Feedback on B&E Meeting Agenda Items

Ex. 5 – South Louisiana Electric Cooperative Association

* Request for interim increase for storm response appears necessary
* Not clear about staff recommendation to implement formula rate plan as a response
* An electric cooperative has different motives than an investor-owned utility and formula plan adjusts revenues to ensure the coop can pay their lenders
* However, formula plan also dilutes incentives to manage the utility’s costs
* Without a cost-conscious board/management team, it can be an administratively expedient mechanism to pass on costs but someone still needs to be carefully reviewing the organization’s expenses/cost structure. In a well-managed coop, that’s the management/board. If they are not effective in these roles, the PSC needs to provide this oversight. Unclear that a formula plan puts PSC in best position to exercise that oversight.

Ex. 12 – Determination on Commission Jurisdiction over EVs

* Recommend declining to assert jurisdiction – consistent with staff proposal
* Staff definition is a decent starting point
* If problems come up in the future the PSC can address then
* Some of the points made by the EV charging companies about on-site/self-generation may be valid
* Definition could be read very narrowly to limit EV stations to buying power from local utility
* On the whole, broader public interest is clarifying market rules so the range of interested parties can build EV infrastructure at scale
* Can tackle this question at a later time if there are situations where utilities are overly restrictive

Ex. 14 – SWEPCO Hurricane settlement

There are several aspects of the settlement that differ from the direct/rebuttal testimonies and are not explained in the filing.

Notably, the settlement states, “the distribution and transmission O&M portion of SWEPCO’s LPSC-jurisdictional $180,225,383 of costs associated with Hurricanes Laura and Delta, and Winter Storm Uri are reasonable and prudent and eligible for recovery.”

The $180 million does not appear anywhere in the record for the O&M costs.

Commission witness provides the following table in direct testimony:



See Direct Testimony of R. Lane Sisung at p.7.

In this table the Commission’s witness attributes $148 million of O&M costs to the storms.

SWEPCO Rebuttal testimony provides the following table:



Approximately $152 million for T&D O&M costs.

The settlement does not explain where $180 million comes from.

On the topic of double recovery of SWEPCO labor costs, the rebuttal testimony is weak. Instead of clearly explaining how costs were separated, the testimony appears to attempt justifying double recovery because their labor costs were based on a rate case several years prior. If SWEPCO is not fully recovering their current labor costs, there are different means to address that (a current rate case). Plugging a potential gap by including already recovered labor costs in the storm recovery regulatory asset is generally not considered appropriate use of these regulatory tools.

In the context of this global settlement, the $ amounts for labor are likely low but highlight the more general concern about double recovery of existing costs in base rates. The Commission’s witness brings this issue up in direct testimony. SWEPCO’s rebuttal does not directly respond. It begs a question of how much additional costs potentially overlaps with existing base rates. It is difficult to draw a clear line when staff departments have multiple overlapping roles and are then called on for storm response.

At the very least, the lack of clarity on these items should be called out and the Commission should look at improvements prior to the next round of storm recovery.