANCIS:** One for Commissioner Campbell for Chairman
5 and Mike Francis for Vice Chairman.
6 **MS. BOWMAN:** And seconded by Commissioner Campbell.
7 **VICE CHAIRMAN FRANCIS:** Seconded by Commissioner Campbell. And is
8 there any objection to this --
9 **COMMISSIONER SKRMETTA:** I object. Roll call vote requested.
10 **VICE CHAIRMAN FRANCIS:** All right. Roll call vote. Commissioner
11 Skrmetta?
12 **COMMISSIONER SKRMETTA:** No.
13 **VICE CHAIRMAN FRANCIS:** Commissioner Greene?
14 **COMMISSIONER GREENE:** Yes.
15 **VICE CHAIRMAN FRANCIS:** Commissioner Lewis?
16 **COMMISSIONER LEWIS:** Yes.
17 **VICE CHAIRMAN FRANCIS:** Commissioner Campbell?
18 **COMMISSIONER CAMPBELL:** Yes.
19 **VICE CHAIRMAN FRANCIS:** And Francis will vote no. So the three to two
20 vote, Commissioner Campbell, congratulations on being the new chairman. And
21 would you like to take the gavel?
22 **CHAIRMAN FOSTER CAMPBELL:** Yes.
23 **VICE CHAIRMAN FRANCIS:** All right.

1 **CHAIRMAN CAMPBELL:** First of all, thank you for who -- the folks that voted
2 for me. The ones that didn't, you made a hell of a mistake, but you'll live over it,
3 you'll live over it. Listen, what Mr. Greene tried to do, I think we ought to do, but
4 we can talk about that some other time. I've been here longer than anybody, and I
5 was chairman one time in 20 years. And that's okay. That's behind me but, you
6 know, I don't want to bring it up because you'll fall in another hole if you bring up
7 things from the past. But we ought to go back -- when I got here, they passed the
8 chairmanship around. I remember Irma Dixon was on the Commission and they
9 never would make her chairman for whatever reason. And I got on, we voted for
10 Irma. She's did a fine job. And it just makes sense with five people, everybody
11 ought to have a chance to be chairman. That's just -- makes good common sense.
12 And we ought to try to work together and, look, I know I've been very outspoken
13 on a lot of issues. I'm compassionate about a lot of issues, but we have to try to get
14 along. Like Mr. Lewis said a while ago, it's a lot of people depending on us. We're
15 a state -- either we're at the bottom or we're a little bit ahead of Mississippi or we're
16 behind Mississippi on a lot of issues. This affects everybody's pocketbook every
17 day. And so I want to do my best to get along with everybody and let everybody
18 have a -- you -- anybody wants to say anything just let me know. You'll have your
19 time to say anything, and we'll try to get along and do the people's work. Thank
20 you. Let's get along with Number 3, I guess, huh.

21 **MS. BOWMAN:** Exhibit Number 3 is undocketed and is the election of the 2023
22 ERSC representative. So we'll entertain a motion or a nomination.

23 **CHAIRMAN CAMPBELL:** Go ahead, Mr. Lewis.

1 **COMMISSIONER LEWIS:** I nominate Commissioner Greene.

2 **CHAIRMAN CAMPBELL:** I'll second. You have a nomination for Mr. Greene.

3 Is there any other nominations? [NONE HEARD] Hearing none, it's passed.

4 **COMMISSIONER SKRMETTA:** Actually, opposition.

5 **SECRETARY FREY:** Yeah. Ask if there's any opposition first.

6 **CHAIRMAN CAMPBELL:** Okay. Is there any opposition?

7 **COMMISSIONER SKRMETTA:** Yes.

8 **CHAIRMAN CAMPBELL:** Okay.

9 **COMMISSIONER SKRMETTA:** [INAUDIBLE]

10 **CHAIRMAN CAMPBELL:** There's opposition. Is there -- we want to vote on

11 this, right?

12 **MS. BOWMAN:** Yes. You have to do a roll call vote.

13 **CHAIRMAN CAMPBELL:** You want to call the roll? There's one -- Mr.

14 Skrmetta is opposed. Anybody else opposed for the record?

15 **MS. BOWMAN:** Okay. Yeah. We can go down the list. And Commissioner,

16 make sure the microphones are on, please. We're having trouble hearing on the

17 transcript. Okay. Can you turn on the mics, Chairman? Turn on Commissioners'

18 mics.

19 **CHAIRMAN CAMPBELL:** Yeah, I can if I -- now, it's been a long time I told

20 you. Go easy, okay.

21 **MS. BOWMAN:** Okay. Let's try. Commissioner Skrmetta, is your mic on?

22 **COMMISSIONER SKRMETTA:** It is now.

23 **MS. BOWMAN:** Commissioner Skrmetta, your vote?

1 **COMMISSIONER SKRMETTA:** No.

2 **MS. BOWMAN:** Commissioner Greene?

3 **COMMISSIONER GREENE:** Yes.

4 **VICE CHAIRMAN FRANCIS:** Could you read the motion again, please?

5 **MS. BOWMAN:** Absolutely. There was a motion by Commissioner Lewis to

6 elect -- or excuse me -- to nominate Commissioner Greene to the ERSC

7 representative for 2023, seconded by Chairman Campbell. There was opposition

8 by Commissioner Skrmetta, so we're doing the roll call vote. And so

9 Commissioner Skrmetta's vote is no. Commissioner Greene?

10 **COMMISSIONER GREENE:** Yes.

11 **MS. BOWMAN:** Commissioner Francis?

12 **VICE CHAIRMAN FRANCIS:** No.

13 **MS. BOWMAN:** And Commissioner Lewis?

14 **COMMISSIONER LEWIS:** Yes.

15 **MS. BOWMAN:** And then, Chairman, how do you vote?

16 **CHAIRMAN CAMPBELL:** Yes.

17 **MS. BOWMAN:** So Commissioner Greene has been nominated as the ERSC

18 representative for 2023 for the Commission. If we move on to Exhibit Number 4.

19 It's also undocketed. It's the election of the OMS representative for 2023. And we

20 will entertain any nominations for that.

21 **VICE CHAIRMAN FRANCIS:** Chairman, I have a motion.

22 **CHAIRMAN CAMPBELL:** Mr. Francis, go ahead.

23 **MS. BOWMAN:** Make sure his mic is on, please.

1 **VICE CHAIRMAN FRANCIS:** Francis makes a motion to nominate
2 Commissioner Skrmetta for OMS.
3 **COMMISSIONER GREENE:** I object.
4 **MS. BOWMAN:** Is there a second first before an objection?
5 **CHAIRMAN CAMPBELL:** You object?
6 **COMMISSIONER GREENE:** Well, there's no second yet.
7 **VICE CHAIRMAN FRANCIS:** I'm trying to get a second on the -- another issue
8 here.
9 **MS. BOWMAN:** You're not having a good track record on that.
10 **COMMISSIONER SKRMETTA:** I'll second it just to get the vote.
11 **VICE CHAIRMAN FRANCIS:** [INAUDIBLE] we'll try again.
12 **MS. BOWMAN:** Okay. Commissioner Skrmetta seconds.
13 **VICE CHAIRMAN FRANCIS:** Okay.
14 **COMMISSIONER GREENE:** I object.
15 **MS. BOWMAN:** Commissioner Greene objects. So roll call vote again. We'll
16 start on this side this time. Commissioner Lewis, how do you vote on
17 Commissioner Skrmetta being OMS representative for 2023?
18 **COMMISSIONER LEWIS:** No.
19 **MS. BOWMAN:** Commissioner Francis?
20 **VICE CHAIRMAN FRANCIS:** No. I'm sorry. Yes.
21 **MS. BOWMAN:** Commissioner Greene?
22 **COMMISSIONER GREENE:** No.
23 **MS. BOWMAN:** Commissioner Skrmetta?

1 **COMMISSIONER SKRMETTA:** Yes.

2 **MS. BOWMAN:** Chairman Campbell?

3 **CHAIRMAN CAMPBELL:** No.

4 **MS. BOWMAN:** So that motion fails. Is there another nomination?

5 **COMMISSIONER LEWIS:** Mr. Chairman?

6 **CHAIRMAN CAMPBELL:** Yes.

7 **COMMISSIONER LEWIS:** I make a motion to nominate Commissioner Greene

8 to OMS.

9 **CHAIRMAN CAMPBELL:** I second it.

10 **COMMISSIONER SKRMETTA:** Objection. And I would like to also just make

11 a quick statement on the objection. It's just that, you know, one of the obligations

12 we take on in participating in the OMS and the ERSC is actually attending the

13 meetings. I think Commissioner Francis and I had a discussion about this. And,

14 you know, it's not something to delegate and I would like to, you know, we have

15 not had a lot of attendance by the Commissioners that -- who are elected to these

16 positions. I, myself, dedicate myself in service when I was on these positions to go

17 to as many meetings as humanly possible. So I don't think it's something to take

18 lightly when you are nominated and voting on to go to something and just not go

19 and delegate this to a staffer along with every other duty. So I think that's a real

20 problem for me and that's why I'm going to vote no. So my vote is no.

21 **MS. BOWMAN:** Thank you. Commissioner Greene?

22 **COMMISSIONER GREENE:** Yes.

23 **MS. BOWMAN:** Commissioner Francis?

1 **VICE CHAIRMAN FRANCIS:** No.

2 **MS. BOWMAN:** Commissioner Lewis?

3 **COMMISSIONER LEWIS:** Yes.

4 **MS. BOWMAN:** Chair?

5 **CHAIRMAN CAMPBELL:** Yes.

6 **MS. BOWMAN:** So Commissioner Greene has been nominated and elected for

7 the OMS representative for 2023. We will move on to Exhibit Number 5, which is

8 also undocketed and is the election of the SPP 2023 representative, and we'll

9 entertain a nomination.

10 **COMMISSIONER SKRMETTA:** Nominate Commissioner Francis.

11 **COMMISSIONER GREENE:** Second.

12 **MS. BOWMAN:** Nomination by Commissioner Skrmetta, seconded by

13 Commissioner Greene. Any oppositions? [NONE HEARD] Hearing none.

14 **VICE CHAIRMAN FRANCIS:** That's the fastest second I've ever gotten. Thank

15 you. I'll continue to serve with honor at the SPP with the help of Lane and --

16 **MS. BOWMAN:** Chairman, can you turn on Commissioner Francis' mic, please?

17 **CHAIRMAN CAMPBELL:** You got all these things -- is that you now, Mr.

18 Francis? Is your --

19 **VICE CHAIRMAN FRANCIS:** Say what?

20 **MS. BOWMAN:** Is your mic on now, Commissioner Francis?

21 **CHAIRMAN CAMPBELL:** Is your mic on?

22 **SECRETARY FREY:** I think they were probably labeled on the seating

23 arrangement before so --

1 **CHAIRMAN CAMPBELL:** I know. Why don't you --

2 **SECRETARY FREY:** We'll have them fixed for next time, but, you know, we

3 can leave them all hot if y'all just know they're hot, if you just want to leave them

4 all on. Just, you know, be cognizant of that.

5 **CHAIRMAN CAMPBELL:** Okay. Is everybody --

6 **VICE CHAIRMAN FRANCIS:** Am I on now?

7 **MS. BOWMAN:** No, sir, it's not.

8 **SECRETARY FREY:** I think --

9 **MS. BOWMAN:** Commissioner Francis, try it again.

10 **VICE CHAIRMAN FRANCIS:** Okay. Can you hear me now?

11 **MS. BOWMAN:** No.

12 **VICE CHAIRMAN FRANCIS:** They can probably hear me out there.

13 **COMMISSIONER SKRMETTA:** The court reporter needs to hear you, too.

14 **SECRETARY FREY:** It needs to -- yeah, be recording.

15 **VICE CHAIRMAN FRANCIS:** Okay.

16 **CHAIRMAN CAMPBELL:** How about it now?

17 **VICE CHAIRMAN FRANCIS:** Okay. You got me now?

18 **MS. BOWMAN:** Perfect.

19 **SECRETARY FREY:** Now we got it. Now we got it.

20 **MS. BOWMAN:** Now we got it.

21 **CHAIRMAN CAMPBELL:** All right.

22 **SECRETARY FREY:** Got it. Okay.

1 **VICE CHAIRMAN FRANCIS:** I said I'll be glad to serve again as SPP
2 representative for Public Service Commission of Louisiana, and I want to thank
3 Dana Shelton and Lane Sisung for their support. It's a very complicated. It can be
4 a tough job, you know, working with the RTOs, especially Southwest Power Pool.
5 I've enjoyed it and I want to thank them for all their help and we'll see if we can't
6 continue to represent Louisiana in a fine fashion at that RTO. Thank you.

7 **MS. BOWMAN:** Okay. So moving on to -- and if everyone could silence their
8 cell phones, please. Moving on to Exhibit Number 6, it's Docket Number T-36558.
9 It's the Louisiana Public Service Commission versus Elite Limo & Travel regarding
10 an alleged violation of Louisiana Revised Statutes 45:1177 and 1179 for failure to
11 pay to the state proper fees for the years 2019 and 2020 for the inspection, control,
12 and supervision of its business service and rates authorized in Common Carrier
13 Certificate Number 8076 pursuant to General Order dated November 22, 2011. It's
14 a discussion and possible vote pursuant to Rule 57 on the affidavit and stipulation
15 executed by the carrier. So this will need two votes. As a result of a routine review
16 of the Louisiana Department of Revenue's ISF logs by Commission Staff, a citation
17 was issued to Elite Limo & Travel based on the aforementioned allegations and
18 violations. In response to the citation, the owner of Elite executed an affidavit and
19 stipulation based on the company admitting to violating all violations alleged in the
20 citation, and in that affidavit and stipulation, the carrier agreed to the imposition of
21 a \$1,000 fine and a \$25 citation fee with \$500 being suspended contingent on the
22 following conditions: That the carrier not violate 45:1177 as amended for three
23 years; that the carrier confirm that the company submitted amended inspection and

1 supervision fee returns and payments for the years '19 and '20 to LDR for review
2 and acceptance and permitted a copy to the Commission; and that they executed
3 and submitted an affidavit and stipulation along with all fines and fees totaling \$525
4 to Commission Staff. Therefore, Staff recommends that the Commission: 1)
5 Exercise its original and primary jurisdiction under Rule 57 to consider the affidavit
6 and stipulation; and 2) Accept the affidavit and stipulation executed on December
7 5, 2022 for fines and fines totaling \$525.

8 **CHAIRMAN CAMPBELL:** I have a motion to go to Rule 57.

9 **VICE CHAIRMAN FRANCIS:** Second.

10 **CHAIRMAN CAMPBELL:** Mr. Francis seconds it. Now I have a motion on the
11 fine, et cetera on this company from Dry Prong, Louisiana, which is in your area.
12 Do you have anything to say or we want to accept Staff recommendations?

13 **COMMISSIONER SKRMETTA:** Call for a vote on Rule 57.

14 **MS. BOWMAN:** There's opposition on Rule 57?

15 **CHAIRMAN CAMPBELL:** We want to move to Rule 57? You have to have a
16 vote on it? Okay. I'll make a motion we --

17 **COMMISSIONER SKRMETTA:** Didn't call for [INAUDIBLE].

18 **CHAIRMAN CAMPBELL:** Under Rule 57. I didn't think -- do you have to have
19 a vote on it? Was there any objection to it?

20 **SECRETARY FREY:** Just if there's no exception -- if there's no objections, we
21 don't need a vote.

22 **COMMISSIONER SKRMETTA:** He didn't call for objection, so I just want to
23 make sure we clarified for the record. That's all.

1 **SECRETARY FREY:** Okay.

2 **CHAIRMAN CAMPBELL:** Okay.

3 **VICE CHAIRMAN FRANCIS:** So I make a motion, since it's -- we're past the
4 Rule 57, I make a motion that we accept Staff recommendation for this company
5 from Dry Prong.

6 **COMMISSIONER GREENE:** Second.

7 **VICE CHAIRMAN FRANCIS:** Seconded by Commissioner Greene.

8 **CHAIRMAN CAMPBELL:** No objections? [HEARING NONE] Passed.

9 **MS. BOWMAN:** Exhibit Number 7 is Docket Number T-36574. It's the
10 Commission versus Bold's Towing. It's alleged violation of the Revised Statutes
11 45:1177 and 1179 for failure to pay to the state the proper fees for years 2019 and
12 2020 for the inspection, control, and supervision of its business service and rates
13 authorized in Common Carrier Certificate Number 7284 pursuant to General Order
14 dated November 22, 2011. It's a discussion and possible vote pursuant to Rule 57
15 on the affidavit and stipulation executed by the carrier, so this will also need two
16 votes. As a result of a routine review of the Louisiana Department of Revenue's
17 ISF logs by Audit Staff, a citation was issued to Bold's Towing based on the
18 aforementioned allegations. In response to the citation, the owner of the company
19 executed an affidavit and stipulation on behalf of the company admitting to
20 violating all violations alleged in the citation. In that affidavit and stipulation, the
21 carrier agreed to the imposition of a \$1,000 fine and \$25 citation fee with \$500
22 being suspended contingent on the following conditions: That the carrier not
23 violate 45:1177 as amended for three years; that the carrier file all outstanding ISF

1 returns for the years '19 and '20 to the Department of Revenue and provide copies
2 of the same to the Commission; that the carrier pay all outstanding inspection and
3 supervision fees for the years of '19 and '20 to the Department of Revenue and
4 copies of the same to the Commission; and they execute and submit the affidavit
5 and stipulation along with all fines and fees totaling \$525. Staff recommends that
6 the Commission: 1) Exercise its original and primary jurisdiction under Rule 57;
7 and 2) Accept the affidavit and stipulation executed on December 21, 2022 for fines
8 and fees totaling \$525.

9 **VICE CHAIRMAN FRANCIS:** I make a motion we take this up under Rule 57.

10 **CHAIRMAN CAMPBELL:** I'll second.

11 **MS. BOWMAN:** So a motion by Commissioner Francis, a second by
12 Commissioner Campbell. Any opposition? [NONE HEARD]

13 **CHAIRMAN CAMPBELL:** I -- go ahead.

14 **VICE CHAIRMAN FRANCIS:** I make a motion we accept the recommendation
15 of the Staff.

16 **CHAIRMAN CAMPBELL:** I'll second that.

17 **MS. BOWMAN:** Any opposition? [NONE HEARD]

18 **VICE CHAIRMAN FRANCIS:** Tammy's been busy, getting after those guys.
19 They better behave themselves out there, huh? Tammy Burl's going to deal with
20 you. Thank you, Tammy.

21 **MS. BOWMAN:** Exhibit Number 8 is Docket Number R-31106. This is the
22 Commission's rulemaking to study the possible development of financial
23 incentives for the promotion of energy efficiency by jurisdictional electric and gas

1 utilities. It's a discussion and possible vote to retain an engineer for District IV.
2 Pursuant to the Commission's General Order dated December 2, 2021, each
3 Commissioner can nominate a qualified engineering firm to provide professional
4 services for each district for the political subdivision energy efficiency program,
5 subject to the Commission's confirmation vote and approval. Based on the
6 Commission's General Order, Commissioner Francis nominates D. Hicks
7 Consulting to serve as the engineering firm for District IV for 2023. D. Hicks
8 Consulting has been working with District 4 for several years on the political
9 subdivision energy efficiency program. And based on the Commission's General
10 Order and the allocation of political subdivision portion of the energy efficiency
11 program to District IV, D. Hicks Consulting's budget to provide engineering
12 services to District IV shall not exceed \$27,243. Pursuant to the Commission's
13 General Order dated December 2, 2021, Staff recommends that the Commission
14 approve Commissioner Francis' nomination of D. Hicks Consulting to assist
15 District IV with the political subdivision energy efficiency program in 2023 for a
16 total budget not to exceed of \$27,243.

17 **COMMISSIONER SKRMETTA:** Move to approve Staff recommendation.

18 **COMMISSIONER GREENE:** Second.

19 **CHAIRMAN CAMPBELL:** I'll second. Go ahead.

20 **MS. BOWMAN:** I'm sorry. Who was the second?

21 **CHAIRMAN CAMPBELL:** Mr. Greene.

22 **MS. BOWMAN:** Commissioner Greene? Any opposition? [NONE HEARD]

23 Hearing none.

1 **VICE CHAIRMAN FRANCIS:** I might add that Mr. Hicks has done us a good
2 job and I recommend his services to anyone else who might need the help with
3 energy efficiency program.

4 **MS. BOWMAN:** We have a few on the supplemental agenda that --

5 **CHAIRMAN CAMPBELL:** Could I ask a question?

6 **MS. BOWMAN:** Yes, sir.

7 **CHAIRMAN CAMPBELL:** As far as these program, has everybody used up the
8 money, or do y'all know how that's -- every -- how's that coming?

9 **SECRETARY FREY:** I'm going to look to Arnold. I'd say for the most part all
10 for the previous year, I think with the exception of District III, there were some
11 awards -- but Arnold jump in and tell me if that's -- Arnold maintains the files on
12 all that. Make sure your mic's on.

13 **MS. BOWMAN:** Arnold, use the microphone.

14 **MR. ARNOLD CHAUVIERE:** I would have to go up and check it out and let
15 you know, Commissioner, but I don't think anybody has obviously gone over the
16 limit. So I'll be glad to forward that information over to your office.

17 **CHAIRMAN CAMPBELL:** Yeah. I'm just wondering if everybody used it.

18 **MR. CHAUVIERE:** Sir? Say it again.

19 **CHAIRMAN CAMPBELL:** Have used all of the money available or is some of
20 it around that hadn't been used is what I was wondering.

21 **MR. CHAUVIERE:** Yes, sir. Well, I'll have to check to be specific. I don't know
22 the specific numbers.

1 **CHAIRMAN CAMPBELL:** Okay. Well, it's a good program. You can help a
2 lot of folks with it, and we've helped a lot of people in our -- north Louisiana. And
3 we want to keep doing it, but we want to make sure that we go by the rules. In our
4 office, we bid all the work out with reputable contractors, making sure that we get
5 no trouble, we're not using anybody over and over unless they are the lowest in the
6 bids. That's all I have to say. Yes, sir.

7 **VICE CHAIRMAN FRANCIS:** Mr. Chairman, in District IV, we have used all
8 of our money, we've got it all at work lowering those electricity bills and helping
9 people, but I'm real proud of the work we've done. And I encourage each
10 Commissioner to -- that money's been given to help energy efficiency, let's get it
11 out there and spend it, put it to work.

12 **CHAIRMAN CAMPBELL:** We -- the schools are really happy to get it, you
13 know, all the schools. We've done it from Bossier Parish all the way down to
14 Concordia Parish, the schools and helping all these rural schools reduce their
15 electric bills, they really appreciate it. It's a big difference in the cost, so it's
16 working well. I just want to make sure that everybody -- I'm not telling you what
17 to do, but the money is available that we do put it to work because there's people
18 that would really like to have it.

19 **COMMISSIONER SKRMETTA:** Mr. Chairman, District I's all been dispersed
20 and same thing, it's mostly schools, playgrounds, things like that to reduce
21 government costs and also improve quality for the region, so.

22 **SECRETARY FREY:** And Commissioner, I just want to add, Arnold does a great
23 job of maintaining this so. I mean, all of y'all that have -- Arnold's got every one

1 of those applications cataloged. It's pretty impressive if you go check it out in his
2 office or in a cubicle. But if anyone ever wants to see it, and I know it's -- the
3 records are maintained impeccably, so Arnold really handles it well -- and his Staff,
4 too. It's not just Arnold, so.

5 **MR. CHAUVIERE:** Yeah. Donnie Marks does an excellent job.

6 **SECRETARY FREY:** Donnie does a lot of work, so that's who most of y'all have
7 been dealing with.

8 **MR. CHAUVIERE:** [INAUDIBLE] and that's very good.

9 **CHAIRMAN CAMPBELL:** Well, it's a big job because it's a lot of money, and
10 a lot of people want it, but there are rules that you have to go by. So thank you.
11 That's all.

12 **COMMISSIONER LEWIS:** Mr. Chairman.

13 **CHAIRMAN CAMPBELL:** Yeah.

14 **COMMISSIONER LEWIS:** I'll tell you District III is ready to use our money. I
15 talked to Donnie yesterday so we'll, hopefully, next month have a update for you
16 on District III.

17 **CHAIRMAN CAMPBELL:** Thank you. Thank you. Thank you. Let's go to
18 next --

19 **MS. BOWMAN:** So Exhibit Number 9 is Docket Number U-36350. This is
20 Entergy Louisiana's application for recovery and rates of cost related to Hurricane
21 Ida and related relief. It's a discussion possible vote on an uncontested stipulated
22 settlement which was Exhibit 16 last month. On April 29, 2022, Entergy filed a
23 quantification application to determine the prudence of its restoration efforts

1 associated with Hurricane Ida, as well as certain additional costs associated with
2 Hurricanes Laura, Delta, and Zeta and Winter Storm Uri. The damage resulting
3 from Hurricane Ida resulted in Entergy incurring significant recovery costs to
4 restore services to customers and to reconstruct the transmission and distribution
5 systems in Entergy's service area. In its quantification application, Entergy
6 requested that the Commission determine the level of system restoration costs that
7 were prudently incurred. The quantification application disclosed that the company
8 would file a supplemental application regarding the method for implementing
9 recovery of the company's system restoration costs. Notice of the company's
10 quantification application was published in the Commission's Official Bulletin
11 with the Louisiana Energy Users Group, Marathon Petroleum Company, and
12 Walmart intervening. On June 20, 2022, Entergy filed its financing application,
13 wherein Entergy sought the Commission's approval and authorization for the
14 LURC to finance the storm restoration costs authorized for recovery, related
15 carrying costs, and financing costs through the issuance of system restoration
16 bonds. Entergy also filed its ancillary application on June 20, 2022, wherein
17 Entergy requested that the Commission approve tariffs for the company to
18 implement ancillary rate adjustments, or offsets, relating to elements other than
19 those addressed in the Financing Application. Following discovery on the
20 applications and accompanying testimony, Entergy, Commission Staff, the LURC,
21 Marathon, LEUG, and Walmart reached an agreement, and executed an
22 uncontested stipulated settlement, which was filed into the record on December 12,
23 2022. A stipulation hearing occurred on January 4, 2023. The major terms of the

1 settlement are as follows: Storm restoration expenditures totaling \$2,575,201,833
2 that were presented in the company's application are reasonable and prudent and
3 eligible for recovery from Entergy's customers; Entergy's carrying costs, through
4 December 31, 2022, of 59.2 million is reasonable and eligible for recovery from
5 customers; additional carrying costs of 200,000 per month starting January 1, 2023,
6 is eligible for recovery from customers until permanent financing under Act 293
7 occurs; the allocation methodology presented by the company, and most recently
8 approved by the Commission in Order Numbers U-35991 and U-35991-A, is
9 agreed to be reasonable and to apply to the stipulated settlement; and the parties
10 recommend that the Commission approve Riders Financed Storm Cost V and Storm
11 Cost Offset V. As there are no unresolved issues, Staff recommends that
12 Commission approve the issuance of a quantification order, a financing order, and
13 an ancillary order consistent with the terms of the uncontested stipulated settlement
14 filed into the record on December 12, 2022. And I believe I have a motion on
15 behalf of Commissioner Greene that I will read into the record.

16 **CHAIRMAN CAMPBELL:** Commissioner Greene.

17 **MS. BOWMAN:** I move to approve the uncontested stipulated settlement subject
18 to two modifications. These modifications do not alter Entergy's ability to fully
19 recover its prudently incurred storm costs. These two specific modifications
20 enhance the current settlement by reducing the securitized amount by a \$180
21 million by accelerating the recognition of certain tax-related benefits, i.e.
22 securitizing net of storm related accumulated deferred income taxes. This
23 modification also reduces the initial year's monthly storm charge paid by an

1 Entergy Louisiana customer by approximately 10 percent. The first modification
2 is to replace the first sentence of Paragraph 6 of the uncontested stipulated
3 settlement with the following: The Commission enter a financing order in the
4 amount \$1,491,483,000 with terms substantially similar to that contained on
5 Attachment, 1 including issuance costs that reflect the debt service reserve
6 subaccount 1.5 percent. The second modification is to delete Paragraph 8,
7 Attachment 4 and all other references to ADIT in the uncontested stipulated
8 settlement in recognition that the present value of the future tax benefits have been
9 applied to reduce the amount to be securitized, which is to securitize the prudently
10 incurred storm costs net of the present value of storm-related ADIT. This method
11 locks in the value of the ADIT for customers and requires Entergy to manager the
12 risk regarding future changes that would affect the value of the ADIT. Further,
13 Staff will draft quantification, financing, and ancillary orders consistent with the
14 uncontested stipulated settlement as modified by this motion. And I believe all
15 parties, in speaking with Staff, that all parties and intervenors are amenable to the
16 two modifications related to the uncontested stipulated settlement.

17 **CHAIRMAN CAMPBELL:** Mr. Greene.

18 **COMMISSIONER GREENE:** The ultimate as we said last month --

19 **MS. BOWMAN:** I'm sorry. Yeah, mic.

20 **CHAIRMAN CAMPBELL:** You're on.

21 **COMMISSIONER GREENE:** As we said last month, we know that
22 securitization is the most affordable pathway for reimbursement after the
23 hurricanes. And I do have concerns about how our electric grid is maintained. I

1 know that our presently ongoing infrastructure dockets will address those concerns,
2 and we really need everyone in this room's maximum contribution to that. I'm
3 proud this Commission was able to negotiate a settlement that reduces the amount
4 Entergy is securitizing by \$180 million. Ultimately, this provides certainty through
5 upfront guaranteed savings for customers in reducing the overall amount paid by
6 customers and it's getting Entergy to get a little dirt on their jersey. So this is good
7 news for all.

8 **COMMISSIONER SKRMETTA:** Chairman, I have one comment.

9 **CHAIRMAN CAMPBELL:** Mr. Skrmetta.

10 **MS. BOWMAN:** Make sure his mic is on, please.

11 **CHAIRMAN CAMPBELL:** I don't know which one it is.

12 **COMMISSIONER SKRMETTA:** It's that one; that's it. Yeah. You know,
13 unfortunately, [INAUDIBLE] this delay in -- were to take this action from the
14 December meeting now, we missed the Federal Reserve rate increase, which
15 actually increased the overall rate impact on ratepayers by about -- near \$50 million
16 so this offset on burden shift on the tax issues is really about \$130 million. And
17 unfortunately, this was largely unnecessary and, you know, we, you know, I'm not
18 going to, you know, go through the extensive discussion from December. It's in
19 the record. You know, we recognize that there are obligations that exist on both
20 sides of this equation. The obligation to provide for the ratepayers quality of
21 service, the obligation of the Commission to ensure that these quality of service is
22 paid for and these debts are done. So what I am mostly sorry is, is that the delay
23 increased the rate of cost on this money needlessly and if you go and read the Bank

1 of America reports, it's just a sad thing. But we move forward and we work towards
2 a better solution in the future. So thank you.

3 **CHAIRMAN CAMPBELL:** Just -- Mr. Francis.

4 **VICE CHAIRMAN FRANCIS:** I'd like to ask Entergy come up, Mark
5 Kleehammer and Mr. Patrick, Attorney Patrick who worked with the Staff on this.

6 **CHAIRMAN CAMPBELL:** And Mr. Barta when y'all get through.

7 **VICE CHAIRMAN FRANCIS:** Who's that?

8 **CHAIRMAN CAMPBELL:** Bill Barta.

9 **SECRETARY FREY:** Just to be clear, do we have a second yet?

10 **MS. BOWMAN:** We do not.

11 **COMMISSIONER GREENE:** I have a motion.

12 **SECRETARY FREY:** Yeah. We had the motion as read. Has anybody seconded
13 yet the motion? No second yet?

14 **COMMISSIONER SKRMETTA:** We can discuss it before -- the motion's on
15 the floor.

16 **VICE CHAIRMAN FRANCIS:** Is Bill Barta here? Bill. Yeah, come up here,
17 Bill.

18 **CHAIRMAN CAMPBELL:** Before we get started, I'd like to address this to you.
19 You. Okay. My good friend. You -- you, too.

20 **VICE CHAIRMAN FRANCIS:** I go first or you go first?

21 **CHAIRMAN CAMPBELL:** Oh, you go ahead. Go ahead.

22 **VICE CHAIRMAN FRANCIS:** All right. Okay.

23 **CHAIRMAN CAMPBELL:** Well, it might --

1 **VICE CHAIRMAN FRANCIS:** Mr. Barta and Mr. Patrick, y'all were hired by
2 the Staff to work on this project and give your opinion, right?

3 **MR. BILL BARTA:** Yes, sir.

4 **VICE CHAIRMAN FRANCIS:** Okay. Mr. Patrick, were you aware of this --
5 how we can negotiate and have a -- get a better price for the customer, so to speak?
6 Were you aware of that at last meeting, of this recommendation that Commissioner
7 Greene's proposing?

8 **MR. PAT PATRICK:** I did not know the specifics of the proposal. No. I think
9 all of that came about after the meeting

10 **VICE CHAIRMAN FRANCIS:** Well, you did say at the last meeting it was
11 possible for there to be some way that the Entergy proposal could be reduced, didn't
12 you?

13 **MR. PATRICK:** Yes, sir.

14 **VICE CHAIRMAN FRANCIS:** Okay. All right. I just -- that's all I wanted to
15 know. And, Mr. Barta, you worked with the Staff to recommend that we approve
16 that settlement at the last meeting, didn't you?

17 **MR. BARTA:** That's correct, Commissioner.

18 **VICE CHAIRMAN FRANCIS:** Okay. All right. My question for Entergy is
19 why didn't you do that last -- 30 days ago? Whose idea was this? Was this
20 Entergy's idea to do the tax ploy here to save the customer's money?

21 **MR. PHILLIP MAY:** Yeah, Commissioner, after discussions with numerous
22 Commissioners about concerns that were raised at the last meeting, we looked at
23 other options for reducing the amount to be securitized. The method that is

1 essentially net of taxes is one that has been used before. In fact, it's been used in
2 Texas in their recent securitization, so it will result in Entergy taking and managing
3 the tax benefits associated with it. So net of this --

4 **VICE CHAIRMAN FRANCIS:** Wait, hold on just a minute. Let me wait till we
5 can all hear, they're all listening. All right. Go ahead.

6 **MR. MAY:** So saying the net of this is we are accelerating the tax benefits and
7 recognizing those for the customers up front, which results in about a \$180 million
8 reduction in the amount to be securitized. That also means that Entergy will
9 manage the risk associated with and actually receiving the benefits of those taxes.
10 Those taxes would have flowed through over a 23-year period, and so that will be
11 upon us to manage but the upfront benefits of this will flow to customers
12 immediately through the securitization.

13 **VICE CHAIRMAN FRANCIS:** Well, I think we're all in agreement to approve
14 this today. My question is why wasn't this given -- suggested to us, you know, 30
15 days ago? You know, the interest on this money is horrific every day, and besides
16 that, Entergy has been downgraded by some banking institutions because we didn't
17 approve it 30 days ago. So that's one of my problems. And we had a
18 recommendation from our Staff, from these two fine fellows here to approve the
19 securitization, you know, 30 days ago. So I'm disappointed that we -- now we're
20 going -- we're amending it. This had to have come from your company as your
21 suggestion; I understand that. That's great, you know. I'm just disappointed in all
22 the interest we've had to pay. I'm disappointed that one of our electricity suppliers

1 in Louisiana has been downgraded in, you know, in the New York market. So
2 that's all I have to say.

3 **COMMISSIONER SKRMETTA:** Mr. Chairman, I got a quick question for Staff.

4 **CHAIRMAN CAMPBELL:** Mr. Skrmetta.

5 **COMMISSIONER SKRMETTA:** I guess, Brandon, you can answer this or you
6 can float it to whoever it is. It's not that I don't trust Entergy on tax things because
7 I really don't in any way, shape, or form because no offense, I think we just won
8 \$600 million on a tax case, but is this tax position that they're floating and how
9 we're going to do this, is it subject to review by later on in case there is some, let's
10 just say, element that's not correct under the law that needs to be looked at back to
11 the relevant favor of the ratepayer?

12 **SECRETARY FREY:** I'm going to defer to Mr. Barta on this, but I know when
13 the issue was brought to our attention that was -- we wanted to make sure we ran
14 by Bill to make sure it checked off the boxes. So, Bill, you can elaborate on that.

15 **MR. BARTA:** Commissioners, so the plan is to take the tax benefits that are
16 projected to be out there [INAUDIBLE] --

17 **COMMISSIONER SKRMETTA:** Oh, I understand the process.

18 **MR. BARTA:** Okay.

19 **COMMISSIONER SKRMETTA:** My question is: Do we have the ability to like
20 keep watch over this to make sure that it is exactly what it's supposed to be?
21 Because my understanding of this is a 23-year plan for Entergy to take the
22 responsibility over the tax element, give the ratepayers the benefit of the tax
23 element up front, right?

1 **MR. BARTA:** That's correct.

2 **COMMISSIONER SKRMETTA:** But the accuracy of that subject to -- and
3 through my discussions with it, is the anticipation that the tax rates won't change
4 and there won't be any, you know, large differential in the tax base as we move
5 forward. But if there is something subject to, Entergy's going to take responsibility
6 for that, right?

7 **MR. BARTA:** That is correct.

8 **COMMISSIONER SKRMETTA:** Okay. So we're just making sure that there
9 are no, let's just say, giant gaping holes in this settlement that would come back to
10 bite the ratepayers.

11 **MR. BARTA:** No. Entergy, like I said, is going to manage the responsibility.
12 What they're assuming is the risk subject --

13 **COMMISSIONER SKRMETTA:** So it's subject to credit and refund?

14 **MR. BARTA:** Yeah. So in the case, like for instance, if there's a increase in
15 income taxes, they go up to 28 percent again --

16 **COMMISSIONER SKRMETTA:** Uh-huh.

17 **MR. BARTA:** -- Entergy can't come and say oh, those, you know, projected tax
18 benefits, they've decreased so we're going to stick that to the ratepayer in the
19 formula rate plan. That can't happen. They assume the risk for that. It's like -- if
20 that would happen, it would be like \$110 million hit over the course of the 23 years
21 give or take for that.

1 **COMMISSIONER SKRMETTA:** Right. Right. I just want to make sure -- so
2 this isn't something that can be designated as subject to credit and refund as much
3 as it is subject to reanalysis of the tax act?

4 **MR. BARTA:** Yes.

5 **COMMISSIONER SKRMETTA:** Okay. And I guess this Staff will have to
6 monitor that?

7 **SECRETARY FREY:** Yes. And on that point, and I was just verifying with Staff,
8 since this is being pulled out of securitization, we would obviously have the
9 opportunity to review it in every rate proceeding, whether it be formula rate plan or
10 rate case. So we would maintain that authority as well to look at it in that setting.

11 **COMMISSIONER SKRMETTA:** Okay. That answers my question. Thank you.

12 **VICE CHAIRMAN FRANCIS:** Mr. Barta, could I ask you this? This is a change
13 from what you studied and approved, this adds on to the deal that you were hired
14 to discuss. Are you in agreement with this today?

15 **MR. BARTA:** Yes. I think it -- there was a concern with the Commission that
16 Entergy have, for lack of a better term that I've heard is skin in the game, and this
17 puts some element of risk to Entergy with that \$180 million. The most sensitive
18 part -- there's three tax buckets, the most sensitive part is whether they can absorb
19 their net operating losses as quickly as they believe. And if they can't, there's risk
20 to them on that, so.

21 **VICE CHAIRMAN FRANCIS:** Was there risk with like the IRS? Is that where
22 their risk is?

1 **MR. BARTA:** No. The risk is -- in a ratemaking process -- I, you know, I'm --
2 I'm not -- I don't deal with their IRS negotiations. That's probably another
3 consultant you have, but the risk is is that they're stuck with the ratemaking affects
4 if they can't absorb their NOLs as quickly as they project, if the tax -- income tax
5 rates go up, you know, they're -- they can't come back to the ratepayer for that.

6 **VICE CHAIRMAN FRANCIS:** But this should -- this should come up on a
7 normal review of the rate case, shouldn't it, when you look at the numbers on your
8 formula rate plan?

9 **MR. BARTA:** Yes, it will.

10 **VICE CHAIRMAN FRANCIS:** Okay.

11 **MR. BARTA:** It will.

12 **VICE CHAIRMAN FRANCIS:** So that part is -- that's our checks and balances
13 that this will be done right by the -- Entergy. So that's -- there's no reason for us -
14 - we already have a process in place to make sure that they're doing their job. Okay.

15 **MR. BARTA:** That will be another box to check on the formula rate plan.

16 **VICE CHAIRMAN FRANCIS:** All right. All right. Thank you. I'm through.

17 **CHAIRMAN CAMPBELL:** Mr. Lewis.

18 **COMMISSIONER LEWIS:** Thank you, Mr. Chairman. I want to go back to --

19 **MS. BOWMAN:** Mic, please.

20 **COMMISSIONER LEWIS:** Am I on now? There we go.

21 **MS. BOWMAN:** Yes. Thank you.

22 **COMMISSIONER LEWIS:** -- Mr. Barta, what you were talking about about the
23 risk, I'm -- I understand but I'm not sure I believe that this is a true risk in a lot of

1 sense because of where we stand in taxation, especially with the Trump tax cuts
2 expected to expire. I'm really curious on your analysis if you believe this is a
3 significant risk. Because from my perspective, and I should quantify that a little
4 bit. When we talk about skin in the game, I want a community value and I'm not
5 sure this proposal in my view is a community value. I think there is a viewpoint of
6 risk in accepting if the tax rate changes, but I think if we are political observers,
7 that likelihood is very, very slim if we look at Congress, and so I'm just curious on
8 your thoughts on that.

9 **MR. BARTA:** So it's \$180 million less that they're going to securitize through
10 this net of accumulated deferred income tax approach. And I think your question
11 to me is like what's the degree of risk that they'll forfeit that \$180 million. And I
12 think we had a call on that, and I was pretty frank about it. I said I don't think if it
13 was super substantial that Entergy would come forth and say we're going to eat
14 \$180 million because that's a lot of money. I think the approach from
15 Commissioner Greene is that he wanted to have Entergy assume some risk of this.
16 To the degree of risk that you're speaking of, I don't know. I think income taxes
17 are more likely to go up than they will go down, so if that happens, yeah, they're
18 going to -- they will take some hit financially from the ratemaking process.
19 Whether their tax projections are accurate with the absorption of the net operating
20 losses, that's the most sensitive one. That's a risk they'll bear on that if they can't
21 absorb those in the five years they think they're going to. You know, again, I'm
22 not sure how much of a risk. I can't quantify for you --

23 **COMMISSIONER LEWIS:** No. That --

1 **MR. BARTA:** -- 100 percent, 75 percent, 50 percent? I don't -- I don't, you know.

2 **COMMISSIONER LEWIS:** And I would -- if you have anything to add, Mr.

3 May, or --

4 **MR. MAY:** Yeah, look, we do recognize it requires us to manage those risks and

5 those risks are upon us to achieve those tax benefits. We think it's a fair balance

6 and provides a reduction -- a significant reduction in upfront amount to be

7 securitized.

8 **CHAIRMAN CAMPBELL:** Mr. Greene.

9 **COMMISSIONER GREENE:** Mr. Barta, can you comment on the change in

10 rates from December to now on -- and the impact that has on this?

11 **MR. BARTA:** The change in interest rates --

12 **COMMISSIONER GREENE:** Yeah.

13 **MR. BARTA:** -- for securitization? I think Mr. Gooding would probably be a

14 better --

15 **SECRETARY FREY:** Yeah. Let's get Mark up on that one.

16 **MR. BARTA:** Yeah.

17 **MR. MARK GOODING:** Hello, gentlemen.

18 **SECRETARY FREY:** Make sure you introduce yourself. Everybody, too, also.

19 I should have been saying that all along.

20 **MR. GOODING:** Okay. Yeah. My name is Mark Gooding. I work at Estrada

21 Hinojosa, which is an investment banking firm. We've been hired by the

22 Commission to be your financial advisor. I can sort of speak to what's happened

23 with rates. [INAUDIBLE] question what's happened since December, but can I

1 just back up a little bit and I'll tell you what's happened over the past year and then
2 we can talk about what happened since December. I mean, basically, over the past
3 year, as you know, there's been a series of Federal Reserve rate increases and that's
4 driven rates quite a bit higher on all kind of financings. Your two-year treasury
5 went up over 300 basis points, which is 3 percent over the past year. The 5-year
6 trade is up 268 basis points, 10-year trades are up 231. The 30-year trade are
7 approximately 200 basis points higher. So we had a big run up last year. Now,
8 since January, there's been a reversal and rates are starting to fall just a little bit.
9 So rates have fallen in round numbers 20 to 25 basis points over the first two weeks
10 of January. So they ran up a lot and now they're falling back a little bit but no one
11 really knows --

12 **COMMISSIONER GREENE:** So waiting a month didn't cost millions of
13 dollars?

14 **MR. GOODING:** I would say no.

15 **COMMISSIONER GREENE:** Okay. Thank you.

16 **MR. MARK KLEEHAMMER:** And I would certainly add --

17 **CHAIRMAN CAMPBELL:** Wait a minute, Mark.

18 **MR. KLEEHAMMER:** -- we hope that that's the case but it's not done today.
19 It's six to eight weeks from now is when the truth will be known.

20 **MR. GOODING:** That's exactly right.

21 **COMMISSIONER GREENE:** Thank you.

22 **MR. GOODING:** There's certain markets are at risk.

1 **CHAIRMAN CAMPBELL:** Anybody have any other questions? [NONE
2 HEARD] I got something to say if I could. A little bit -- a little bit personal. It
3 won't be too much. The last meeting we had, we were right in the middle of this
4 discussion and it was very, very -- discussed very up and down here, very hot. I'm
5 a little troubled with you, Mark and Phillip, trying to pass that after I left the room.
6 And you openly tried to pass it. I think that was a cheap shot. I thought more of
7 you than doing that, and you know how much I was involved in it. I left the room
8 because I asked Chairman Boissiere -- told him that I was going to north Louisiana,
9 he said fine, I got it. And then you tried to pass this when I left. Man, do y'all have
10 any honor at all? How do you do that? How do you try to pass something when
11 the guy was big involved? How do you do that when I walk out of the room and
12 then you try to get two votes? It mean that much to you?

13 **MR. KLEEHAMMER:** Commissioner Campbell, I will take responsibility for
14 that. I apologize for that. I think --

15 **CHAIRMAN CAMPBELL:** Well, answer me, how do you do that?

16 **MR. KLEEHAMMER:** How do I do that is I sit here and I see the risk associated
17 with interest rate changes as I mentioned. The hope is that the folks who are
18 marketing these bonds can strike when appropriate. We had an uncontested
19 settlement that at the last minute we had a lot of bumps in the road, and I had
20 concerns about timing on this so I think --

21 **CHAIRMAN CAMPBELL:** Are you that -- are you --

22 **MR. KLEEHAMMER:** -- I agree. I take responsibility for that.

1 **CHAIRMAN CAMPBELL:** Are you that much of a company guy, a hundred
2 percent company guy to -- I mean --

3 **MR. KLEEHAMMER:** I think that's where --

4 **CHAIRMAN CAMPBELL:** If I was you -- if I was you and I was representing
5 Entergy and I had an opponent on the other side and he was real active in it and this
6 was a hot, contested deal, the guy left the room, you know, and then you try to get
7 people to vote. Well, let's vote on it, let's vote on it, let's vote on it. He's out of
8 the room and the Chairman said well, he couldn't bring it back up because it
9 wouldn't be fair. Do y'all play that hard? Do you play to win that much that you
10 got to win at all costs even though you have to sacrifice a little bit of a -- terribly,
11 ethically, it was wrong. But I don't see how you did that. And I -- when I heard -
12 -

13 **MR. KLEEHAMMER:** Commissioner, again --

14 **CHAIRMAN CAMPBELL:** -- that, I couldn't believe it. If this thing would have
15 passed and I'd have been gone, probably would have been nothing I could do about
16 it. I would have raised hell about it. When I heard that, that you were doing that, I
17 didn't believe it. And I had to check around and --

18 **MR. KLEEHAMMER:** I did.

19 **CHAIRMAN CAMPBELL:** -- you were actively trying to get these people to try
20 to vote on something that controversial, that thorough argued, and I was not in the
21 room. I -- that doesn't trouble me Mr. Skrmetta tried to do it. I understood that.
22 But I didn't think that you as representing Entergy would go to that extreme when
23 somebody leaves the room and the Chairman told you that and you kept on trying.

1 I'm troubled by that, Mark. I -- when y'all come see me, I do everything I can to
2 facilitate, nice, and this and that and the other. You knew I wasn't for this. I hadn't
3 changed my mind. Well, I just can't believe that your company that you represent,
4 this huge company that has a billion -- a million people in Louisiana that you want
5 to win at all risks and you're going to sit up here and tell me well, you were worried
6 about the market and you didn't want those people to pay any more, but when we
7 asked you to let them pay and you wasn't for that. When your head guy came down
8 here, I asked him would he give 10 cents. He said no, I'm not giving a dime. That's
9 the message that you gave me, we ain't giving anything. And there's a lot of folks
10 -- this goes to y'all out there in the audience, too. All Commissioner Greene and -
11 - heard and I heard was there's no way this can happen, you can't do it. You were
12 shaking your head. I talked to you about it after Mr. Barta and Mr. Skrmetta was
13 giving his speech, you were shaking your head yes, yes, yes, yes, that's right, yes,
14 yes, yes. You're our consultant, yes, yes, yes, yes, you got to do this. And Mr.
15 Skrmetta gave you a big speech in which he believes in about how terrible it was.
16 And I'll be damned, I leave the room and y'all say well, Foster's gone, he's gone,
17 let's pass it now. Man, that's bad manners.

18 **MR. KLEEHAMMER:** Commissioner, look, I accept everything you're saying.
19 I accept responsibility for it. I apologize for doing so. I never stopped pushing to
20 get approval of an uncontested settlement that had benefits for customers. There
21 are two pieces of investors here. It's not just the equity investors; it's the debt
22 investors. And when you're looking at the financial health of the company, time
23 mattered so I apologize.

1 **CHAIRMAN CAMPBELL:** I got it, Mark. I just thought y'all would have -- you
2 knew better than that. That troubled me that -- when people called me and said
3 y'all tried to pass it when I was gone. Lambert Boissiere, to his credit, wouldn't
4 bring it back up. He didn't bring it back up because out of respect to me. I said,
5 look, Lambert, I'm going home, I'm going to north Louisiana, fine I got it. And
6 y'all kept pushing him and kept pushing him and kept pushing and he didn't do it.
7 Y'all not agreeing to this because you're good folks. You're agreeing to it because
8 you've been jammed. You're not -- you're not automatically offering this new
9 solution because y'all are good folks. You're doing it to save the situation. So I
10 mean, I-- I don't know. I-- maybe I'm just old fashioned or out of date or whatever.
11 I just -- when I give my people my word or -- I try to live up to it. And I thought it
12 made your company look bad, made them look greedy. So I don't know. That's
13 just my opinion. And a lot of the people out here in the audience, all y'all told us
14 there's no way to do it, there's no way to do it, like it, this is it, you got to go ahead
15 with it. Well, I'll be damned, a little arguing here and there and a little fighting
16 back and forth and they got a little reason today to save a little money, but all of
17 y'all told me that. Only one -- not one person told me there is a way to reduce this.
18 Not one soul out there.

19 **VICE CHAIRMAN FRANCIS:** Patrick did.

20 **CHAIRMAN CAMPBELL:** Well, he said there wasn't any rule to keep you from
21 doing it. That's what he said. He didn't say how to do it. But anyway, it's
22 troubling. Mr. Lewis made a statement today that reminds me a whole lot of what
23 I said when I was 28 -- I mean, when I came here. How many people in here work

1 for utility companies? And everybody stood up. So how many people work for
2 average -- just the folks, wasn't anybody standing up. All of y'all -- most of y'all
3 work of companies. That's not our job; we work for people. And it was troubling
4 last time to see that you would get the big rate increase and there was nothing you
5 could do about it, oh, there was nothing. I asked some prominent lawyers, nothing
6 you could do about it, they're going to go to court, they going to get it. There's
7 nothing you can do about it. Well, lo and behold y'all are coming today with a
8 compromise that y'all are going to eat some of it. That's all a little -- one month of
9 arguing -- a hundred and how many million?

10 **COMMISSIONER GREENE:** 180.

11 **CHAIRMAN CAMPBELL:** \$180 million, one month and we argued you a little
12 bit with you. Now, you cut it down to \$180 million. So you know, that's all I got
13 to say. Mr. Greene has a motion on the floor.

14 **COMMISSIONER LEWIS:** Can I ask Staff another question [INAUDIBLE]?

15 **CHAIRMAN CAMPBELL:** Yeah.

16 **COMMISSIONER LEWIS:** Thank you. Can I have Staff walk through the
17 mechanism of this motion again? I have -- there's a lot of constituents watching
18 who are very concerned about this. I've been wanting to understand it, and I want
19 to do them a service by ensuring that we are providing that information to them in
20 a succinct way. So if it's possible to explain the change for the public that is
21 watching at home about this mechanism.

22 **MS. BOWMAN:** I will try to keep it as simple as possible. So in netting the ADIT,
23 the accumulated deferred income tax, instead of grossing it for the entire term of

1 the bond, that reduces the total amount that needs to be securitized by 180 million.

2 And what that means for customers is customers on Day 1 after these bonds are

3 securitized, they receive the benefit of all of that accumulated deferred income tax

4 that they normally would receive over the course of the bond, they're receiving it

5 on Day 1. And so in that, it reduces the total amount by that 180 million.

6 **COMMISSIONER SKRMETTA:** Mr. Chairman [INAUDIBLE].

7 **CHAIRMAN CAMPBELL:** Mr. Skrmetta.

8 **COMMISSIONER SKRMETTA:** Clarifying just for me, too, on this.

9 **MS. BOWMAN:** I'm sorry. Your mic is not on, Commissioner. I'm sorry.

10 Chairman, mic.

11 **CHAIRMAN CAMPBELL:** I'm sorry.

12 **COMMISSIONER SKRMETTA:** That's okay. To clarify on this is from this

13 amount, the original amount, there was a tax issue that the ratepayers were going

14 to take a 20-year -- 23-year benefit on. Now, Entergy will take the 20-year -- 23-

15 year benefit and will advance or deduct and create the 23 -- or the immediate benefit

16 to the ratepayer versus the ratepayers waiting 23 years; is that correct?

17 **MS. BOWMAN:** That is correct. There's also a potential risk. So over the 23

18 years --

19 **COMMISSIONER SKRMETTA:** The risk is on Entergy now?

20 **MS. BOWMAN:** Now the risk is on Entergy. Where --

21 **COMMISSIONER SKRMETTA:** Okay. So what the issue is, it's the same

22 settlement, it's the differentiation of when the benefits take place.

23 **MS. BOWMAN:** Correct.

1 **COMMISSIONER SKRMETTA:** So they are taking the risk on the \$180
2 million. The ratepayers are getting the benefit of it now, and we still lost interest
3 on the fed shift in December of about \$47 million is my understanding so from
4 there. So that's kind of where we are now, right?

5 **MS. BOWMAN:** Yes.

6 **COMMISSIONER SKRMETTA:** More or less?

7 **MS. BOWMAN:** More or less, yes.

8 **COMMISSIONER SKRMETTA:** Okay. That's -- I think that kind of explains
9 it as we shifted risk, got immediate value, and Entergy will get that value but they're
10 going to take 23 years to get it. Okay.

11 **SECRETARY FREY:** And there is one other potential benefit to this as well, and
12 I'm somewhat reluctant to say this but I don't think anybody will kill me if I do.
13 There's been an issue of a stress test and the total amount being securitized of a
14 customer's bill and to avoid that, the rating agencies have let it be known to LURC
15 and to us that you might have to spread out the securitization longer, which I know
16 is not something this Commission -- and we've argued against, by reducing the
17 amount securitized, it makes it more likely we don't trigger that threshold.

18 **COMMISSIONER SKRMETTA:** Okay.

19 **SECRETARY FREY:** And so that's an additional benefit and that's --

20 **COMMISSIONER SKRMETTA:** Okay.

21 **SECRETARY FREY:** -- is that accurate what I'm saying there? Yes. Okay.

22 **MR. PATRICK:** No guarantees that we get the AAA, but every --

1 **SECRETARY FREY:** No. But if they're listening, they know what we're looking
2 for.

3 **MR. PATRICK:** -- every little bit -- every little bit helps.

4 **COMMISSIONER SKRMETTA:** Oh, they listened last time, they're listening
5 this time, trust me.

6 **COMMISSIONER LEWIS:** That does bring some questions for me.

7 **MS. BOWMAN:** I'm sorry. One more mic.

8 **CHAIRMAN CAMPBELL:** Mr. Lewis.

9 **COMMISSIONER LEWIS:** Thank you. That does bring some questions to me
10 about our long-term consideration for bond rating that I want to ask you about
11 because poor ratings are usually combinations of factors, history points. And our
12 political environmental is really a subjective score if we're being honest with
13 ourselves, which means the other objective metrics make up the majority of their
14 score. And so I'm really curious about some of your long-term plans to address
15 that because I don't think your rating is solely just based off of the decisions the
16 five of us make. It is other factors and I'm -- I will say I'm a little skeptical to use
17 that as a justification that that alone should be a reasoning to approve this plan for
18 bond rating, so I'm really curious about what other initiatives are you going to take
19 as a company to improve your score and your rating.

20 **MR. MAY:** With regard to this specific issuance, the mechanism that we will issue
21 it is what we use to, we believe, will achieve a AAA bond rating, which means it
22 provides the lowest interest cost possible for our customers in paying this back. It
23 also puts additional risk on us, the \$180 million, places that risk for us to manage

1 over that 23-year period, and so it provides a lower upfront cost in the securitization
2 amount. With regard to the specific ratings for the companies. Every decision we
3 make at the company involves four key stakeholders. It's our employees, it's our
4 customers, it's the communities we serve, and ultimately, it's also our owners, the
5 bond holders and our investors. Those are the folks who provide the capital
6 necessary to do the things we do for our community and for our customers. So as
7 we make decisions, it includes what is the impact on our ratepayers, in two different
8 directions as well. Does it maintain affordable rates or rates that are reasonable?
9 Does it provide a better quality of services, whether it's better improvements in
10 reliability or other services for our customers? Those decisions we make at our
11 company involve all four of those stakeholders, but ultimately, it involves a
12 consistent decision from this Commission. And I believe that by consistently
13 thinking through those four stakeholders and making sure we create sustainable
14 value for all four of those stakeholders, it means the Commission is more
15 comfortable and confident in making those decisions that it will positively benefit
16 those stakeholders and ultimately the state.

17 **COMMISSIONER LEWIS:** Thank you. And I'm going to -- this proposal, to
18 me, I think underscores some broader concerns that I have about prudence of the
19 total storm cost because when we talk about it, I think Commissioner Francis was
20 highlighting this earlier, why was this not identified as a solution earlier and what
21 really is a red line. Is it 180 million, 190, 200 million? We can go on. And so
22 when I think of prudence, I don't just think about the short term. As, Mark, as you
23 and I had a conversation last night, I'm also thinking about long-term investments

1 in storm preparedness and recovery costs. And so I want to ask you, will you
2 commit to reviewing and auditing the storm recovery process and expenses because
3 as I've heard throughout my short tenure and throughout the campaign, this is partly
4 why I'm here, if I'm going to be very honest. The displeasure of the public with
5 your company is by far probably the biggest factor why I'm sitting up here on this
6 dais, and so for them it is -- this high price tag to me requires a very strict scrutiny
7 of a test. And so I'm very curious about what do you plan to do in the future and
8 how are we going above and beyond to prepare for storms as we know they are
9 coming and so we're not doing this process every three years as our climate may
10 provide for us.

11 **MR. MAY:** Right. No, it's a great question. And I think the last two storm
12 seasons, that being '20 and '21, and in fact, what we saw in '22 demonstrate that
13 we are dealing with more frequent, more powerful storms. We have to think
14 differently about our infrastructure. You know, sometime after Katrina/Rita,
15 Entergy began building to a higher storm standard, 150 mile an hour standard. And
16 we did that by every time we build something new or replaced something, it was to
17 that new standard. What is required given what we've seen over the past several
18 storm seasons is a more aggressive approach, a more accelerated approach. So this
19 means that poles that are still standing but don't meet that standard we'll need to
20 strategically determine whether we take those down or replace those. That
21 replacement process is part of a comprehensive resiliency plan that we have put
22 before this Commission. But rest assured that we have for more than a decade have
23 had this elevated standard so that's why when we had Hurricane Laura and the Lake

1 Charles/Southwest Louisiana area, you saw that the newer infrastructure,
2 particularly Lake Charles transmission project, had very little damage as it met that
3 new standard. For Hurricane Laura, southeast Louisiana, the newer transmission
4 lines that ran all the way down to Port Fourchon received very little damage with
5 that new standard. So we know how to build resilient infrastructure. It is a need to
6 accelerate how we're replacing the existing structure with this better infrastructure.
7 And lastly, I'll note that in 2022, we had another Category 4 storm that struck the
8 state of Florida. Florida after investing for more than a decade in upgrading their
9 system on this accelerated basis instead of a after-the-fact basis or new structure
10 basis, resulted in them being able to return power much more quickly than they
11 would have had they not accelerated the infrastructure. So ultimately, these
12 resiliency plans are about not having the lights go out when we have our major
13 event because I've heard it said that Mother Nature is the undisputed heavy weight
14 champion of the world, but we can build infrastructure that we can get back on
15 more quickly. So instead of weeks of outages, we will strive to have days of
16 outages. We believe we can build that infrastructure. We think that what happened
17 in Florida demonstrates the viability of that plan and we're ready to move forward
18 with that plan.

19 **COMMISSIONER LEWIS:** And thank you. I want to be very clear. I still think
20 securitization may be a good tool. I am not arguing against that, but I want to make
21 sure it's used in the most prudent and appropriate manner because there are trade-
22 offs. I mean, I think between preventing capital spending [INAUDIBLE] hardening
23 and resiliency and the magnitude of your O&M cost to recover. And so these long-

1 term considerations is really where I'm focused on because I think we just -- we
2 need to have an independent review of utility storm response. I think we are in a
3 place as we've talked about, as we all know, where natural disasters and hurricanes
4 are stronger than ever and we need to feel confident in addressing storm responses
5 adequately.

6 **MR. MAY:** Right.

7 **COMMISSIONER LEWIS:** And we have to protect just the people. I mean, I
8 think as I mentioned in my opening statement, my district has some of the poorest
9 communities in the state of Louisiana. A \$5 change matters to them greatly. And
10 when we are taking consideration, we really wanted to look at what you are doing
11 proactively, and I appreciate, Mark, our call last night about that, about how do we
12 start to build up a stronger reserve so we are not coming to ratepayers for that. And
13 so I really think we have to address the weakness in our infrastructure over the last
14 few decades but thank you for answering my questions.

15 **MR. MAY:** Thank you.

16 **COMMISSIONER SKRMETTA:** I just got one quick question.

17 **CHAIRMAN CAMPBELL:** Mr. Skrmetta.

18 **COMMISSIONER SKRMETTA:** And this is to Entergy. And I know in your
19 long-term goals of looking at your, you know, hardening of the infrastructure and
20 what you're planning on doing, one of the things I want you to look at doing is
21 doing it through securitization so we avoid doing it through building out greater
22 infrastructure element for rate increase. So we can do it through securitization, pay
23 it off, to where it's not a buildup of rate increase, ROE increase, an element to get

1 it through and address this through securitization so we can actually get it paid off
2 and it won't be super bloom on rate increases for the public down the road. So it's
3 something to, you know, make a note of and start thinking of a different approach
4 to this versus the traditional approach of just, you know, spending money and
5 coming in on a rate case and coming and saying look what we got now and now we
6 want to a rate -- build our rates so where we can keep the rates where they are and
7 instead of paying the rate forever, we can get the cost of this done and pay it off in
8 15 years, whatever, and be done with it. So I'd like y'all to be looking at that.
9 Thank you.

10 **MR. MAY:** Commissioner, I appreciate those comments, and we are very keenly
11 interested in working with the Commission on every possible avenue on how we
12 finance this. I think that, as I noted, the last several storm reasons demonstrates the
13 need to act aggressively on this. I will note the other important factor is
14 aggressively looking for federal financing for this, and we have done that. We're
15 partnering with some of our communities and other businesses and so forth on how
16 we can access money and we certainly appreciate the support the Commission has
17 had on that. We believe that this area of Louisiana, particularly along the Gulf
18 Coast, is critically important to the entire U.S. The energy infrastructure is
19 critically important for the entirety of our nation, and we think it's important that
20 that infrastructure be upgraded and we think it's important and fair that the
21 taxpayers of the U.S. help through that through grants that we're aggressively
22 seeking. So again, every avenue that we can find that mitigates the amount that

1 customers pay for this important resiliency program, we look for and we're ready
2 to roll up our sleeves and work with you on that.

3 **CHAIRMAN CAMPBELL:** Any other questions? [NONE HEARD] There's a
4 motion on the floor --

5 **MS. BOWMAN:** Commissioner, your mic needs to be on as well.

6 **CHAIRMAN CAMPBELL:** I'm sorry.

7 **MS. BOWMAN:** And we do have one constituent who would like to speak on this
8 issue.

9 **COMMISSIONER SKRMETTA:** Why don't you let them speak first?

10 **SECRETARY FREY:** Yeah. We have a --

11 **MS. BOWMAN:** Yeah. Ms. Deloris Brooks, if you want to come up. And
12 gentlemen, if at least some of you will leave the table so she has room.

13 **CHAIRMAN CAMPBELL:** Let me ask you a question. Tell the lady to come
14 on up. How much does this -- a month, how much is it?

15 **MS. BOWMAN:** No, Ms. Brooks, you can come on up?

16 **CHAIRMAN CAMPBELL:** How much is -- how much does this cost a month
17 additional?

18 **MR. GOODING:** For the whole securitization, 1.6?

19 **CHAIRMAN CAMPBELL:** Yeah.

20 **MR. GOODING:** I would deflect on Bill Barta on that if he could answer that
21 question.

22 **MR. KLEEHAMMER:** Yeah. It's about \$5.50.

23 **CHAIRMAN CAMPBELL:** A month?

1 **MR. KLEEHAMMER:** Yeah.

2 **CHAIRMAN CAMPBELL:** For a 1,000 kilowatts --

3 **MR. KLEEHAMMER:** For a 1,000 kilowatt hour.

4 **CHAIRMAN CAMPBELL:** 5.50. Okay. For 1,000 kilowatts.

5 **MS. BOWMAN:** Yeah, Ms. Brooks, you can sit any of the chairs that are open.

6 Yes, ma'am. Okay.

7 **MS. DELORIS BROOKS:** Could I turn around? Which way I face?

8 **MS. BOWMAN:** Face the Commissioners.

9 **MS. BROOKS:** Okay. I'm going to start off with a pleasant subject --

10 **MS. BOWMAN:** And just please introduce yourself and then if you'll just press

11 the button on the -- yeah, Brandon.

12 **COMMISSIONER SKRMETTA:** Help her out, Brandon.

13 **MS. BROOKS:** Okay.

14 **MS. BOWMAN:** There you go.

15 **MS. BROOKS:** I'm going to start off with a pleasant subject. Dr. Martin Luther

16 King, Jr. and I were born on the same month, different years. Dr. King born January

17 15, 1929. If he was still living, he would be 94. I was born January 10, 1944. I

18 made my birthday last week, January 10, 2023. I'm age 79. I wouldn't be facing

19 all these bills if I was dead. My great grandparent and grandparent, mother and

20 father, my siblings all have passed away, but I'm still here and I'm stuck with all

21 these bills. If somebody would ask me, should I go into education, I would say no.

22 I spent eight years in college, and some months I can't even pay my bills. Some

23 months I can't even buy food for myself. I married three men, divorced three men.

1 I can't buy food. That's how my life is, and that's bad. This month I paid off my
2 mortgage so that's one bill I won't have to pay. My money comes from my
3 teacher's retirement, which is much of nothing, and that last man I married -- oh, I
4 been married three times, divorced three times. The last ex-husband, I draw his
5 Social Security. I got a lumpsum, had a problem getting in and out of my tub. I
6 had a shower put in, so I wouldn't have to worry about the tub. And with that
7 money and my money, it's still hard for me to make it. If somebody asked me today
8 should I go into education, I said no because when you retire, you're not going to
9 have enough money to live off of. Some months, I don't even have enough money
10 to buy food. And if you [INAUDIBLE] making money, they can do it. I been
11 retired since 1987. That's 37 years I've been retired. Some years I worked; some
12 years I didn't work, but I should not have it so hard with eight years of college. But
13 that's what I'm going through. Thank you all.

14 **CHAIRMAN CAMPBELL:** Ma'am, could I ask you a question?

15 **MS. BROOKS:** Sir?

16 **CHAIRMAN CAMPBELL:** You were a educator? You taught school?

17 **MS. BROOKS:** Yes, sir. I had a BA in elementary ed, Masters in elementary ed.

18 I taught school for many years and I retired from that. And it's sad I have to suffer.

19 **CHAIRMAN CAMPBELL:** Thank you.

20 **MS. BROOKS:** With all that education, sir. You understand what I'm saying?

21 **CHAIRMAN CAMPBELL:** Yeah. I taught school, too.

22 **MS. BROOKS:** I shouldn't have to suffer, but that's the way it is. Teachers don't
23 make enough money for what they do. We go through trouble with the children.

1 I'm glad I don't teach now because I'd lose my -- I'd end up in jail. Let me tell you
2 what one of these little children told my friend. She said my mama said you can't
3 tell me nothing because you ain't my mama. I said I wouldn't want to be your
4 mama, you're a smart aleck brat, go to the office and go home because you're not
5 running my room. Thank you all.

6 **CHAIRMAN CAMPBELL:** Thank you. Mr. Lewis.

7 **COMMISSIONER LEWIS:** Yes. I want to first thank you so much for showing
8 up and telling your story because I think what we need more than ever, especially
9 [INAUDIBLE] in this room --

10 **MS. BOWMAN:** I apologize. Your mic is not on.

11 **MS. BROOKS:** I want to say something about the food stamps. They're going to
12 give us \$10. They don't [INAUDIBLE] children 800 and 900. Old people need
13 more than \$10 worth of food stamps [INAUDIBLE] food stamps, you need to give
14 them 200.

15 **COMMISSIONER LEWIS:** Yes, ma'am. And what I wanted to say to you is I
16 want to thank you --

17 **MS. BROOKS:** Yes, sir.

18 **COMMISSIONER LEWIS:** -- for saying that because I think often times what
19 we fail to do in public policy --

20 **MS. BROOKS:** Right.

21 **COMMISSIONER LEWIS:** -- is make the connection.

22 **MS. BROOKS:** Right.

1 **COMMISSIONER LEWIS:** Make the connection of the struggle and we are in
2 a state -- one of five states that doesn't have a minimum wage.

3 **MS. BROOKS:** Right.

4 **COMMISSIONER LEWIS:** We are in a state that does not provide a strong
5 social safety net for people to have food, healthcare, childcare, and then we make
6 decisions today that affects your monthly income.

7 **MS. BROOKS:** Right.

8 **COMMISSIONER LEWIS:** And I appreciate you and I wanted to know -- I
9 wanted you to know I value you for telling your story and showing up because this
10 room should be -- there should be more people of you in here because when we
11 make a vote, we need to be making the vote not -- not for what we've been lobbied
12 on --

13 **MS. BROOKS:** Right.

14 **COMMISSIONER LEWIS:** -- not for the industry insiders telling us but for the
15 people.

16 **MS. BROOKS:** Right.

17 **COMMISSIONER LEWIS:** And so I wanted to commend you for showing up.
18 I wanted to commend you for speaking out, and I want to tell you I will be a partner
19 with you to ensure we have more people here telling their stories. And I just wanted
20 you to be recognized. Thank you.

21 **MS. BROOKS:** Right. Thank you. Being one man retired -- he retired one month,
22 he said I had to go back and go to work to get a job to help him because he couldn't
23 pay all of his bills.

1 **CHAIRMAN CAMPBELL:** Thank you.

2 **MS. BROOKS:** You're welcome.

3 **CHAIRMAN CAMPBELL:** You got anybody else want to speak? You have
4 anybody?

5 **SECRETARY FREY:** No. That was the only card we have.

6 **COMMISSIONER LEWIS:** Can I ask another question real quick? Mr. Barta,
7 you -- can you tell me what -- I know we were right before said it would be \$5 and
8 -- or Mark said it I believe, 5.50 on 1,000 or Mark, what would it be on 1,500?

9 **MR. BARTA:** Twenty-five percent more. I don't know [INAUDIBLE]

10 **COMMISSIONER LEWIS:** Twenty-five percent more?

11 **MR. BARTA:** I thought it was 5.37. I don't know if he figured in the -- there's a
12 storm cost offset on that piece. I think it was like \$5.37.

13 **CHAIRMAN CAMPBELL:** Extra.

14 **MR. BARTA:** Correct.

15 **COMMISSIONER LEWIS:** So that was for -- that's for 1,000 and then 1,500
16 would be 25 percent more?

17 **MR. BARTA:** And then 1,500 would --

18 **COMMISSIONER LEWIS:** Okay.

19 **MR. BARTA:** Yeah.

20 **COMMISSIONER LEWIS:** Thank you.

21 **CHAIRMAN CAMPBELL:** Anybody else want to speak? [NONE HEARD]
22 Well, we have a motion --

23 **MS. BOWMAN:** Yes, sir.

1 **CHAIRMAN CAMPBELL:** -- on the floor.

2 **SECRETARY FREY:** Yes.

3 **CHAIRMAN CAMPBELL:** And we need a second on the motion.

4 **MS. BOWMAN:** Yes. So we will entertain a second on Commissioner Greene's

5 motion at this time.

6 **COMMISSIONER SKRMETTA:** I'll second.

7 **CHAIRMAN CAMPBELL:** Been a second, okay. You want to have a object --

8 we need to have a vote. Let me say the motion is a lot better than the original. And

9 Mr. Greene did a lot of work on it. They've come down a \$160 million. I think

10 there's some more that could be reduced. Another problem that I have that I don't

11 have a lot of friends on, but I represent north Louisiana, and I've talked to y'all

12 about this before. People in north Louisiana don't have hurricanes. They just don't

13 have them. Hope we don't get them. But we have to pay for all the damage. I do

14 understand everybody else up here represents different parts of the state. But we

15 do not have the hurricanes. We have tornadoes. We have ice storms. But they're

16 not as extensive as tornadoes are. But people in north Louisiana are paying the

17 same thing as the people in south Louisiana pay. That's not the case when you buy

18 insurance. It's all based on risk. This is based on risk. Risk is risk. If you go buy

19 insurance in Shreveport for your car, go to New Orleans and try to buy insurance

20 on the same car and see how much more it costs. Same thing with houses. I told

21 you I quoted my home with the same insurance company, same square footage and

22 this was not even in south -- deep south Louisiana. It was in up north of Baker up

23 there -- Clinton, Louisiana. And homes up there were \$2,000 a year higher than

1 my home was in Bossier Parish simply because of the risk. And there's lots of
2 insurance companies that won't even write down there because of the risk; the
3 insurance is astronomical. And I asked the people at Entergy, what do you think
4 about that, and this is their answer, well, north Louisiana doesn't have a lot of
5 people. That's true. And we have to stretch the wire a long ways before we get to
6 people out in the country. That's their excuse. On the other side of that, I asked
7 them, I said, well, if it's such a bad deal in north Louisiana, why don't you sell it?
8 Oh, no, we don't want to sell it. You can sell north Louisiana that fast [snaps]. You
9 know why somebody would want to buy north Louisiana? Because you got a half
10 a million people up there or how many you have that don't have problems. So they
11 pay their bills every month but they don't have hurricanes. So you're not kidding
12 me. Anybody that's got a bad business, somebody wants to buy it, it's for sale.
13 These people don't want to sell north Louisiana because they making money there,
14 which I'm fine with, but the people in north Louisiana are being penalized for the
15 price they pay because we don't have the storms. It's just that -- it's that way. This
16 proposal that Mr. Greene has had doesn't say anything about that. I can understand
17 that. I think there's more savings, but that's why I'm not voting for it. I'm troubled
18 by that. But anyway, this is -- we've got this amendment accepted now, correct?

19 **MS. BOWMAN:** We --

20 **SECRETARY FREY:** We need a roll call vote.

21 **CHAIRMAN CAMPBELL:** All right. We need a roll call vote. This is on Mr.
22 Greene. You have anything to say?

23 **COMMISSIONER GREENE:** No.

1 **CHAIRMAN CAMPBELL:** This is Mr. Greene's amendment or --

2 **SECRETARY FREY:** Yes.

3 **CHAIRMAN CAMPBELL:** -- whatever you want to call it.

4 **MS. BOWMAN:** A motion.

5 **SECRETARY FREY:** Motion as read, yes.

6 **MS. BOWMAN:** And a second --

7 **CHAIRMAN CAMPBELL:** To a final settlement, right?

8 **SECRETARY FREY:** Yes.

9 **MS. BOWMAN:** Yes.

10 **CHAIRMAN CAMPBELL:** Okay. Want to call the roll?

11 **MS. BOWMAN:** Okay. Commissioner Skrmetta?

12 **COMMISSIONER SKRMETTA:** Yes.

13 **MS. BOWMAN:** Commissioner Greene?

14 **COMMISSIONER GREENE:** Yes.

15 **MS. BOWMAN:** Commissioner Lewis?

16 **COMMISSIONER LEWIS:** No.

17 **MS. BOWMAN:** Commissioner Francis?

18 **VICE CHAIRMAN FRANCIS:** Yes.

19 **MS. BOWMAN:** Commissioner Campbell?

20 **CHAIRMAN CAMPBELL:** No.

21 **MS. BOWMAN:** It is passed. Moving on to Exhibit Number --

22 **CHAIRMAN CAMPBELL:** You -- hold on a second.

23 **SECRETARY FREY:** Sure.

1 **MS. BOWMAN:** Yes, sir.

2 **CHAIRMAN CAMPBELL:** You do know everybody in the audience -- we're all
3 aware of this now, aren't we, that we went from a situation where there was no
4 hope, couldn't do anything about it. Mr. Patrick said there was no law against it,
5 using his advice, we saved about \$160 million a year. So that sort of let's you know
6 that when you hear people say you can't do anything about things, that's not true.
7 There's always a way, but you got to be willing to fight a little bit to get down to it.
8 So I think all the arguments was worth it. It's \$160 million that people won't have
9 to pay. I think that's a good thing that Mr. Greene and the whole Commission did
10 and having the argument for one month saved a \$160 million. It's worth the fight.
11 Okay. Go ahead.

12 **MS. BOWMAN:** Moving on to Exhibit Number 10 is undocketed. It's Cleco
13 Power's notice of a state tax rate change and regulatory asset treatment. It's a
14 discussion and possible vote on a authorization of a regulatory asset. By letter dated
15 December 5, 2022, Cleco Power requested the establishment of a regulatory asset
16 to record, for accounting purposes only, the change in its effective tax rate from
17 26.071 percent to 26.925 percent for tax years beginning after January 1, 2022.
18 According to Cleco, Louisiana Constitutional Amendment 2 - Act 396, House Bill
19 292 eliminated the deduction for federal income tax paid and modified the
20 corporate income tax brackets and rates. Cleco further states that it will seek the
21 recovery of this change in effective tax rates in its next rate case filing, which will
22 be filed by March 31, 2023. Commission Order Number U-35299 accepted the
23 stipulated settlement between Cleco Power and Staff that included the following

1 language in the stipulation settlement terms: No new regulatory asset may be
2 created or booked by Cleco Power unless authorized by a vote of the Commission.
3 Cleco Power's December 5th letter was provided in accordance with Paragraph E(3)
4 of the stipulation accepted in Order Number U-35299 and if authorized, the
5 regulatory asset would not approve a rate change for Cleco Power, such approval
6 could occur if approved by the Commission in the company's next rate case.
7 Therefore, Staff recommends that the Commission authorize Cleco Power's request
8 to establish a regulatory asset for accounting purposes only to record the effective
9 tax rate change until such time that the Commission rules on Cleco's next rate
10 request, including the increased amounts recorded in this regulatory asset. Until
11 the Commission approves a rate request, Cleco Power shall not change its rates
12 reflecting this effective rate change.

13 **COMMISSIONER SKRMETTA:** Move to adopt Staff recommendation.

14 **CHAIRMAN CAMPBELL:** There's a motion to approve Staff recommendation.
15 Is there a second? I'll second it.

16 **MS. BOWMAN:** So motion by Commissioner Skrmetta, seconded by
17 Commissioner Campbell. Any opposition? [NONE HEARD] Hearing none, the
18 motion is passed. Moving on to Exhibit Number 11. This is reports, resolutions,
19 discussions. We do have a few items under this report. The --

20 **CHAIRMAN CAMPBELL:** Go ahead.

21 **COMMISSIONER SKRMETTA:** Mr. Chairman, could we --

22 **MS. BOWMAN:** I'm sorry. Can you use your microphone, please?

1 **COMMISSIONER SKRMETTA:** Sorry. And move through the other docket
2 before [INAUDIBLE] stuff.
3 **MS. BOWMAN:** It's not on.
4 **CHAIRMAN CAMPBELL:** Okay. I'm sorry.
5 **COMMISSIONER SKRMETTA:** That's all right. Can we move through the
6 rest of the docket and since there's a presentation and report?
7 **CHAIRMAN CAMPBELL:** That would be fine. What you want to --
8 **COMMISSIONER SKRMETTA:** Just move on to Number 11 and keep going.
9 Actually, that's part of 11, move on to 12 and --
10 **CHAIRMAN CAMPBELL:** Gotcha. That would be fine.
11 **COMMISSIONER SKRMETTA:** -- just go through and come back to 11 if that's
12 okay.
13 **CHAIRMAN CAMPBELL:** That's fine.
14 **COMMISSIONER SKRMETTA:** Okay. So move -- we'll put Exhibit 11 at the
15 end and then Exhibit Number 12 is Docket Number R-31106. It's the
16 Commission's rulemaking to study possible development of financial incentives
17 for the promotion of energy efficiency by jurisdictional electric and gas utilities.
18 It's a discussion and possible vote to retain an engineer for District I at that request
19 of Commissioner Skrmetta. And this is similar to the request earlier for District
20 IV. Pursuant to the Commission's General Order dated December 2, 2021, each
21 Commissioner can nominate a qualified engineering firm to provide professional
22 services for each district for the political subdivision energy efficiency program
23 subject to the Commission's confirmation vote and approval. Based on that general

1 order, Commissioner Skrmetta nominates Nathan Junius of Linfield, Hunter &
2 Junius to serve as the engineering firm for District I for 2023. Mr. Junius has
3 assisted District I in 2022. Based on the Commission's general order and the
4 allocation of the political subdivision portion of the energy efficiency program to
5 District I, the budget to provide engineering services shall not exceed \$27,277.32.
6 Staff recommends that the Commission approve Commissioner Skrmetta's
7 nomination of Linfield, Hunter & Junius to assist in District I with the political
8 subdivision energy efficiency program in 2023 for a total budget not to exceed of
9 \$27,277.32.

10 **COMMISSIONER SKRMETTA:** Move to accept Staff recommendation.

11 **CHAIRMAN CAMPBELL:** I'll second.

12 **MS. BOWMAN:** Any opposition?

13 **CHAIRMAN CAMPBELL:** I second his motion. No opposition. [NONE
14 HEARD]

15 **MS. BOWMAN:** Hearing none. Exhibit Number 13 is Docket Number R-31106.
16 It's the same things. Commission's rulemaking to study the possible development
17 of financial incentives for the promotion of energy efficiency by jurisdictional
18 electric and gas utilities. It's a discussion and possible vote to retain an engineer
19 for District II and this is at the request of Commissioner Greene. Based on the
20 Commission's General Order, Commissioner Greene nominates D Hicks
21 Consulting, Inc. to serve as the engineering firm for District II for 2023. D Hicks
22 Consulting has been working with District II for the last year on the political
23 subdivision energy efficiency program. Based on the Commission's general order

1 and the allocation of political subdivision portion of the energy efficiency program
2 to District II, D Hicks Consulting budget to provide engineering services shall not
3 exceed \$15,453.95. Pursuant to the Commission's General Order dated December
4 2, 2021, Staff recommends that the Commission approve Commissioner Greene's
5 nomination of D Hicks Consulting to assist District II with the political subdivision
6 energy efficiency program for 2023 for a total budget not to exceed of \$15,453.93.

7 **COMMISSIONER SKRMETTA:** Move to accept Staff recommendation.

8 **CHAIRMAN CAMPBELL:** I second it.

9 **MS. BOWMAN:** A motion and a second.

10 **CHAIRMAN CAMPBELL:** No objections.

11 **MS. BOWMAN:** Any -- no opposition. Moving on to Exhibit Number 14, which
12 is Docket U-35441. This is Southwestern Electric Power Company's application
13 for approval of a change in rates, extension of formula rate plan, and other related
14 relief. It's a discussion and possible vote pursuant to Rule 57 on a uncontested
15 partial stipulated settlement, so this will need two votes. And it's at the request of
16 Commissioner Campbell. On December 13, 2019, SWEPCO filed its application
17 with supporting testimony and exhibits seeking Commission approval of a change
18 in rates, extension of a formula rate plan, and other related relief. Notice of the
19 application was published in the Commission's Official Bulletin with the Alliance
20 for Affordable Energy, the Federal Executive Agencies, the Sierra Club, and
21 Walmart intervening. On January 3, 2022, SWEPCO filed an unopposed motion
22 to upset the procedural schedule set on May 14, 2021, and continue the hearing
23 without date while settlement negotiations were ongoing. After a breakdown in

1 negotiations, a procedural schedule was adopted on November 1, 2022, and a
2 contested hearing date of January 30, 2023 was selected. Following discovery
3 testimony and settlement negotiations, the parties were able to agree to a proposed
4 partial stipulated settlement with the exception of the net operating loss ADIT issue.
5 The parties filed a joint motion for consideration of proposed uncontested joint
6 stipulation and settlement agreement by the Commission pursuant to Rule 57 on
7 January 13, 2023. The major terms of the partial stipulated settlement are as
8 follows: A net rate increase of \$27 million, a return on equity of 9.5 percent, a new
9 retirement rider to recover the cost of retired power plants on a levelized basis over
10 10 years, initially applicable only to the retired Dolet Hills Power Station and the
11 Pirkey plant, a requirement that the company seek and obtain authorization from
12 the Commission to defer future named storm costs, re-establishment of a formula
13 rate plan for an initial three-year term, extension of a service quality improvement
14 plan subject to credits to the fuel adjustment clause for past and future reliability
15 deficiencies, and an agreement to move forward with a contested hearing on the
16 NOL ADIT issue on January 30, 2023. Staff recommends that: 1) The Commission
17 take this matter up under the Commission's original and primary jurisdiction
18 pursuant to Rule 57; and 2) Accept the uncontested partial stipulated settlement
19 filed on January 13, 2023.

20 **COMMISSIONER GREENE:** Motion to take the matter --

21 **MS. BOWMAN:** Mic, please.

22 **CHAIRMAN CAMPBELL:** They don't stay on.

23 **COMMISSIONER GREENE:** Motion to take the item up under Rule 57.

1 **MS. BOWMAN:** Under Rule -- so motion by Commissioner Greene to take it up
2 under Rule 57.

3 **CHAIRMAN CAMPBELL:** Second.

4 **MS. BOWMAN:** Seconded by Commissioner Campbell. Any opposition?
5 [NONE HEARD]

6 **CHAIRMAN CAMPBELL:** I would like to make a motion --

7 **MS. BOWMAN:** Can you use your microphone, please?

8 **COMMISSIONER SKRMETTA:** His ought to be on.

9 **CHAIRMAN CAMPBELL:** I punch them all on and they go off.

10 **MS. BOWMAN:** Just move -- you need to move it closer to your mouth.

11 **COMMISSIONER SKRMETTA:** Talk into your microphone.

12 **MS. BOWMAN:** There you go. Move it closer. There you go.

13 **CHAIRMAN CAMPBELL:** Okay. I would like to make a motion to accept Staff
14 recommendation. This is SWEPCO that is south -- northwest Louisiana. It's a
15 proposed rate increase of 3.53. This is a case that we haven't had. Is Bobby Gilliam
16 here? Why don't you come on up? You got anybody with SWEPCO. Malcolm's
17 not here anymore but who you got?

18 **UNIDENTIFIED SPEAKER:** Mr. Brice is here.

19 **CHAIRMAN CAMPBELL:** Come on up. We miss Malcolm.

20 **MS. BOWMAN:** And Tom, fill out a yellow card, please.

21 **CHAIRMAN CAMPBELL:** Introduce yourselves, gentlemen. Everybody knows
22 who you are but --

1 **MR. TOM BRICE:** Tom Brice, Southwestern Electric Power Company. Good
2 morning.

3 **MR. BOBBY GILLIAM:** And Bobby Gilliam counsel for SWEPCO.

4 **CHAIRMAN CAMPBELL:** Go ahead. Tell us about your proposition here that's
5 long overdue.

6 **MR. GILLIAM:** Right. Commissioner, yeah, this is a full-fledged rate case which
7 has been requested for some time. SWEPCO's last rate adjustment was in 2017 at
8 the end of a FRP. Prior to that, there had been a rate case but I think it was resolved
9 in about 2007. Since the 2017 adjustment, that's -- it's over five years ago,
10 SWEPCO's invested over \$300 million in the rate base to maintain and improve
11 the system. They're receiving no return on that \$300 million. And SWEPCO,
12 while maintaining their system, they've also been working to harden the system as
13 we go. That's something Mr. Smoak has done for a number of years and Mr.
14 Mattison, who's now the president, he will continue that. It's about a 3.53 percent
15 increase over this five plus years. Inflation is a lot higher than that during that same
16 time period, many times over. So it's -- we do have some other terms in it, which
17 were negotiated with Staff, and including provisions that deal with the service
18 quality improvement program, which I think are important for customer service.

19 **CHAIRMAN CAMPBELL:** Why don't you tell people what that is.

20 **MR. GILLIAM:** Service quality improvement program was something that was
21 negotiated some years ago with Staff and it sets forth standards and terms that
22 SWEPCO must meet on providing service to customers. And for example, this
23 includes a \$18 million for vegetation management. And in 2010, SWEPCO

1 acquired Valley Electric, and SWEPCO is more of a metropolitan area -- was at
2 that time in Louisiana, but Valley was rural and heavily vegetated and a lot of
3 timber. So it was necessary to ramp up the vegetation management and to do a lot
4 of replacement, so there were new poles and other structures to harden. We're
5 continuing to do that. But it's a ongoing expense and you got to balance what
6 should you spend and what's too much. And so that's a constant issue. And there's
7 SAIDI and SAIFI requirements in the term sheet as well, and SWEPCO's got to
8 provide a \$250,000 credit coming up in the fuel clause this next -- or immediately.
9 And there's all kind of reporting about what we're doing on SAIDI and SAIFI and
10 how to continue to manage it and hopefully improve it in the Valley area. So there
11 are many terms and provisions that were negotiated over time in some detail with
12 Staff.

13 **CHAIRMAN CAMPBELL:** Mr. Gilliam, there's been a lot of talk here about
14 hardening systems and systems not being up to par, et cetera. Do you think -- I'm
15 just asking, you'll probably get looked at. Do you think SWEPCO could pass the
16 test of being up for big storms and things like that? Are y'all ready to be tested and
17 looked at?

18 **MR. GILLIAM:** Well, you know, there's -- as I think the Commissioner said,
19 there's always a storm at some level that's going to cause damage. There's no
20 doubt. Because you -- there's a balance between how much money should be spent
21 -- because you can make it really hard but you're going to be spending a whole,
22 whole lot of money. So you got to balance. But I think SWEPCO has certainly
23 over the last five years has improved where the system is where it should be. And

1 you always want to improve and there's always going to be depreciation and things
2 you need to retire that's an ongoing process. But yeah, SWEPCO has hardened the
3 system and that includes substations. A few years ago the Commission had hired a
4 consultant to look at substations and substation hardening, and SWEPCO hardened
5 substations then and got a good report. And I think they still have a good report,
6 but you never quit working and always try to improve.

7 **CHAIRMAN CAMPBELL:** What about the \$300 million, what is that you talked
8 about, 300 million?

9 **MR. GILLIAM:** Yeah. That's been invested all throughout the system here from
10 --

11 **CHAIRMAN CAMPBELL:** In the last how many years?

12 **MR. GILLIAM:** Over five years, the last five years. And since that 2017. So
13 five years -- no, six, and they're continuing to invest as we sit here today. It's kind
14 of a running total that continues going up. And so that's been invested and getting
15 no return on that. We just invested and thought it was money that needed to be
16 spent and to maintain and improve the system.

17 **CHAIRMAN CAMPBELL:** We don't have a cost of electricity in this -- I don't
18 have it. You know what you --

19 **CHAIRMAN CAMPBELL:** Yeah.

20 **MS. BOWMAN:** I have that.

21 **CHAIRMAN CAMPBELL:** Let me see it, would you, please? It's usually at the
22 front and I missed it. Mr. Lewis, every month, they put this for you, it shows you
23 all the utility companies and how much they're charging, so you can -- everybody

1 needs this. All right. What about -- where are y'all this month? SWEPCO. You're
2 at \$.11. You're close to the bottom, but some people, \$.13, \$.14, 13, 12, 13. You're
3 at \$.11.

4 **MR. TOM BRICE:** Yes, sir.

5 **CHAIRMAN CAMPBELL:** You know, I remember when we started doing all
6 this, y'all wasn't here then. Maybe Eric was. We used to look at this, it was \$.08,
7 \$.09, you know. I said, well, one day somebody's going to go to \$.10. We got
8 people at \$.13 today, you know, I hope we don't see it, but it could be doing that.
9 Panola-Harrison's at \$.14, which is -- that's up there in Shreveport and has some
10 parts of North Louisiana. Anyway. Okay, Mr. Gillam. You have anything to say,
11 Tom?

12 **MR. BRICE:** Yes, sir, Commissioner Campbell. First, congratulations on your
13 appointment as Chairman and congratulations as well to Commissioner Lewis.
14 Congratulations, sir. So the first thing, Foster, I would say is that the numbers you
15 cited are being impacted by Winter Storm Uri. As you well know, we've been
16 spreading the impact of that over a five year period and we're not quite halfway,
17 but we're getting close, and that should go away once that is over and that's about
18 six-tenths of a kilowatt hour, so within a couple years we'll see some benefit from
19 that as well.

20 **CHAIRMAN CAMPBELL:** And the wind that you're getting from Oklahoma is
21 helping on the cost?

1 **MR. BRICE:** Yes, sir. Absolutely. So we've got about 810 megawatts that we
2 are receiving today that comes with zero cost fuel, no fuel at all, so customers are
3 getting that significant advantage today.

4 **CHAIRMAN CAMPBELL:** Well, the average cost in Louisiana is about \$.125
5 and you're at about \$.115. You don't get a home run, but you're on first base
6 anyway, you know. Okay. Anybody else got any further questions? If not, did we
7 move to go to Rule 57?

8 **MS. BOWMAN:** There's a -- yes, sir. It's already taken up under Rule 57.

9 **CHAIRMAN CAMPBELL:** Okay.

10 **MS. BOWMAN:** There's a motion on the table to accept the partial stipulated
11 settlement.

12 **CHAIRMAN CAMPBELL:** I made the motion?

13 **MS. BOWMAN:** Yes, sir.

14 **CHAIRMAN CAMPBELL:** Okay.

15 **COMMISSIONER SKRMETTA:** Second.

16 **CHAIRMAN CAMPBELL:** Mr. Skrmetta seconds it. Any objections? [NONE
17 HEARD] No objections. Pass, final passes.

18 **MR. BRICE:** Thank you, Mr. Chairman.

19 **MR. GILLAM:** Thank you, Chairman.

20 **MS. BOWMAN:** And so moving to Exhibit Number 15 is Docket U-36368. This
21 is Dixie Electric Membership Corporation's formula rate plan annual report for
22 2021 test year. It's a discussion and possible vote on Staff's report. On May 16,
23 2022 DEMCO filed its formula rate plan annual report for the '21 test year. Notice

1 of the filing was published in the Commission's Official Bulletin with no
2 interventions. DEMCO requested a \$12,659,095, or 9.22 percent increase, in its
3 as-filed FRP. Staff and its consultants reviewed the historical test year data and pro
4 forma adjustments contained in DEMCO's filing. Staff also reviewed the source
5 work papers and schedules used by the company, along with the responses to
6 discovery to ensure that all pro forma adjustments had been properly determined,
7 that the company made no unauthorized pro forma adjustments, and that each of
8 the adjustments had been properly calculated. As a result of the review, Staff
9 determined that the company correctly removed numerous nonrecurring items from
10 the filing and identified one recommended adjustment that aligns with reasonable
11 ratemaking principles. In Staff's recommendation filed January 6, 2023, Staff
12 recommended an adjustment to the as-filed '21 FRP of \$481,465.50. This
13 adjustment results in a total rate increase of \$12,063,373, or 8.79 percent. Staff
14 recommended that DEMCO be allowed to collect the additional revenue during the
15 February to December '23 billing cycles using the allocation method set forth in
16 Rider FRP Section 2.C.3. On January 6, 2023, DEMCO filed its correspondence
17 in agreement evidencing their agreement with Staff's recommendation. Staff
18 recommends that the Commission accept the Staff report filed into the record on
19 January 6, 2023. So we'll entertain a motion at this time.

20 **COMMISSIONER GREENE:** Motion to accept Staff recommendation.

21 **CHAIRMAN CAMPBELL:** I'll second. Mr. Greene moved to accept Staff
22 recommendation, I seconded. Any objection? [NONE HEARD] Hearing none, so
23 ordered.

1 **MS. BOWMAN:** So moved. Exhibit Number 16 is FERC Docket Number EL18-
2 152-001 and EL18-1182-001/EL23-11. It's FERC Opinion Number 581, 181
3 F.E.R.C. P61,243 - Louisiana Public Service Commission versus System Energy
4 Resources, Inc., and 181 F.E.R.C., P61,244, System Energy Resources, Inc., order
5 on initial decision and establishing a show cause proceeding. It's a report by special
6 counsel, Stone Pigman, regarding decisions of the FERC issued on December 23,
7 2022. There is -- there could be a possible executive session to discuss the strategy
8 -- litigation strategy pursuant to Revised Statute 42:16. It's at the request of
9 Commissioner Francis. But as I take it, Mr. Fontham does not believe that a
10 executive session is necessary, unless the Commission chooses to go into one.

11 **CHAIRMAN CAMPBELL:** Good morning.

12 **MR. MIKE FONTHAM:** Good morning, Commissioners. My name is Mike
13 Fontham, special counsel to the Commission for this FERC matter. With me is
14 Dana Shelton, my partner, and Justin Swaim. All three of us worked on the cases
15 that are the subject of this report. Justin did so as an associate, but he has now
16 graduated to the position of partner in our firm. And Lane Sisung, who was our
17 witness, and really the only witness that FERC paid any credence to in the order
18 that we're going to report on. This is a case, it's Opinion 581, it was a case brought
19 by our Commission against System Energy Recourses, Inc. That is a wholly owned
20 subsidiary of Entergy, it has no employees of its own. Its only function is to operate
21 the Grand Gulf nuclear plant and it's just really a shell corporation, but because it
22 resells power to Entergy Louisiana, Entergy New Orleans, Entergy Mississippi, and
23 Entergy Arkansas, it's regulated by FERC. And the only way that the rates that are

1 charged can be adjusted by this Commission is to go and win a case at FERC. In
2 2018, we learned that Entergy was collecting basically for a second time for the
3 costs of the sale-leaseback that it made of a portion of the Grand Gulf plant through
4 sale-leaseback renewals. The sale-leaseback provided for them to recover
5 everything they had invested in that portion of the plant by 2015, but then they
6 entered into a renewal, I'll call it scheme, in which they continued to bill for those
7 costs, and we brought that information to the Commission and the Commission
8 authorized going to FERC to try to do something about the double collection. At
9 the same time, we raised in our complaint that the accumulated deferred taxes that
10 were included in the tariff were not included needed to be looked at. And just for
11 background, rates are set as if there were no special deductions from the IRS, but
12 there are many. So customers will pay tax on what is called a normalized basis, but
13 the utility gets to keep the money in many cases because there's a long delay before
14 they have to pay the money to the IRS. And Entergy is -- has numerous tax
15 deductions that delay the payment of taxes to the IRS, so it has the funds in its hands
16 for, you know, years and years, and it can earn money on those funds. The quid
17 pro quo is supposed to be they reduce the rate base for the corpus of funds that
18 they're holding in order to give a benefit to the ratepayer, that they would not have
19 to pay a rate of return on that portion of the rate base. We learned that Entergy in
20 2004 took a tax deduction of the future decommissioning costs of Grand Gulf as a
21 "cost of good sold," which they claimed allowed them to deduct the entire billion,
22 semi-million dollars that they predicted decommissioning would cost in a single
23 year. Now, ratepayers got no benefit of that; ratepayers paid their taxes. Entergy

1 collected the money, but they're holding the money. They're supposed to put it in
2 the rate base to reduce the rate base, they didn't do that. We had a big trial in 2018.
3 That trial lasted weeks. The judge, interestingly enough, in an oral argument
4 commented that Entergy's various accounting issues and tax issues were like the
5 coronavirus because they keep popping up. And that was really what we were
6 learning in this case. The judge ruled in favor of the LPSC. He ruled for a refund
7 starting in 2007, and he only addressed one label type of ADIT that they had labeled
8 1048, although there was other decommissioning ADIT on their books, and they
9 didn't reduce the rate base for that either. So he omitted those two items we were
10 claiming, but he still ruled they have to give \$350 million of refunds plus interest,
11 which totaled up to about \$500 million back to the ratepayers. Entergy, of course,
12 appealed that part of the decision. We appealed the two omissions. On the sale-
13 leaseback, he also gave us a partial victory in which he said, no, you can't collect
14 the renewal cost, but I'm going to give you an offset which reduced it by a good
15 amount. Entergy appealed having to give back any money. We appealed the offset.
16 FERC then sat on the case for about two and a half years, and eventually, after we
17 went to the Fifth Circuit to try to get it an order requiring FERC to decide the case,
18 they told the Fifth Circuit, we'll decide it by the end of December, and they decided
19 it on December 23rd. This decision is a 100 percent victory for the LPSC. Now,
20 there were other regulators in the case supporting us, but we took the lead
21 throughout the case on behalf of the Commission. We were able to talk some of
22 the other regulators into filing testimony in support and they joined us in supporting
23 our positions in briefing. Also --

1 **CHAIRMAN CAMPBELL:** Who was that? Who were they?

2 **MR. FONTHAM:** Well, Council of New Orleans and the Arkansas Commission
3 and, until recently, the Mississippi Public Service Commission. But as I think you
4 all remember, in about late summer, the Mississippi Public Service Commission
5 made a settlement with Entergy in which they got 235 million for all the cases that
6 were pending at FERC. This is just one of many cases at system -- at FERC
7 regarding Entergy's subsidiary that owns Grand Gulf. There are four that we have
8 filed that the Commission authorized involving billions of dollars. This decision
9 involves a total global amount of about a billion dollars. You have to take out the
10 Mississippi portion because they settled, so it's down to about 600 million for the
11 three jurisdictions, and we are the smallest, we have the smallest power take from
12 Grand Gulf. It's about 16 percent of the total, or 26 percent of the amount that we
13 will share with the other jurisdictions. So, in any event, you know, to our surprise,
14 after this decision came out, Entergy announced on their website that they did owe
15 for the sale-leaseback, they owe about 150 million, but they don't owe anything for
16 the ADIT. And they said -- they have a single sentence that they rely on that they
17 are claiming means that they owe zero for the ADIT. Now, they did give back
18 previously trying to head off an adverse decision. They've already given back
19 about 40 million, of which we got about 7.

20 **COMMISSIONER GREENE:** So FERC said that they owe and they just said,
21 no, we're not paying?

22 **MR. FONTHAM:** Well, this is -- I'll tell you what. This is -- every argument
23 they raised in the case, FERC rejected, every one, and resoundingly rejected. Every

1 argument we raised in the case, FERC accepted. And FERC repeatedly in this order
2 says they have to make refunds and they have to make refunds for everything that
3 was on their books and our trusty consultant here has made a calculation, the
4 monthly amounts that were on their books going back to 2004. So you tell me what
5 this means. And it's a long paragraph, I hope you'll bear with me, but I just want
6 to read it so you get the drift of Entergy's -- the validity of Entergy's position. To
7 remedy SERI -- SERI is System Energy Resources, Inc., that's the subsidiary --
8 exclusion of certain ADIT balances from rate base, we find that customers should
9 be compensated for the resulting excess revenue requirement charged in the rates
10 in prior periods. We agree with the initial decision's finding that SERI's removal
11 of FIN 48 ADIT from the ADIT offset to rate base in the formula rate is unjust and
12 unreasonable because it represents a violation of the Commission's normalization
13 requirements and the rate formula. However, we disagree with the initial decisions
14 finding that SERI shall refund \$334,475,000 for the 2007 to 2018 period of
15 noncompliance. We agree with the trial staff and the retail regulators that the record
16 shows that SERI's noncompliance began in 2004 and likely continues to the present
17 period. In addition, the record indicates that not all ADIT resulting from the
18 uncertain tax position was labeled as FIN 48 ADIT, as the more likely than not
19 portion was labeled as 263A, and Account 190 was not properly captured in the
20 estimated refund. We will require a refund amount that appropriately captures the
21 revenue requirement impact resulting from the exclusion of all ADIT amounts
22 resulting from SERI's decommissioning uncertain tax position during the entire
23 2004 to present period of noncompliance. The refund amount is intended to

1 compensate customers for the excessive revenue requirements incurred as a result
2 of SERI's noncompliance. This refund amount is not intended to reestablish ADIT
3 balances for which an associated uncertain tax position has already been resolved.
4 We therefore modify the initial decision's finding to require SERI to compute a
5 refund amount that considers all ADIT amounts resulting from SERI's
6 decommissioning uncertain tax position and also considers the timing of when such
7 uncertain tax positions were actually resolved by taxing authorities such as the
8 ADIT balances used to compute the revenue requirement only includes those
9 balances for periods during and until the tax position was actually resolved. The
10 refund amount shall be clearly computed for each year with interest and include all
11 necessary and detailed documentation to support the timing of the tax authority's
12 resolution of all previous tax positions. According to Entergy, that means we don't
13 owe any refunds.

14 **COMMISSIONER GREENE:** So if FERC said you owe this and they said no,
15 what happens next?

16 **MR. FONTHAM:** They have filed a compliance filing, they have given back, and
17 they've already refunded to Entergy Louisiana its portion of the \$149 million, that's
18 about 28 million. They had previously given back on a partial basis when they
19 were trying to head off the FERC ruling, they had given back about 42 million and
20 we got about 7 million of that. This decommissioning ADIT decision increases the
21 refund that the Judge ordered from about \$334 million plus interest to 587 million
22 plus interest, and the interest is about \$300 million, so.

23 **COMMISSIONER GREENE:** Has this ever happened where they just said no?

1 **MR. FONTHAM:** I've never seen Entergy do this. I mean, my opinion, and it's
2 just my opinion, is there's a claim for time. They came out and said, you know,
3 well, this won't disturb our earnings forecast, which probably affects bonuses and,
4 you know, so --

5 **COMMISSIONER GREENE:** Do we have any flex to make them pay?

6 **MR. FONTHAM:** Well, yeah, we've already made filings at FERC and we're
7 going to protest this compliance filing and, you know, all the regulators are
8 astonished at the position they're taking, but, you know, it's a matter of time, I
9 think.

10 **CHAIRMAN CAMPBELL:** We get 30 percent of it, you said?

11 **MR. FONTHAM:** Pardon me?

12 **CHAIRMAN CAMPBELL:** Of the 530 million, we get 30 percent of it?

13 **MR. FONTHAM:** We get about 25 and change percent of it, so the --

14 **CHAIRMAN CAMPBELL:** \$140, \$150 million?

15 **MR. FONTHAM:** The total amount that they owe for decommissioning is \$900
16 million and we would get about --

17 **CHAIRMAN CAMPBELL:** Three hundred?

18 **MR. FONTHAM:** Oh, no, we'd get -- if we get everything, which I think we will,
19 the total that Louisiana would get is about 150 million.

20 **CHAIRMAN CAMPBELL:** 150, that's what I got.

21 **MR. FONTHAM:** New Orleans gets a big chunk of money, too, which, you know,
22 Commissioner Lewis represents.

23 **CHAIRMAN CAMPBELL:** How did you jump from 530 to 900?

1 **MR. FONTHAM:** Interest. Well, this has been going on since 2004.

2 **CHAIRMAN CAMPBELL:** Well, 30 percent of 900 is more than 159.

3 **MR. FONTHAM:** Well, the -- Mississippi settled, so let's say we're dealing with

4 a billion dollars, okay?

5 **CHAIRMAN CAMPBELL:** They're out.

6 **MR. FONTHAM:** Okay. So they're out and they had the largest offtake, so that

7 reduces it to about 600 million.

8 **CHAIRMAN CAMPBELL:** All right.

9 **MR. FONTHAM:** Okay. So you split the 600 million three ways, we have 25

10 percent of it.

11 **CHAIRMAN CAMPBELL:** Two, two, two.

12 **MR. FONTHAM:** Yeah, comes out 150.

13 **CHAIRMAN CAMPBELL:** Okay. That's what I had. That's where -- the 530 I

14 was getting, 159 million, 30 percent of that. Okay.

15 **COMMISSIONER GREENE:** So what is the risk that they get away with not

16 paying what they've been told to pay?

17 **MR. FONTHAM:** Well, I mean, you know, they rely on one sentence in the

18 paragraph I read to you, that they pull out and says you don't have to restore. Well,

19 there's no, you know, once its resolved, you don't have to restore it. What Entergy

20 does is they take a deduction and the ratepayers pay up. The deduction's probably

21 no good, but they take it and, you know, five, six, seven years later the IRS rules

22 on whether they, you know, were justified. So they're holding the money the whole

23 time, it's supposed to be in the rate base. They're using it, you know, to ramp up

1 their profits. Okay. So in, you know, what FERC says is, okay, you can take it off
2 when you resolved it with the IRS, but in the meantime, while you're holding the
3 money, you've got to have a rate base reduction and you didn't do that, so you owe
4 money for that period. Well, what Entergy did with regard to this decommissioning
5 is they would take the deduction, for instance, in 2004 they took the deduction.
6 Okay, they're fighting with the IRS, the IRS is very slow, they're holding the
7 money collected from the ratepayers until 2009. Then they go into IRS and say we
8 concede the deduction. Okay. So they didn't even appeal it, they conceded and
9 immediately took a deduction, the same deduction, again on the 2009. Okay. So
10 they did the same thing in 2014 or so. They had taken the deduction for 2009,
11 holding the money until 2014, they go to the IRS and they concede. So it's not
12 officially resolved by the IRS.

13 **COMMISSIONER GREENE:** I guess my question is does this go back to FERC
14 or does it go over to court of appeals or what's --

15 **MR. FONTHAM:** Well, it certainly will go to the court of appeals eventually but
16 FERC, first of all, has to rule on the compliance, whether they're in, you know,
17 consistent. And then, undoubtedly, if the FERC rules like we think, it'll go to the
18 court of appeals. And that would probably --

19 **COMMISSIONER GREENE:** So it was a victory, but they're appealing?

20 **MR. FONTHAM:** Oh, definitely, they're appealing, but the refund for the sale-
21 leaseback has ready been made. So -- and, you know, I think that's also very solid.
22 There's great court precedent supporting us on that and --

1 **COMMISSIONER GREENE:** I have one final question. What do you think the
2 overall legal fees are for Entergy for the time that this has been going on and who
3 pays for it?

4 **MR. FONTHAM:** Well, ours were about 1.5 million, theirs were probably 10.

5 **COMMISSIONER GREENE:** And the ratepayers pay for that?

6 **MR. FONTHAM:** They include it - well, it's included in the FERC rates. In our
7 current case that you're familiar with, the one we filed in 2020, we're attacking
8 their rates inspired by Commission Campbell, perhaps, but their rates are 1,200,
9 1,300, 1,400 dollars an hour. And, you know, they've got national law firms that
10 do the litigation. We do the litigation for -- my rate in this case was \$400 an hour,
11 so, you know it's --

12 **CHAIRMAN CAMPBELL:** Thanks to Foster Campbell.

13 **MR. FONTHAM:** I've been -- I've been --

14 **CHAIRMAN CAMPBELL:** Davante, I've been beating on him because, you
15 know, I tell him we couldn't stand \$1,200, so he cut his rate to 400. I appreciate
16 that. It just seems like a lot to [INAUDIBLE].

17 **MR. FONTHAM:** We still very much appreciate the right to work for the
18 Commission. I want to say that these two here took active roles in the case. Dana,
19 Entergy had an expert witness from Ernst and Young and that expert witness from
20 Ernst and Young tried to change her deposition testimony from no to yes on a
21 number of things and Ms. Shelton eviscerated her at the hearing and the judge ruled
22 her an incredible witness and that's kind of the way it went in the trial. But Lane
23 has been, you know, a just fabulous witness for us at FERC. He's -- in this case

1 and in the 2072 case and also our case involving the ROE, the rate return on equity,
2 which is pending before FERC. He's been the, you know, the lead witness for the
3 regulators and he's done a terrific job.

4 **COMMISSIONER GREENE:** Do y'all think there's any action for us, as
5 Commissioners, to take at this point?

6 **MR. FONTHAM:** No, Commissioner. I wanted to -- you know, I don't think we
7 even need an executive session because the strategy is pretty straightforward, it's
8 not secret, and that is to get them to pay the darn money and pull out, you know,
9 whatever we need --

10 **COMMISSIONER GREENE:** You think if customers got an Entergy bill and
11 just didn't pay it until this was resolved that they'd keep their electricity on?

12 **MR. FONTHAM:** Yeah, well, they hold the plug, so that's a problem.

13 **CHAIRMAN CAMPBELL:** Mr. Skrmetta.

14 **COMMISSIONER SKRMETTA:** Two questions. Is the rate -- the attorney
15 hourly rate for New Orleans published? If for, you know --

16 **MR. FONTHAM:** Yes. I think there may be minutes at the Council in which the
17 rates are published. They have -- New Orleans -- I mean, we were very open in this
18 current case about our rates, but all the Washington lawyers who represent even
19 regulators like the City Council, they kept their rates confidential.

20 **COMMISSIONER SKRMETTA:** Okay. Because I was curious because I tend
21 to think because of the differential in the regulatory rate per kilowatt hour for New
22 Orleans being the highest in the world, that their rates for attorneys and other
23 aspects have got to be higher than what we pay.

1 **MR. FONTHAM:** Oh, definitely, I know that.

2 **COMMISSIONER SKRMETTA:** So I'm going to ask you to issue a FOIA
3 request.

4 **MR. FONTHAM:** Okay.

5 **COMMISSIONER SKRMETTA:** Because I think it's important for us to know
6 what they do because I know they take a lot of the value from your work product
7 and I'd like to know what they do. And I think if we can't get it through normal
8 channels, let's get it through an informal request, so I think that's a legitimate thing
9 to do. But the one thing I did want to say is I want to thank y'all because what was
10 this, 12 weeks, 13 weeks?

11 **MR. FONTHAM:** The current one was 13 weeks.

12 **COMMISSIONER SKRMETTA:** Right.

13 **MR. FONTHAM:** This case, this particular case, I think it was about a three week
14 trial, three or four weeks.

15 **COMMISSIONER SKRMETTA:** Right. But this 13 week trial, people don't
16 understand, y'all gave up your home life for 13 weeks. And, you know, while it
17 may be a dream of good things to some people, it's a nightmare for a lot of people,
18 and I know that this was really hard on Lane, because I talked to him about being
19 away from his family. I know it was tough on Dana because I know she was having
20 a tough time. And I know they were glad to get rid of you, you know, but
21 realistically, besides getting paid, that you gave up a tremendous sacrifice for the
22 benefit of the people of the state of Louisiana and I think that you need to be

1 commended for your service and payment is just a small part of the thanks to y'all
2 for what you accomplished, so I appreciate everything that y'all did. Thank you.

3 **MR. FONTHAM:** Well, we all thank you, Commissioner, and we thank the
4 Commission for the -- you know, it's fun to represent the Commission, it's fun to
5 be for the ratepayers, and, you know, it's --

6 **MS. BOWMAN:** Hey, Mike, lean into your mic some, please.

7 **MR. FONTHAM:** Yes, it's fun to represent the Commission because the
8 Commission represents the ratepayers, and so it, you know, it's --

9 **COMMISSIONER GREENE:** Agreed.

10 **MR. FONTHAM:** As my wife, who was a cancer researcher, used to tell me, she
11 said I save lives, you save a nickel on the bill. But, you know, the nickels pile up,
12 and in this case, it'll be more than a nickel.

13 **COMMISSIONER LEWIS:** I have a few questions. I just want to make sure I'm
14 --

15 **MR. FONTHAM:** Yes, sir. And congratulations on your victory.

16 **COMMISSIONER LEWIS:** Thank you. Thank you. I'm just --

17 **MS. BOWMAN:** One second.

18 **COMMISSIONER LEWIS:** There we go. I was going to make a joke, I wonder
19 what takes longer, us to figure out the microphones or Kevin McCarthy becoming
20 Speaker of the House, so I think we're quite on even today. But I just wanted to
21 make sure, as the newbie here, that I'm following correctly along. So the press
22 release that we saw that says they owe nothing is incorrect, is what you're saying?

1 **MR. FONTHAM:** Well, I mean, the words say what they say, and I think that it
2 is definitely incorrect.

3 **COMMISSIONER LEWIS:** And so what you were describing is the -- the issue,
4 as I appreciate it, was basically a tax scheme, to say one, claiming a deduction after
5 auditing purposes or the IRS' process. Forfeiting that deduction is not correct, but
6 then applying the same deduction, and then kind of repeating the cycle.

7 **MR. FONTHAM:** That's exactly what they did.

8 **COMMISSIONER LEWIS:** Correct. Okay. And I think this is not for here, but,
9 I mean, I think this is why I worked in tax policy so much because this wouldn't
10 happen to customers. I mean, if they tried to pay their bill with a fraudulent credit
11 card and then get caught and then pay that same bill with a fraudulent credit card, I
12 think their services would be discontinued; would you not agree with that?

13 **MR. FONTHAM:** You wouldn't be able to do it, Commissioner, but under the
14 tax rules, if they have a disclosure in their tax filing that, you know, this one's iffy,
15 then they're not going to have to pay any penalties to the IRS and they usually don't
16 have to pay any interest to the IRS because, you know, they'll simultaneously have
17 all kinds of deductions so that when they file a consolidated tax return, they owe
18 nothing. And so, you know, they get to hold all that money, and basically its --
19 they say they take all the risk, but they know they're not going to have any risk to
20 speak of and they've never had to pay a penalty. But they don't make -- at FERC,
21 they didn't make the rate base reduction that they were supposed to make, so, you
22 know, the chicken came home to roost.

1 **COMMISSIONER LEWIS:** [INAUDIBLE] this is a place where I'm extremely
2 concerned. I mean, I've been doing this work for years about what I just think is
3 corporate greed and the violation of an upside down tax system that focuses on
4 corporate profits at the expense of ordinary citizens and people, so I just wanted to
5 make sure I'm clear on, and can you just run through what that amount back to us
6 would be, just so I can make sure my notes are correct?

7 **MR. FONTHAM:** Yes, sir. The sale-leaseback, which they've already returned
8 to Entergy Louisiana, was 27.8 million. The decommissioning, when they pay it,
9 would be another 120 some odd million, so the total would be about 150.

10 **COMMISSIONER LEWIS:** 150?

11 **MR. FONTHAM:** Yes, sir. And in your jurisdiction, New Orleans, the ratepayers
12 in New Orleans are going to get more than that, perhaps around 200.

13 **COMMISSIONER LEWIS:** 200. Thank you. And just so we're clear, they do
14 owe something. It's not, as the press release has been saying, that they owe
15 nothing?

16 **MR. FONTHAM:** That's what they say.

17 **COMMISSIONER LEWIS:** All right. I just want to make sure I'm hearing you
18 correctly.

19 **MR. FONTHAM:** Yes, sir.

20 **VICE CHAIRMAN FRANCIS:** Mr. Fontham, SERI is a multi-state operation by
21 Entergy, right? So we understand this.

22 **MR. FONTHAM:** It's a company they created to build this plant. The plant was
23 billions of dollars back in the 1970s and '80s and, you know, \$3 billion was a lot

1 of money back then. And so they had to put all the resources of the operating
2 companies behind this new entity, which is just a shell, to own Grand Gulf. And
3 Grand Gulf then, in turn, sells power to the Entergy affiliates, Entergy Arkansas,
4 Entergy Louisiana, Entergy New Orleans, Entergy Mississippi. So yes, it sells to
5 Louisiana, Arkansas, Mississippi.

6 **VICE CHAIRMAN FRANCIS:** So because of that, the Louisiana Commission
7 does not know what kind of tax filings or options they would have. That's
8 confidential information unless we file a lawsuit; is that right?

9 **MR. FONTHAM:** What we discovered, and this goes back to what the Judge said
10 about the coronavirus, they were not disclosing the differences between the
11 numbers they report in their annual report to FERC and what they were billing.
12 And so they had a separate ledger balance for ratemaking, and then they had their
13 accounting books. They reported their accounting books to FERC, but they didn't
14 -- you're supposed to disclose every difference, and they didn't disclose any of
15 these differences. So, you know, it took discovery, which they fought bitterly any
16 discovery on taxes.

17 **VICE CHAIRMAN FRANCIS:** Well, yeah, okay.

18 **MR. FONTHAM:** And it took discovery to find some of these things. And then,
19 in the current case, we found a number of other accumulated deferred tax issues
20 where they raised the rate base and charged the customers more on money that the
21 ratepayers had paid them.

22 **VICE CHAIRMAN FRANCIS:** Okay. Let me ask you this, and this may be
23 more for Lane. Entergy Louisiana, okay, got formula rate plan.

1 **MR. LANE SISUNG:** Yes, sir.

2 **VICE CHAIRMAN FRANCIS:** Don't we know what they're doing with tax
3 filings in Louisiana?

4 **MR. SISUNG:** For Louisiana, yes.

5 **VICE CHAIRMAN FRANCIS:** We don't have to have discovery and lawsuits
6 to know that in Entergy Louisiana; isn't that true?

7 **MR. SISUNG:** Well, to be clear, I mean, we have formula rate plans and rate
8 cases, and within those --

9 **VICE CHAIRMAN FRANCIS:** We know all the tax.

10 **MR. SISUNG:** -- ratemaking devices, we have the ability -- I'd still have to ask
11 the discovery, I mean, just to be clear, but there's a process in place for that
12 discovery to be exchanged.

13 **VICE CHAIRMAN FRANCIS:** We don't have to file a lawsuit to
14 [INAUDIBLE]?

15 **MR. SISUNG:** No, you don't have to file a lawsuit to get it.

16 **VICE CHAIRMAN FRANCIS:** All right. So it's a completely different situation
17 about looking at tax schemes with SERI versus Louisiana -- Entergy Louisiana.

18 **MR. SISUNG:** Yeah. That's correct.

19 **VICE CHAIRMAN FRANCIS:** Okay. I just wanted to make sure I understood
20 that correctly. Thanks.

21 **MR. FONTHAM:** That completes it.

22 **COMMISSIONER GREENE:** Keep fighting.

23 **MR. FONTHAM:** Yes, sir.

1 **CHAIRMAN CAMPBELL:** What's the next one?

2 **MS. BOWMAN:** So next up, we're moving back to Exhibit Number 11, which is
3 the reports, resolutions, discussions. There is a report from Staff on Docket
4 Number R-36227 and this is at the request of Commissioner Greene.

5 **COMMISSIONER GREENE:** Is there an update?

6 **MS. BOWMAN:** Do you just want to -- yeah. Just please introduce yourself.

7 **MR. DAVID LESSINGER:** [INAUDIBLE].

8 **MS. BOWMAN:** Perfect, Thank you. Just introduce yourself before speaking.

9 **MR. LESSINGER:** Sure. Good morning, Commissioners. My name is David
10 Lessinger. I'm with CSRS, we're a full service engineering consultant firm based
11 here in Baton Rouge and we're the consultant that's been retained by the
12 Commission for Docket R-36227. I think, in general, things are moving forward
13 quite well with this docket. We've established a procedural schedule just recently.
14 I'd like to just take a minute just to kind of frame up the scope of work that we're
15 working under and the goals of the project, just for everyone's benefit, both here in
16 this room and anyone in the audience beyond. The general approach here is to
17 establish a framework, a statewide framework, by which the Commission could
18 request and/or require the utilities under your jurisdiction to create resilience plans
19 grid resilience plans, that's essentially the goal. As you all have already noted in
20 your discussion today and previously, there's a range of risks. There's a range of
21 solutions. And they vary by geography, as you mentioned, Commissioner
22 Campbell, the northern part of the state faces different risks and vulnerabilities than
23 the southern part. So the trick here or the goal here, is to create a framework that

1 is both flexible enough to allow the utilities to fit into it their own particular
2 interests, requirements, constraints, but also one that is standardized enough so that
3 you all, as Commissioners, can compare between the proposals before you, from
4 utility to utility, geography to geography, service area to service area. So best
5 practice here really is for you all to set that framework, that sandbox, if you will,
6 for the utilities to play in. And the utilities, you know, if you take action and create
7 a rule, this is a rulemaking docket, would then respond within those requirements.
8 And they, as, you know, the owners of their assets and the operators of their
9 systems know their systems better than anyone else, so it is not a proposal to say,
10 Utility X make this specific investment or make this specific change, right. They're
11 going to know what their risks and vulnerabilities are, but it is for us to tell them
12 what requirements to use and what methods to use, especially, when calculating,
13 let's say, the benefits or let's say what performance metrics or accountability.
14 There's been a lot of conversation today and in previous Commission meetings
15 about the need for accountability, the need for transparency, so that we can see, in
16 detail, what those calculations are, what those approaches are. And so what we've
17 decided to do is just to move forward very quickly with our recommendations that
18 would then become a draft rule. And so at this point, that's where we stand in the
19 process. The procedural schedule, I believe, has been set, so we can go through
20 that as well, if you'd like.

21 **COMMISSIONER GREENE:** Do you consider this a space for a new ideas like
22 microgrids and redundancy loops and distributed generation?

23 **MR. LESSINGER:** Absolutely.

1 **COMMISSIONER GREENE:** Okay.

2 **MR. LESSINGER:** Yeah. I think there's a huge range of potential solutions and
3 I think what you all, as regulators will want to know is who benefits, in what way
4 do they benefit, and why is this an expense -- why is this expense worthwhile? We
5 clearly need it; we clearly need a more resilient grid. The question is how do we
6 get there, what's the best bang for the buck, if you will, and what we've also seen
7 as best practices is you want to look at the consequences, right, not everyone is
8 affected equally by an extended outage. There's some good research that shows
9 that a -- that the impacts are exponential. So a two day outage is more than twice
10 as bad for someone as a one day outage, for instance. Those are the sorts of things
11 we want to reduce those impacts, especially for the most vulnerable, and we have
12 to balance affordability as well. These things will be expensive. There is federal
13 money available and that's one thing we want to position for is to make the state
14 more competitive for that funding.

15 **COMMISSIONER GREENE:** Can y'all help to get that?

16 **MR. LESSINGER:** We can certainly provide guidance as to what we think the
17 federal government will be looking for. They are competitive applications. It
18 sounds like many utilities in the state are already putting in applications under the
19 grid program, which is encouraging to see. I will say, just for a sense of scale, the
20 federal government US DOE is offering about \$2.5 billion in competitive
21 application funding for utilities across the country. That's about the same number
22 that --

23 **COMMISSIONER GREENE:** Can you say that again for the whole room?

1 **MR. LESSINGER:** Sure. So there's multiple buckets of grid resilience funding.
2 There's two different buckets of \$5 billion. It's complicated because it flows in
3 different ways, like the state gets some money by formula, but the bucket of funding
4 that is available to utilities, which is a new thing. The federal government usually
5 doesn't provide funding for private entities, right, it usually goes to public entities,
6 state government, local government. These are being made by competitive
7 applications. That bucket of funding that's available for utilities is \$2.5 billion. So
8 the scale, you all just approved storm recovery costs of about that same magnitude
9 for one utility for one storm. So we have a huge task before us to become more
10 robust and more resilient as a state, and it's going to require a really robust
11 framework to work within, and that's what our [INAUDIBLE] --

12 **COMMISSIONER GREENE:** But it's not too late for our utilities to apply for
13 those; is that correct?

14 **MR. LESSINGER:** It's not too late. Those funds will be made available over five
15 fiscal years, so the first --

16 **COMMISSIONER GREENE:** Tranche.

17 **MR. LESSINGER:** -- deadline -- yeah, the first tranche was just made available
18 through a concept paper, we won't know for a while. But, you know, you all will
19 be able -- in some ways be able to move faster than that one, most likely --

20 **CHAIRMAN CAMPBELL:** I got a question to ask. Go ahead.

21 **COMMISSIONER GREENE:** Brandon, can we make sure that utilities check in
22 on where they are in that application process?

1 **SECRETARY FREY:** Absolutely, and it's my appreciation that they are -- quite
2 a few of them are fairly well along in that process, just in discussions with this
3 working group I'm on with different stakeholders on the state level, but I can
4 certainly get that detailed information for you.

5 **COMMISSIONER GREENE:** Thank you.

6 **CHAIRMAN CAMPBELL:** How much money is this costing us, your firm doing
7 all this work? How much is it cost us?

8 **MR. LESSINGER:** The Commission?

9 **CHAIRMAN CAMPBELL:** Yeah.

10 **MR. LESSINGER:** The not to exceed amount on the contract is about \$330,000,
11 but we have expended less than that, more like seven --

12 **CHAIRMAN CAMPBELL:** Your contract -- so far your contract is 330,000?

13 **MR. LESSINGER:** That's the amount -- that's the maximum amount that could
14 be expended, but we're well below that. We're below \$100,000 at this point on
15 expenditures.

16 **CHAIRMAN CAMPBELL:** Okay. That's all I want to know.

17 **COMMISSIONER GREENE:** What do you expect the timeline of your final
18 report to be?

19 **MR. LESSINGER:** So there's now a procedural schedule in place. The draft rule,
20 I believe, is due April 15th and from there the procedural schedule follows and
21 through September. Noah may need to help me with the exact date. I'm sorry, I
22 don't have it in front of me.

1 **MR. NOAH HOGGATT:** Sure. Noah Hoggatt for the Commission Staff. As
2 David said, the draft rule is slated for April 14th of this year, and it will go through
3 various iterations, receiving comments, taking those into consideration, redrafts,
4 and hopefully have a draft rule -- a proposed rule to the Commission by September
5 20th of this year.

6 **VICE CHAIRMAN FRANCIS:** I've got a question for you.

7 **MR. LESSINGER:** Yes, sir.

8 **VICE CHAIRMAN FRANCIS:** You said about two and a half billion is out there
9 may be coming -- that could come to Louisiana. Our testimony from Entergy,
10 Cleco, and SWEPCO is they haven't been able to get any federal money, you know,
11 for this storm damage, and that's been over -- we've had three storms over the last
12 two years we've been trying to get federal money.

13 **MR. LESSINGER:** Yes.

14 **VICE CHAIRMAN FRANCIS:** So what are you going to do that they can't do
15 to get federal money here? I mean, we've been hearing about all this federal money,
16 but as far as a private company getting it, we haven't been able to get it, so what
17 are you going to do that Entergy and Cleco hasn't been able to do? Can you tell us,
18 give us some hope for some [INAUDIBLE]?

19 **MR. LESSINGER:** Sure. So let me first make the point that the federal
20 government has, you know, been steadily changing their policy from not wanting
21 to reimburse for storm recovery costs for utilities, typically, at least privately owned
22 utilities, that can be different from municipal utilities, towards trying to reduce that
23 risk proactively on the front end by making funds available. That being said, as we

1 just said, the scale at which we need to invest to make greater resilience investments
2 is much larger than the federal government has to offer us, and so we will have to
3 find other sources of funding. I thought the proposed thought of using
4 securitization was an interesting one, I think we should explore that. I think there
5 are a bunch of, you know, possibilities there. Clearly, we've seen what the vicious
6 cycle is, which is damage and repair can lead to, you know, rating decreases, can
7 lead to loss of economic development if businesses choose to no to relocate or to
8 rebuild. There's the big -- there's the virtuous cycle as well, which we're hoping
9 to, which is that if we were to finance this, even if it does have to include ratepayer
10 funds, that we would have some return on investment collectively as a state, not at
11 the private level, but collectively as a state in terms of economic development and
12 growth, local bond ratings. We've seen even cities in Louisiana bond ratings
13 increase based on the fact that the rating agencies are seeing that they're investing
14 in resilience.

15 **VICE CHAIRMAN FRANCIS:** Well, you know, we've looked to our neighbors
16 in Florida, they've experienced a lot of damage also, and they've -- some of their
17 numbers show that they've done a little better than Louisiana in some storm damage
18 categories.

19 **MR. LESSINGER:** That's a very good example of what --

20 **VICE CHAIRMAN FRANCIS:** And they've spent a lot of money hardening their
21 system, maybe much more than we have percentagewise, possibly. We're still
22 interested in looking at that research. But has Florida ever received any federal
23 money to harden their system or have the ratepayers paid for that?

1 **MR. LESSINGER:** Not that I know of in terms of federal money for Florida. I
2 think it's all been -- I don't know the exact sources, so let me not say that, but I
3 think it's primarily been based on regulatory requirements, but then to the extent
4 that there are additional, you know, increase in costs.

5 **VICE CHAIRMAN FRANCIS:** So as far as we know today, if we harden our
6 system here in Louisiana, it's going to be ratepayer money, not federal money.

7 **MR. LESSINGER:** I think we will --

8 **VICE CHAIRMAN FRANCIS:** Unless we discover some other --

9 **MR. LESSINGER:** -- we'll be looking to make a series of recommendations as
10 to how to blend sources of funding and financing.

11 **VICE CHAIRMAN FRANCIS:** Okay. Thank you.

12 **CHAIRMAN CAMPBELL:** Mr. Skrmetta.

13 **COMMISSIONER SKRMETTA:** Quick question. In your research, whatever
14 you're doing, you said that, you know, the system here is not resilient. Have you
15 looked at what systems around the country are resilient?

16 **MR. LESSINGER:** So I don't meant to say that Louisiana isn't resilient, so much
17 that just our experience from having -- experience those risks, knowing that the
18 risks are going to increase over time, knowing that you have to invest
19 [INAUDIBLE], I would say that's true for other states as well.

20 **COMMISSIONER SKRMETTA:** What risks increase over time?

21 **MR. LESSINGER:** Storms, primarily, but we've also seen cyber and human
22 caused events in other places. Recently in North Carolina you saw a substation was
23 attacked, so I think we need to think about it as an all hazards approach. To your

1 other -- to your question about what good examples there are out there, I think
2 Florida, and to some extent, possibly Texas are also interesting examples of places
3 where they've made multi-year investments over time to increase the resilience of
4 their grid. They clearly still face risks as well and so nothing's perfect, you're not
5 going to reduce damages entirely.

6 **COMMISSIONER SKRMETTA:** Yeah, okay. All right. Thanks.

7 **MR. LESSINGER:** Sure.

8 **CHAIRMAN CAMPBELL:** Anybody else have any questions?

9 **COMMISSIONER LEWIS:** Yes, sir. Mr. Chairman, over here.

10 **CHAIRMAN CAMPBELL:** Mr. Lewis.

11 **COMMISSIONER LEWIS:** So, thank you for this. I'm just trying to catch up a
12 little bit. So you are examining all options in federal funding, waivers that we could
13 potentially apply for, et cetera; is that what you're saying?

14 **MR. LESSINGER:** So our primary scope of work is to make recommendations
15 to you as a regulatory body as to what to consider in requiring of the utilities under
16 your jurisdiction to develop resilience plans for.

17 **COMMISSIONER LEWIS:** Right.

18 **MR. LESSINGER:** How those get funded, I think we want to explore every
19 opportunity, absolutely. Honestly, utilities will have a -- probably a bunch of ideas
20 as well as to creative ways to finance this.

21 **COMMISSIONER LEWIS:** Great. Thank you. Just wanted to make sure.

22 **MR. LESSINGER:** Sure.

1 **CHAIRMAN CAMPBELL:** Any further questions? Anybody have anything?
2 Thank you.

3 **MR. LESSINGER:** Thank you.

4 **MS. BOWMAN:** So still under Exhibit 11 under discussions, there is an update
5 from JDEC on its transmission line, at the request of Vice Chairman Francis. This
6 was Exhibit 15 last month.

7 **SECRETARY FREY:** Mike, make sure y'all just sign in and introduce yourself
8 when you get started. If you'll sign in on the little sheet there. Oh, we got a card.
9 Okay. Just announce, then.

10 **MS. KARA KANTROW:** All right. Good afternoon. Thanks for having us up
11 here. My name's Kara Kantrow, counsel for JDEC. I have with me Michael
12 Heinen, the CEO of JDEC. I also have with us Michael Dorris, who is JDEC's
13 FEMA liaison. As requested by the Commission, we're here to give an update on
14 JDEC's transmission infrastructure rebuild and hardening. We've heard a lot of
15 folks talk about today addressing critical infrastructure, building to an elevated
16 standard, and going above and beyond with our electrical infrastructure, and that's
17 exactly what Jeff Davis is doing here. At this time, I'd like to hand it over to Mr.
18 Heinen to give a brief overview of the project.

19 **MR. MICHAEL HEINEN:** Thank you, Ms. Kantrow. As Ms. Kantrow
20 mentioned, my name is Michael Heinen. Good afternoon, Commissioners, good
21 morning, whatever it is. And I am the CEO of JDEC. Thank you for the
22 opportunity to discuss JDEC's transmission project today. I want to make three
23 main points I'd like to convey to you. First, the construction of the JDEC project

1 will not be funded by JDEC customers, members, or any Louisiana customers.
2 Second, the need for the JDEC project is to repair and harden JDEC's storm damage
3 electrical system, critical infrastructure, and utility lines throughout the system,
4 create redundancies within the system, and make the system even more resilient
5 against future storm events. And third, JDEC is working closely with highly
6 qualified contractors on this process. Let's start from the beginning. As we all
7 know, JDEC was decimated by Hurricane Laura on August 27, 2020. In
8 preparation for the hurricane's potential impact on JDEC's system, the cooperative
9 engaged Royal Engineering and Del Sol Consulting, two firms that specialize in
10 the FEMA disaster recovery space, of which their fees are also recoverable by
11 FEMA. We hoped we would not need their services, but wanted to be prepared.
12 Unfortunately, we did, and here we are today. Laura impacted our whole system.
13 There is no line section of our distribution system that was unscathed and all 105
14 miles of our transmission system network was destroyed, including transmission
15 facilities which included two 138 transmission towers and two 69 kV transmission
16 towers that crossed the intercostal waterway, and I'll have a map in the future just
17 to show that later on. In short, our entire system was on the ground, so at that point,
18 we went to work. JDEC immediately started the process of reconstruction of the
19 69 kilovolt lines that -- and evaluating the 138 kilovolt line that transverses through
20 the middle of the marsh, across Cameron Parish. As we're doing it, as luck would
21 have it, approximately one month later on October 4, 2020, Hurricane Delta
22 devastated the same area that was decimated by Hurricane Laura. While we
23 continue repairs to the distribution system, the JDEC leadership and our consultants

1 reached out to FEMA and GOHSEP to discuss the plan for replacing JDEC's
2 transmission network, given that Delta had just blown down everything that we had
3 just put back up after Laura. So we've had close to four storms in 15 years. Our
4 discussions with GOHSEP and FEMA revolved around an approach that would
5 provide greater resiliency and mitigate the impact of future hurricanes on JDEC's
6 infrastructure. We determined that to meet those objectives, the cooperative would
7 be required to replace the old transmission system with a new system built to new
8 codes and standards, including steel poles and elevated substations. At that point,
9 we began discussions with FEMA and GOHSEP about executing a 428 alternative
10 procedure because we've been hit so many times by a hurricane. That would allow
11 the funds we would receive for the replacement and hardening of the old 69 kV
12 transmission loop and the 138 kV radio line through the marsh to be used to build
13 a new 230 kV transmission loop that supported the southwest Louisiana gulf coast.
14 The new 230 kV loop, which would largely track the path of the previous system,
15 would be built in accordance with the required new codes and standards, which
16 includes steel poles and elevated substations. We then decided to move in this
17 direction for several reasons. A new 230 kV loop system would not only serve the
18 needs of lower Cameron Parish with an upgraded system built to withstand 160
19 mile per hour wind speeds, but such a system would also serve the needs of the
20 state of Louisiana and the country at large. As memorialized in the Department of
21 Energy report published after the hurricane, the energy infrastructure of southwest
22 Louisiana is a critical component of the nation's energy infrastructure. A stronger,
23 more resilient transmission system across southwest Louisiana will play an

1 important part in providing resilience to that energy infrastructure. In order to
2 minimize risk associated with potential costs overruns of the JDEC project, the
3 cooperative determined at that time to go with a construction management at risk,
4 or CMAR, approach was the most appropriate way to go. This approach results in
5 the winning bidder wearing the risk of project cost overruns; and therefore, JDEC
6 members are insulated from that risk. To be clear, at this point the two winning
7 bidders, I have one for transmission construction and one for substation
8 construction, have only won the right to be involved in the design and planning of
9 the JDEC project. They're working with the cooperative and cooperative engineers
10 and consultants on the best way to proceed forward with the building of the new
11 transmission system. It should be noted that we have not completed the CMAR
12 process to the full 100 percent design and build stage at this time. We expect to
13 have final numbers from contractors at the end of January, in a week or so. Once
14 the final proposal is received, it will be reviewed by the JDEC board members and,
15 if approved, these documents along with all supporting information will be sent to
16 FEMA for FEMA's review and approval. If all budget and schedule parameters
17 are acceptable, JDEC expects to execute the 428 alternative procedure agreement
18 with FEMA no later than February 28, 2023, next month. Executing schedule for
19 CMAR contractor -- existing, sorry, existing schedules for CMAR contractors have
20 all construction complete by the second quarter of 2025. Currently all JDEC
21 members along the Cameron coast are being powered by temporary generation.
22 That is, all members that are below the intracoastal waterway are served by
23 temporary generation. This generation is being funded by FEMA and is currently

1 being renewed on a six month cycle. Over the past 12 months, as these funding
2 streams are being finalized along with the CMAR process that began in January of
3 2022, JDEC and FEMA made an informal agreement that June of 2025 was an
4 acceptable date to end the cost of the temporary generation. Our current
5 construction timeline is aligned with that June of 2025 deadline. We have worked
6 diligently over the past two years to get where we are today. An executable plan to
7 build out a robust transmission grid that will serve the interest of southwest
8 Louisiana, including the existing and future critical infrastructure needs of
9 southwest Louisiana, JDEC's members, and the country at large, with no
10 construction costs borne by Louisiana family or businesses. We still have much
11 work to do in order to have that infrastructure energized in early 2025. We are
12 ready to get started and appreciate your support and help. I have brought with me
13 a short PowerPoint presentation which summarizes some of the points that I've
14 made today, and within the PowerPoint there is a map, hopefully that you can see
15 in front of you. If everyone can see the map, I'll explain what we have, if that's all
16 right. The map itself, if you see the yellow line, that's the 138 line that traverses
17 through the marsh that will no longer exist after we get this contract signed. And
18 the other loop that you can tell starts at Chalkley and ends at Crown, that's why we
19 call it the loop system, a redundant system. There are a total of 1,847 active
20 members currently on generator power. The new transmission system will
21 primarily follow the existing alignment of the system prior to Hurricane Laura.
22 And the transmission line will include steel poles designed to withstand 160 mile

1 per house wind speed and substations that will be elevated to the 500 year flood
2 plain, plus one foot.

3 **MS. KANTROW:** To talk a little bit more about the funding, I'll turn it over to
4 Michael Dorris. Again, that's JDEC's FEMA liaison, and we'll also go to the next
5 slide.

6 **MR. MICHAEL DORRIS:** Commission, thank you for having me. Again,
7 Michael Dorris with Del Sol Consulting. So like was introduced in Mr. Mike's
8 presentation, after immediately following Hurricane Laura, at Chennault Airport
9 where we had the 800 person manned camp stood up for those responses, we then
10 had to take that entire operation down for a scare from Hurricane Beta and again
11 for Hurricane Delta, to which we moved all of those resources. At that time, when
12 Delta was hitting, it was apparent that not only this year's storm, 2020 storms, and
13 the repetitiveness in that area, but over the 15 year period that the severe repetitive
14 loss to JDEC's transmission system had succumbed to the storms and total lost
15 twice. So we asked the Department of -- FEMA, the Federal Emergency
16 Management Agency, to come in and with their help, they brought a strike force
17 team number 12 and the Department of Energy, and together we worked on
18 discussing the funding opportunities and the grants available and agreed through a
19 report that we would use public assistance funds and apply consensus base codes
20 to a national standard as well as hazard mitigation funds, both 404 and 406, to help
21 prevent from future loss. Combining all of those together is what has given us the
22 projected \$340 million in funding for this project.

1 **MR. HEINEN:** Moving to the next slide, today, FEMA and GOHSEP are
2 committed to funding the JDEC project. Over the next 30 to 60 days, all documents
3 needed to fund a fixed price for the construction should be executed. Once
4 executed, transmission and substation equipment should be secured within 90 days.
5 We expect to have field construction to begin September of 2025, and we hope to
6 have construction completed by -- I'm sorry, September of 2023 is when field
7 construction begins, and we hope construction is completed by September of 2025.
8 That completes my presentation and I'm asking for any questions.

9 **VICE CHAIRMAN FRANCIS:** Get some lights? There we go. Well, this is all
10 in my district. We're really proud of what Cameron Parish and JDEC want to --
11 have done and are doing. And we'll -- this line will have to be interconnected with
12 the major Entergy transmission line, so --

13 **MR. HEINEN:** It will be -- have to be interconnected with the national grid.

14 **VICE CHAIRMAN FRANCIS:** In two different locations.

15 **MR. HEINEN:** That's correct, sir.

16 **VICE CHAIRMAN FRANCIS:** So after we get -- the dust settles on this, the
17 MISO grid will have to, you know, view it and approve everything that we've done.

18 **MR. HEINEN:** Yeah, we'll have to come back to you for all of those
19 improvements.

20 **VICE CHAIRMAN FRANCIS:** So we'll be tied in with the MISO -- the total
21 MISO footprint.

22 **MR. HEINEN:** That is what we are hoping for, yes, sir.

1 **VICE CHAIRMAN FRANCIS:** So the interconnections study going along okay
2 with Entergy? Everything's good with Entergy right now?

3 **MR. HEINEN:** Yes, sir. We're just waiting for a price for the interconnection
4 study.

5 **VICE CHAIRMAN FRANCIS:** So it's not going to be a long delay in time to
6 get those answers?

7 **MR. HEINEN:** No, sir, I hope not.

8 **VICE CHAIRMAN FRANCIS:** Now, you had a right of way for your original
9 small line that you're following with this larger line; is that right?

10 **MR. HEINEN:** That is correct, sir.

11 **VICE CHAIRMAN FRANCIS:** Now, this line will take the larger right of way,
12 a wider right of way, right?

13 **MR. HEINEN:** In some places, yes, in some places, no. We'll have to jog a little
14 bit in different places, but we have two firms that are working on getting the land
15 right secured for that.

16 **VICE CHAIRMAN FRANCIS:** Okay. And that was one of the things that had
17 been brought to my attention, that some of these right of ways is through people's
18 -- may be pretty close to people's homes and all the property, their cows or anything
19 else, you know, so.

20 **MR. HEINEN:** Yeah, we're hoping we don't get too much push back from the
21 community, simply because we're upgrading the system from a different voltage
22 and it will have a much more powerful, robust, redundant system that was there

1 before, and hopefully the cows don't mind a few more feet of dirt to take
2 [INAUDIBLE].

3 **VICE CHAIRMAN FRANCIS:** Well, I know the people with the marsh land
4 won't have any problem giving you the right of way, it's just those few landowners.
5 When do you think you'll have all of the right of away work done?

6 **MR. HEINEN:** I'm going to turn that over to Mike. Do you --

7 **MR. DORRIS:** Yes, sir. So we're expecting to have all of the right of way stuff
8 done by the third quarter of this year, to have the information from CLS and LaPAC
9 for their initial discoveries.

10 **VICE CHAIRMAN FRANCIS:** So it would be third quarter before you could
11 start construction?

12 **MR. HEINEN:** Yes.

13 **VICE CHAIRMAN FRANCIS:** Because you can't start construction without the
14 right of ways.

15 **MR. DORRIS:** Yes, sir. And that's correct. And we're also working in
16 conjunction with DOTD who has a lot of this right of way, been meeting with them
17 on that as well, but the landowners --

18 **VICE CHAIRMAN FRANCIS:** That shouldn't be a problem with them. I'm
19 concerned about some of the smaller landowners, [INAUDIBLE] --

20 **MR. HEINEN:** Yes, and we plan on working with the smaller landowners very
21 closely. My board is [INAUDIBLE].

1 **VICE CHAIRMAN FRANCIS:** So you won't be able to start construction until
2 you get through the right of ways, all nailed down. And you said third quarter, what
3 day about would that be?

4 **MR. DORRIS:** I'll have to get back to you, Commissioner, I'll --

5 **VICE CHAIRMAN FRANCIS:** Third quarter is like October, September,
6 October?

7 **MR. HEINEN:** We're hoping September, October, Commissioner.

8 **VICE CHAIRMAN FRANCIS:** That you can start construction?

9 **MR. HEINEN:** Yes, sir. That's what we're hoping for.

10 **VICE CHAIRMAN FRANCIS:** And how long will it take to build the line, you
11 think?

12 **MR. HEINEN:** Two years.

13 **VICE CHAIRMAN FRANCIS:** So two more years past October?

14 **MR. HEINEN:** June 2025.

15 **VICE CHAIRMAN FRANCIS:** What's the deadline on FEMA generation?

16 **MR. HEINEN:** June 2025. So --

17 **VICE CHAIRMAN FRANCIS:** It's going to be pretty close.

18 **MR. HEINEN:** We're going to be close, yes, sir. We're going to be close being
19 that we have issues with, as you know, materials and all those things, that's why
20 we need to get started.

21 **VICE CHAIRMAN FRANCIS:** And just so everybody understands, this will all
22 be FEMA tax money. It will be a few dollars of our Louisiana tax money, but it's

1 going to be the other 49 states, too, helping us pay for it. And so we'll be following
2 FEMA rules --

3 **MR. DORRIS:** Yes, sir.

4 **VICE CHAIRMAN FRANCIS:** -- checking the boxes as we go along, and we
5 got to make sure that -- you'll be responsible for keeping FEMA happy and keeping
6 the FEMA money coming; is that right?

7 **MR. DORRIS:** Yes, sir. And we have a meeting twice a week with them on these
8 specific projects to keep that ball and that action alive, yes, sir.

9 **VICE CHAIRMAN FRANCIS:** Well, I'm always --

10 **MR. HEINEN:** And we've been having that for the past two years, two times a
11 week on FEMA.

12 **VICE CHAIRMAN FRANCIS:** All right. You know, most of my friends and
13 neighbors are always worried about what's the government going to next as far as
14 the money coming down, and so we've got to make sure we do our part, keep
15 FEMA happy, keep the money, keep those boxes checked. And it's really not any
16 of the PSC's business right now what FEMA wants done. It's FEMA money and
17 FEMA makes the rules here about how we follow this project, right? And then
18 we're not going to have to vote to approve anything as far as the Commission goes
19 at this time. Is that true, is that right? As far as I know legally, I meant Lauren is
20 helping me on the legal side. Lauren, we don't -- there's no action needed to be
21 taken by the PSC right now to approve or disapprove of this project, is there?

22 **MS. EVANS:** Lauren Evans on behalf of Staff. And no, Commissioner, not today.

1 **VICE CHAIRMAN FRANCIS:** Okay. Well, I want to ask y'all to give us a
2 monthly report like this, can be written, doesn't have to be real fancy, just give us
3 a chance to maybe ask a question or two, and just a very brief report on how things
4 are going. This is really a great thing for southwest Louisiana and I see the day
5 where the Lake Charles ship channel's going to look like the Mississippi River with
6 industry and this -- there's no way that we really could justify this 230 line today,
7 but I think FEMA sees the future, thank goodness, and wanting to build a line like
8 this to support and withstand these darn hurricanes, which are destroying our
9 country, but we're real about -- we come back, you know. So I think that's all the
10 questions I have today. Lauren, we're good with all the -- our legal views right
11 now, aren't we?

12 **MS. EVANS:** Yes, Commissioner. We are still waiting on some information from
13 the company, but Kara and I are working together to get that done in an expedited
14 fashion.

15 **VICE CHAIRMAN FRANCIS:** And then we're working on the right of ways,
16 we're doing good with the interconnection with Entergy, and we've been talking to
17 MISO, all the MISO folks, they're pretty well experts on transmission lines and
18 procedures and what we're going to need to do, so we just make sure we don't have
19 any surprises that put us off and offend our people at FEMA with their money.
20 Okay? All right. I'm through with that.

21 **MR. HEINEN:** Thank you.

1 **COMMISSIONER GREENE:** I just want to commend y'all for this, this is ideal.
2 And if you can help get 340 million for District II, that would be awesome as well.
3 And Commissioner Francis for his hard work on this, this is outstanding.

4 **MR. HEINEN:** Thank you, sir.

5 **CHAIRMAN CAMPBELL:** Is this it?

6 **COMMISSIONER LEWIS:** I'll just say, even though --

7 **VICE CHAIRMAN FRANCIS:** From Lake Charles, you ought to have
8 something.

9 **COMMISSIONER LEWIS:** Yeah, yeah. Even though this is not in my district,
10 this is touching multiple members of my family. As Commissioner Francis knows,
11 I grew up in Lake Charles and this area.

12 **MR. HEINEN:** Shall we go say "go Pokes" now?

13 **COMMISSIONER LEWIS:** We should say "go Pokes". Go Pokes. Sorry to
14 anybody else in the UL system, but this is -- I appreciate all the work that you've
15 been doing on this project and I think it would help, especially in southwest
16 Louisiana, where we're seeing exponential growth in industry, which I think is
17 something that sometimes we don't talk about enough, about the challenges that
18 southwest Louisiana will face. I just had one quick question about the right of way
19 and just, what is your process on community engagement with this? Are you
20 planning any town halls or just sessions to talk with the community about this?

21 **MR. HEINEN:** We have a -- talking about a town hall, we've committed to give
22 a report to the Cameron Parish Police Jury every other month about the progress of
23 this particular project.

1 **MR. DORRIS:** Yeah, and I think it's -- we also went to Cameron Parish and the
2 members down there at the beginning and had the council -- Police Jury had --
3 **MR. HEINEN:** Police Jury, yeah.
4 **MR. DORRIS:** -- passed a resolution in support as well and asked the community
5 -- so we've been talking with them very openly about the plan and the project to
6 the area.
7 **COMMISSIONER LEWIS:** Perfect, because I mean, I think Commissioner
8 Francis is right about landowners and I just want to make sure that in the process
9 we are including their voices and making sure they are aware of what is going on
10 at every step of the way because, I don't know if you heard today, I care a lot about
11 making sure the people are part of this process, so I commend you on that.
12 **MR. HEINEN:** Yes, sir.
13 **MS. KANTROW:** Thank you for the opportunity.
14 **MR. HEINEN:** Thank you very much.
15 **VICE CHAIRMAN FRANCIS:** Good job. Thank you.
16 **MS. BOWMAN:** So also under Exhibit 11, under discussions, there's a discussion
17 and presentation by Dr. Terrence Chambers, the Director of Energy Efficiency and
18 Sustainable Energy Center at ULL on utilities scale solar technology and resources.
19 So to speak, you just press the little button and when the green light comes on,
20 you're ready to go. There you go.
21 **DR. TERRENCE CHAMBERS:** Good afternoon. I'm Terry Chambers, I'm the
22 Director of the Energy Efficiency and Sustainable Energy Center at the University
23 of Louisiana Lafayette. I have a presentation if we could pull it up there, please.

1 It's the one entitled PSC Solar Energy. All right. I'll give you the bottom line up
2 front, especially given the time. The university has tremendous resources to serve
3 as a resource for you and for the members of the general public. We have wonderful
4 solar energy research and testing and training facilities and many engaged faculty
5 members who also have the expertise to help. The solar energy market is -- has
6 been rapidly changing, such that solar is now the cheapest form of new electrical
7 power generation addition and the market is very rapidly growing. But because it
8 is not considered base load generation, it will not completely replace traditional
9 fuels any time soon. Still, it can be an important part of our energy mix. There are
10 some issues for solar in Louisiana. One of the main concerns, of course, is is solar
11 safe and effective? The answer is yes. When done properly, solar energy is safe
12 and effective and it is an important way that you can ensure that your ratepayers
13 are able to receive low cost and reliable electrical energy. There are serious and
14 important concerns that various stakeholders, such as landholders and neighbors
15 and farmers have with regard to solar energy, but also there are a number of
16 common concerns that have been circulating in the community that are nothing
17 more than myths, and so a fair amount of my work seems to be myth busting. In
18 terms of economic development, there's no major company that will relocate to
19 Louisiana unless they can be assured that they will be able to meet their
20 sustainability goals by having access to renewable energy. And another thing I'd
21 like to mention is that we are an energy state and renewable energy is just another
22 type of energy and there are lots and lots of jobs in renewable energy for Louisiana
23 businesses and residents. And solar energy can also be a source of revenue for local

1 governments. And finally, solar energy can be a meaningful way to help Louisiana
2 meet its sustainability goals. In terms of university resources, I lead the Energy
3 Efficiency and Sustainable Energy Center. We're about 10 faculty who work on
4 clean energy research, education, workforce development, economic development,
5 and outreach. We have wonderful facilities. This facility here was commissioned
6 in December of 2012 under a renewable energy docket from the Public Service
7 Commission in partnership with Cleco Power. We've maintained that wonderful
8 relationship to this day and we continue in partnership with them to study renewable
9 energy. We also are currently upgrading that facility, primarily with federal funds,
10 to become not only a microgrid test facility, but also a hydrogen test bed facility,
11 so that companies who want to test renewable energy products can come to us and
12 we can test those there and we can help them develop new renewable energy
13 products as well. We have the 1.1 megawatt Louisiana solar energy lab in Lafayette
14 on our campus. That is a very powerful resource. And we have research and
15 training test beds at the facility that allow -- between all of those facilities, we're
16 able to test how virtually every different type of solar technology works in
17 Louisiana and report that to the public. We also do a lot of work to help companies
18 develop new products that they could potentially sell into the market. The bottom
19 right is an example of a product that is being sponsored by a company and also the
20 top left, the tractors there are by a company that's trying to develop their new
21 product. We have created an entire solar energy related curriculum at the
22 University of Louisiana Lafayette, including a renewable energy minor, two degree
23 concentrations in mechanical and electrical engineering, six new solar related

1 courses and so on. We also have created a technician level training program, just
2 because nobody else is doing it yet, and so we've created a complete technician
3 level training program as well, with national level certification at the end of that
4 program. We're currently in the process of working with the Workforce
5 Commission to create a registered apprentice program for this for these technicians,
6 which could provide lots of job opportunities, upon with multiple training
7 pathways, not all of which require higher education. We also use these facilities to
8 do an awful lot of outreach to the public and to the community, and we have the
9 privilege of being able to reach thousands of K through 12 students a year. The solar
10 energy market is changing rapidly. 2019 was the crossover year when there were
11 more renewables added to the US grid than traditional generation sources. And in
12 2021, 70 percent of the new electrical energy generation capacity added was from
13 either solar or wind, with the largest proportion being solar. And that's being driven
14 somewhat by policy, but that began under a previous administration, and the real
15 driver has been cost reductions in the technology. This graph, although it's hard to
16 read, shows -- it compares various renewable energy costs in terms of the levelized
17 cost of energy in the light blue at the top to traditional energy generation costs at
18 the bottom of the graph. And you'll see that where I've circled solar, you have
19 costs of \$29 to \$37 per megawatt hour as a levelized cost of energy for utility scale
20 solar, which is less than the marginal cost of continuing to operate a coal plant.
21 And that's part of the reason why coal plants around the country are shutting down.
22 Natural gas does continue to be built, but there's a lot of solar and wind being added,
23 primarily because of the cost and it is so low right now. If you pair solar with

1 battery storage, now you're in the \$85 to \$158 per megawatt hour a range of cost
2 for four hours of storage at the utility scale, and that compares very favorably to the
3 cost of a gas peaking plant. In fact, it's in that same range or a little lower. So
4 although solar plus storage is still not equivalent to base load generation, it is closer
5 in comparison to a gas peaking plant and the cost is even a little bit lower. In terms
6 of the capital cost of solar, it varies greatly depending on whether you're at the
7 residential, commercial, or utility scale. At the residential scale, you're paying
8 somewhere in the neighborhood of \$3 a watt installed. These are all unsubsidized
9 costs I've been talking about. At the commercial scale like you might see on top
10 of a big box store, you're in the \$1.60 to \$1.70 range for a commercial scale
11 installation, but at the utility scale it's somewhere around \$1 a watt, which is quite
12 inexpensive, but it does show the relative costs where utility scale solar is three
13 times less expensive than residential scale. The US solar market has been growing
14 rapidly for many years, but it is projected to grow even faster in the near future
15 because of the tax incentives and the recently passed Inflation Reduction Act, which
16 can provide 30 to 40 percent tax -- investment tax credits for utility scale solar. In
17 terms of some of the issues that arise for solar in Louisiana, one is a concern that
18 we could use up all our valuable farmland. In order to put this in perspective, we
19 have somewhere in the neighborhood of 8,000,000 farm acres in this state, and if
20 we were to do -- I would estimate as an upper limit 7,000 megawatts in the next 10
21 years, and assuming about seven acres per megawatt, which the industry trend is
22 actually to make that even smaller, then the maximum amount we could expect to
23 use would be about 49,000 acres. Now if you're a tenant farmer who is farming

1 and renting the farm that -- the land that you farm and the landowner gets an offer
2 for a solar lease that the tenant farmer cannot compete on price for that lease, and
3 if you're one of the ones that is on that 49,000 acres that is displaced, you will be
4 directly and negatively impacted, that's just a fact. But what we're talking about is
5 somewhere in the neighbor -- at an upper limit, in my opinion, of somewhere
6 around 0.6 percent of our state farmland, so that's the magnitude of the issue. There
7 are valid concerns for landowners who want to make the most money they can off
8 of their land. I've talked to some landowners who tell me, who are farmers, who
9 tell me what they want to do is they want to lease a portion of their land, a less
10 productive portion of their land, and get a steady stream of income so that they can
11 save the family farm, so that they can continue to perform agriculture on the rest of
12 the farmland. Neighboring landowners also have some legitimate concerns. It's
13 reasonable and necessary that those be addressed. I mentioned the tenant farmer
14 issue a moment ago. The authorities having jurisdiction such as the cities and the
15 parishes, they also have concerns because although solar is a very mature
16 technology and it's not new in the world or in the country, it is relatively new to
17 Louisiana so our parishes and city councils don't necessarily know how to permit
18 or regulate these solar farms, and so that's part of what we can do to help at the
19 university as well. Utilities, of course, have concerns, interconnection issues, grid
20 stability issues. In my opinion, we are very far away from solar addition causing
21 any grid stability issues. Nationally, that issue normally does not arise until you
22 have about 20 percent of your total portfolio being intermittent renewables like
23 solar or wind, and we're nowhere even close to that in Louisiana, so I don't think

1 grid stability is an issue for additional solar projects at this time. And of course
2 solar developers are concerned that they have to make a decent return or they won't
3 invest at all. Is solar safe? This is a valid concern that people have, and the answer
4 is yes, if it's done according to all the appropriate codes and standards and industry
5 best practices. This is an important issue, and the question is how would we know
6 or how would a city or a parish that's permitting these things know whether this
7 will be done according to best practices? The Department of Natural Resources is
8 leading an effort right now to develop a model solar ordinance for the state and that
9 will probably be published later this year. And when that happens, it will be
10 providing guidance to the cities and parishes on what they can do, what they should
11 say in terms of what they require the solar developer to do. I think that will be a
12 very positive thing. Also, as you know, there's DNRs engaged in a rulemaking
13 process on decommissioning plants. Some of the common concerns are can solar
14 projects withstand the hurricanes force winds that we have here in the state and the
15 answer is absolutely. These solar projects -- the solar modules themselves are just
16 mounted on steel structures. They're steel structures that could be designed to
17 whatever wind speed that is required, whatever the designed wind -- ASE designed
18 wind speed is. You can design it to whatever you need. There are no hazardous
19 materials that will leech out of the modules and pollute the ground water, that's not
20 going to happen. There are no electric magnetic fields that are different from what
21 we always have and what we're surrounding by the EMFs that emanate from the
22 power lines that run along all of our roads and behind our houses, so that is not a
23 concern. I've heard people very seriously and honestly concerned that solar -- if

1 there's a solar plant permitted in their neighbor -- or, you know, near their house
2 that their neighbor's pacemaker will fail, and that is -- that's just not true. It's not
3 a thing. Decommissioning issues, the land can be completely restored for farming
4 or whatever use at the end of a project, that's not a problem. One thing that is
5 important, the solar industry is young enough that end of life recycling has not been
6 built up to the level that it will soon, and nevertheless, there are recycling options
7 now and it's my recommendation that recycling at the end of the project be required
8 by the permitting authority. Certainly I would not recommend that they go into a
9 landfill. In terms of sound, they're very quiet and passive. Electric shock and arc
10 flash risks are very similar to traditional energy equipment such as transformers
11 and so on. There's not very high fire hazards because most of the equipment is
12 non-flammable. The bulk of a solar farm is just the steel structure on which you
13 mount the modules. Property values, that's a very interesting and important issue.
14 In general, national level studies -- multiple national level studies have shown that,
15 in general, there is no reduction in the nearby property values when a solar farm is
16 located in a certain area. In terms of capacity factor, we actually just finished and
17 published this study on -- for fixed-tilt solar modules in Louisiana for the three
18 different major types of solar modules: Polycrystalline silicon, monocrystalline
19 silicon, and thin film. And capacity factors are in the 17 to 20 percent range, but
20 much lower in the months of December and January. Now, at the utility scale,
21 usually rather than fixed-tilt, usually you have single access tracking systems,
22 which have a slightly higher capacity factor, but we haven't actually done that
23 experiment yet. We just got our single access tracking system, and we'll be doing

1 that experiment soon. In terms of economic development, I do believe that clean
2 energy represents a very significant business opportunity for Louisiana. We're very
3 good at traditional energy projects and we do -- we make -- we have Louisiana
4 companies that are making money across the whole value chain and not just in
5 Louisiana, but all around the world. Louisiana workers go all around the world and
6 do -- we do traditional energy projects right now and there's no reason we can't do
7 that for clean energy projects as well. And for everything that we do in the
8 traditional energy industry, such as financing, project development, landman
9 activities, there's an equivalent in the clean energy economy as well. So one of the
10 things that I hope will happen is that Louisiana will go all in and say we're an
11 energy state, we're going to go all in on every form of energy, all of the above, and
12 we're going to learn how we can make money on all of that. And I think we can
13 do that all across the value chain. In terms of the revenue for local government,
14 I'm not an economist and I will defer to the energy institutes at LSU and Tulane,
15 but I have a friend over at the LSU Energy Institute, Dr. Greg Upton, who provided
16 me with this typical example. In terms of the economic impact of a utility scale
17 solar farm in a particular, you know, just a kind of a typical 50 megawatt solar farm,
18 if it took 350 acres at average property taxes for the state and 80 percent ITEP for
19 10 years, at \$1 a watt, you're talking about a \$50 million initial investment, and
20 property taxes would be around 150K, the first year declining to 80K in Year 10,
21 but then it jumps up to about 350K a year in Year 11, declining to 220K a year in
22 Year 20 due to depreciation. And then it would stay at about 220K a year for Years
23 21 to 30, which is a typical life of a project. So there can be a significant revenue

1 increase for the parish or the city where the project is located. And because the
2 solar farm is very passive and there are very few people that actually have to be
3 there to operate and maintain it, it really doesn't require any additional services like
4 roads, drainage, or police or fire. And in fact, in terms of the roads and drainage,
5 you can put that on the solar developer on the front end instead of having the parish
6 pick it up all along. In terms of sustainability, also, as you are aware, the governor
7 has set climate action goals and commissioned a task force which I am privileged
8 to serve on to come up with a climate action plan for Louisiana. That was published
9 not very long ago and we're not actively working to try to implement that plan to
10 achieve those goals, and renewable electricity generation is a very important part
11 of that puzzle, as is industrial electrification, which will very much impact the
12 utilities and will need to be an issue for the Public Service Commission to consider,
13 as well as industrial fuel switching to low and no-carbon hydrogen. If hydrogen is
14 being generated from electricity and electrolysis, then that will increase the load on
15 the grid and so that is an issue to be considered as well. So are there any questions?
16 **VICE CHAIRMAN FRANCIS:** Where is this 1.1 megawatt facility located?
17 **DR. CHAMBERS:** That's located in our research park at the university campus
18 in Lafayette.
19 **VICE CHAIRMAN FRANCIS:** So it's in the city of Lafayette?
20 **DR. CHAMBERS:** It's in the city of Lafayette, yes, sir.
21 **VICE CHAIRMAN FRANCIS:** That's some high price real estate for a solar
22 farm.

1 **DR. CHAMBERS:** Yes, sir. Dr. Savoie was hard to convince that I should put it
2 there, yes, sir.

3 **VICE CHAIRMAN FRANCIS:** What's the real estate worth? Okay. That's
4 good. And thanks for working in Crowley with that research center there.

5 **DR. CHAMBERS:** That's been a terrific facility and when we upgrade -- when
6 we complete our upgrade to the microgrid test facility and the hydrogen test facility,
7 it will be even better. And I would say without blush that we have the best
8 renewable energy research and testing facilities in the southeast part of the United
9 States, bar none. There's no one who can touch Louisiana.

10 **COMMISSIONER GREENE:** We like that, and I want to commend you. It's an
11 excellent presentation, very informative. And keeping with the theme of education
12 and learning more about resources in Louisiana that can serve our customers and
13 enhance the Louisiana electric grid, I'd like to invite the Community Lighthouse
14 Project to come and give a short presentation next month at our B&E. We're
15 intrigued by how they're partnering with churches to enhance community resilience
16 and think not only the Commission but the public who watches our meetings would
17 value from learning more about their program. Thank you very much, Dr.
18 Chambers.

19 **SECRETARY FREY:** I'll make sure we send that.

20 **CHAIRMAN CAMPBELL:** You know what I've experienced? All the -- the
21 Farm Bureau sort of came out against it for a while, you know, and I had several
22 farmers call me and the only people really against it are the people not getting a
23 solar farm . Somebody's getting one here, the ones who gripe are who didn't get

1 one. So I don't have -- everybody is pretty much open to the new industry and it's
2 a lifesaver for a lot of people that have been farming for a long, long time and now
3 they have another source of income. So it looks like everything's on go to me.

4 **SECRETARY FREY:** And I wanted to echo something that Commissioner
5 Francis was talking about, the facilities. Dr. Chambers and I talked about a month
6 or so ago, and we'll circle back, but he's made it available to us to do tours of all
7 the hydrogen facilities, the solar, the wind, et cetera, so Staff and Commissioners,
8 your Staffs as well, we'll set something up to go do some viewing and tours.

9 **DR. CHAMBERS:** Yes, you're very, very welcome.

10 **COMMISSIONER LEWIS:** And Dr. Chambers, I want to thank you for this great
11 presentation. In a younger, younger life I was on the board of supervisors for the
12 UL system when Dr. Savoie was talking about this idea, so I'm great to see the
13 success that this center has really taken off and its importance about talking about
14 renewable energy, which is extremely important to me, so please pass the word to
15 Dr. Savoie that I am still proud of him, even though I think McNeese is still better.

16 **DR. CHAMBERS:** I'll do that, indeed. Thank you.

17 **MS. BOWMAN:** Thank you, Dr. Chambers. So we do have two ratifications
18 under Exhibit 11 that I can go through very quickly. The first is a discussion and
19 possible vote to ratify interventions of the Public Service Commission in RTO or
20 ERSC federal energy regulatory proceedings. So this matter's on the agenda for
21 ratification. Pursuant to the scope of work approved, in connection with the
22 retention of Stone Pigman and UPC at the February 24, 2021 Business and
23 Executive Session for MISO, SPP, and ERSC participation. Interventions were

1 filed on the Commission's behalf in the following FERC dockets: ER23-523,
2 ER23-630, ER22-2763, ER23-435, ER23-625, RM22-7, and EL23-11. These
3 interventions were filed for purposes of monitoring issues related to MISO and/or
4 SPP and Staff recommends that the Commission ratify these actions.

5 **CHAIRMAN CAMPBELL:** Got a motion? I'll make the motion to ratify.

6 **COMMISSIONER LEWIS:** I'll second.

7 **MS. BOWMAN:** So motion by Commissioner Campbell, seconded by
8 Commissioner Lewis. Any opposition? [NONE HEARD] Great. And then we
9 have one more. It's an OMS vote ratification. It's a discussion and possible vote
10 to ratify the vote taken by Commissioner Greene, acting as the Commission's
11 representative on the Board of Directors of the Organization of MISO States. The
12 matter is on the agenda for ratification of a vote taken on December 21, 2022 by
13 Commissioner Greene as the Commission's representative. Staff followed the
14 protocols set forth in Special Order 17-2019 to consult with the Executive Secretary
15 and the Chairman and to make a recommendation to Commissioner Greene prior
16 to the vote. The protocols also require that the votes taken be ratified at a following
17 B&E. The OMS sought approval to file comments in FERC Docket Number ER23-
18 523, a docket brought by MISO and the MISO transmission owners to revise the
19 MISO tariff to eliminate all reactive power composition charges under Schedule 2.
20 The rationale for the filing is that the current compensation structure allows the
21 payment for voltage support potential as opposed to actual voltage support, even
22 though the potential is already required under NERF rules for generators. The OMS
23 comments support the MISO filing because it will save ratepayers money and will

1 not impact reliability. Based on Staff recommendation, the Commission voted in
2 support of the OMS pleading. Staff recommends that the Commission ratify
3 Commissioner Greene's vote taken on December 21, 2022 as the Commission's
4 representative to the OMS Board of Directors.

5 **CHAIRMAN CAMPBELL:** I make a motion to ratify.

6 **VICE CHAIRMAN FRANCIS:** I'll second.

7 **COMMISSIONER GREENE:** I abstain.

8 **MS. BOWMAN:** Motion by Commissioner Campbell, seconded by
9 Commissioner Francis, with Commissioner Greene abstaining. Any opposition?
10 [NONE HEARD] Hearing none, I'll entertain a motion to adjourn.

11 **COMMISSIONER SKRMETTA:** Move to adjourn.

12 **VICE CHAIRMAN FRANCIS:** Second.

13

14

15

16 **(WHEREUPON THE MEETING WAS ADJOURNED)**

17

1 I certify that the forgoing pages 1 through 126 are true and correct to the best
2 of my knowledge of the Open Session of the Business and Executive Meeting
3 held on January 18, 2023 in Baton Rouge, Louisiana.

4 *****

5 Rough Draft prepared by:

6 Kayla Fiorenza January 30, 2023
7 Kayla Fiorenza, Date
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9 Kathy Dykes January 30, 2023
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13 Proofed by:

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