

UTILITY, CABLE, TELECOMMUNICATIONS AND TECHNOLOGY
COMMITTEE MEETING MINUTES THURSDAY, JANUARY 15,
2015 10:00 A.M. COUNCIL CHAMBER

Councilmember Williams, Chairperson – Present Councilmember Head – Present Councilmember Guidry – Absent Councilmember Brossett– Present Councilmember Gray - Present

Committee Chair Jason Rogers Williams briefly discussed the items on the agenda for the meeting.

The following items were considered by the Committee.

1. Presentation by the Council’s Utility Advisors on Electrical System Physical Security.

Before addressing this item Clint Vince of Dentons U.S., LLP, the Council’s lead utility regulatory legal advisor, described six key utility regulatory achievements of the Council in 2014 as well as eight goals the Committee has set for 2015.

Regarding system security, Mr. Vince described a 2014 attack on an electrical substation in California as well as the vulnerability of the U.S. digital infrastructure. He noted that last year the Council enacted R-14-279 addressing security issues. He said the Federal Energy Regulatory Commission (FERC) has enacted Order 802, establishing rules and standards intended to safeguard the electrical infrastructure. After reviewing these measures which have been put into place he said no action by the Council is requested at this time.

2. Resolution and Order Directing Review of Utility Companies’ Transmission and Distribution Storm Hardening Efforts and Reliability Improvements.

Joseph Vumabaco of Legend, the Council’s technical advisor, noted that several resolutions were passed by the Council in 2012, following Hurricane Isaac. Entergy was required to report on its system’s performance and response to outages, which it did. The Advisors filed their recommendations on July 25, 2013. These recommendations included several follow-ups for

Entergy. Today's resolution builds upon this prior work, establishing requirements for Entergy to report on the status of its efforts but beyond that, to make recommendations backed by analytical support and quantifiable data, for protection of the utility's infrastructure. Areas to be considered include selective undergrounding of distribution lines, potential for improvement of the pole inspection process, optimal tree trimming, and minimization of damage due to flying debris, among other things.

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Committee member Stacy Head expressed her appreciation for the resolution as a means of making clear the expectations of the Council—as the regulatory body responsible not only for rates but also system reliability—for a system that is hardy and able to withstand as much as possible while still being cost-effective. She said this is a balancing act, noting for example the prohibitive cost of undergrounding the entire system, but the potential for cost-effective selective undergrounding. She called for a rational process to determine cost-effectiveness, noting the unique geography of New Orleans and how it will shape the inquiry.

Mr. Vumbaco noted that the costs of system hardening should be considered in the context of the costs of storm repairs.

Chairman Williams noted the potential for cost-effective undergrounding in all new residential developments and applauded the strategy that is being put in place by the resolution, which should enable the system to evolve.

Committee member Jared Brossett asked that the inquiry include a review of any coordination occurring as part of the permitting process for new residential developments. In addition, Committee member Brossett asked that the age of system transformers be considered, noting that at times transformers are breaking down under less severe conditions than are present during hurricanes. Mr. Vumbaco confirmed that will be done.

Chairman Williams confirmed the goal is to get the best system possible while allowing the company to be profitable, without imposing unfair rates on the ratepayers.

Resolution R-15-31 was approved by the Committee for consideration of approval by the full Council.

3. Resolution and Order Establishing a Procedural Schedule for the Consideration of Issues Related to Hurricane Isaac Costs Recovery; Docket No. UD-14-01.

Presley Reed of Dentons described the proposed resolution, which addresses primarily technical issues and establishes dates for future events in the docket.

Resolution R-15-32 was approved by the Committee for consideration of approval by the full Council.

1. Presentation by Entergy on the Purpose and Process for the 2015 Integrated Resource Plan; Docket No. UD-08-02; and
2. Presentation by Entergy on the Rate Impact of the Ninemile 6 Generation Unit.

Chairman Williams noted Entergy would make presentations on both of these subjects. Entergy New Orleans, Inc. (ENO) Vice President of Regulatory and Governmental Affairs Gary Huntley introduced Seth Cureington of Entergy. They were joined by Entergy attorney Tim Cragin.

Mr. Cureington first gave a brief overview of the Integrated Resource Plan (IRP), which he said was intended to be a comprehensive, balanced plan to meet customer's needs, looking out 20 years. He said the 2012 IRP has been accepted by the Council and work has commenced on the 2015 IRP. He discussed plan processes and requirements, then addressed scheduling issues. He noted the plan's "Milestone 3" public hearing will occur February 26 from 9a.m. to noon at the University of New Orleans. He referred interested parties to ENO's website for additional details.

Next Mr. Cureington discussed the recent addition to the company's available generation, of 2

20% of the Ninemile 6 combined cycle generator, which adds 112 summer-peaking megawatts. He said this unit is reliable and efficient. He discussed the cost of the unit, which will be passed on to ratepayers as an additional line item on their February electric bills.

Committee member Brossett inquired regarding how this addition to the bills would be explained to the ratepayers. Mr. Vumbaco suggested something as simple as adding “new generation” to the bill could help.

Committee member James Gray noted the reported savings that an average residential ratepayer could expect to see on their bill actually owes to the lower costs of the fuel to power the generator, natural gas, which is a variable cost. This was followed by mention of the savings achieved by the company as a result of it joining the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission organization that provides a competitive market for wholesale transmission.

Mr. Vumbaco requested the workpapers that back up the numbers contained in the presentation, so that a review of the calculations may be conducted, resulting in a determination of the true incremental effect of the addition, absent a reduction for gas prices. He noted other effects on the cost include a long-term service agreement and contributions to revenues from Schedule MSS-1 in the Entergy System Agreement and said it would be important to analyze cost without including these factors. Mr. Huntley and Mr. Cureington said the requested workpapers could be provided very soon, within a few weeks at most.

Committee member Brossett noted the different descriptions associated with fuel cost between the ENO bills and ELL-Algiers bills. Mr. Huntley said there was a need for a review of how those charges are represented on the bills.

Mr. Huntley thanked Mr. Cureington for pulling together the presentations quickly and said it is rare to build a new power plant, put it in service and be able to show lower rates, noting the reasons for the lower rates which had been given. Chairman Williams agreed, then noted that regardless of whether news is good or bad, it is important for the delivery of the news to be transparent, for the benefit of the ratepayers.

Demetric Mercadel of ENO was recognized for her work by Mr. Huntley and Chairman Williams.

Whereupon, the meeting was adjourned.

