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BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. R-36226

LOUISIANA PUBLIC SERVICE COMMISSION

EX PARTE

In re: Evaluation of Louisiana's Electric Grid Regarding Status, Maintenance, and Whether There Is More that Could Have Been Done and Can Be Done to Benefit Louisiana Customers.

and

DOCKET NO. R-35394

LOUISIANA PUBLIC SERVICE COMMISSION

EX PARTE

In re: Proceedings to Examine Options Pertaining to Pole Viability, Pole Attachments, and all Areas that May Affect the Reliability and Sustainability of Louisiana's Electric Utility Distribution Grid

NOTICE OF ISSUANCE OF STAFF REPORT AND OPPORTUNITY FOR COMMENTS

The Louisiana Public Service Commission ("LPSC" or "Commission") Staff hereby issues the attached Staff Report, and seeks input from Intervenors and other stakeholders on the contents thereof. To the extent that a party takes issue with a proposed time deadline, please indicate why you believe that deadline is not appropriate and propose an alternate deadline. Input on any aspect of the Staff Report is welcome. All comments should be submitted no later than January 23, 2024. The Staff specifically seeks input on the following topics:

1) The availability, cost to implement and maintain, and experience in other jurisdictions with the use of the same software system by all utilities, distribution pole owners and pole attachers to catalogue and monitor customer complaints and their resolution (Section V.A., pp. 15-17). To the extent that you believe different systems should be utilized for larger and smaller utilities, please so indicate, explain your reasoning and include suggestions;

2) Staff believes six months is an adequate amount of time to put in place software that will permit the Commission and customers to verify the status of specific customer distribution line-related complaints. (Section V.A., p. 18) If you do not agree, please explain why and provide recommendations;

3) Is five weeks an adequate amount of time to resolve the majority of customer distribution line-related complaints? (Section V.A., p. 18) If not, please explain why and provide recommendations;

4) Please provide comments and recommendations as to if and how the Breaux Bridge experience should and can be translated to a statewide or parish-wide program and modifications that might be required. (Section V.A., p. 19). If you do not agree, please explain why and provide recommendations.

5) Staff believes that six months is an adequate amount of time to develop a program for the immediate elimination of "non-useable" distribution poles, transmission towers, and other equipment (which have been deemed "non-useable" by utilities and pole attachers). (Section V.A., p. 19);

6) For Louisiana's jurisdictional electric cooperatives, other transmission and distribution electric providers that rely on other electric utilities for their transmission and/or distribution service and any other transmission-dependent utilities, please provide within 60 days after the issuance of any Order in this Docket, a copy of any contract, memorandum of understanding and/or other agreement governing the entity's interconnection rights and/or responsibilities with any transmission and distribution owning entity. Appropriate confidentiality protection will be provided. Please describe how that arrangement has worked in the past and whether the providing transmission and/or distribution entity is responsive to the needs of the transmission/distribution dependent utility and how those arrangements can be improved. (Section V.A., p. 20).

7) Staff believes that Commission-jurisdictional utilities should report to the Commission every six months on all expenditures on new technologies, or research into new technologies, designed to improve resiliency and safety involving generation, transmission, distribution, demand side management microgrid applications and other areas of the regulated business. (Section V.B., p. 21). If you do not agree, please explain why and provide recommendations.

8) Is your utility already performing the "Scenario Studies" (or their equivalents) to identify "Category A, B, and C" customers? If the answer is "yes", please provide a copy of the most recent study performed. (Section V.C., p. 23);

9) Staff believes six months is an adequate amount of time to perform the "Scenario Studies" regarding future severe weather events and their potential impact on infrastructure (Section V.C., pp. 23-24) If you disagree, please explain why and provide recommendations;

10) Staff believes six months is an adequate amount of time to complete the poles/towers studies described (Section V.D., p. 26) If you disagree, please explain why and provide recommendations;

11) To the extent that drone technology is already utilized to assist in recovery and restoration efforts after extraordinary weather events, please provide a narrative description of how it is operated and used and provide any beneficial results to ratepayers and system security, cost, efficiency and reliability from the use of such drone technology. To the extent that drone technology is not currently utilized, please explain why not and provide a timetable for implementation of the use of such technology. (Section V.H., p. 32);

12) Please provide recommendations regarding the nature and level of penalties and disincentives that should be adopted by the Commission for failure of Louisiana electric utilities to meet their reliability requirements, comply with the requirements contained in any order issued in this Docket or otherwise comply with Commission Rules and Regulations. In addition, please provide any recommendations for the use of incentive regulation to encourage compliance. In this regard, please provide examples of which you are aware, of the use of such penalties, disincentives, and incentives in other retail jurisdictions in the United States. (Section V.K., pp. 37-38);

13) Please provide any recommendations regarding proposed revisions to the Commission's General Order In re: Ensuring Reliable Electric Service (Docket No. U-22389). Those comments should include recommendations on revisions to the current minimum SAIDI and SAIFI standards, use of alternative and/or additional reliability performance measurement criteria, as well as appropriate enforcement mechanisms, and potential incentives. (Section V.L., pp. 38-39).

Respectfully Submitted,

LPSC STAFF



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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been served upon the service list in Docket Nos. R-36226 and R-35394 via electronic mail on this 8th day of December, 2023.



Justin Bello

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as of 12/8/2023

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BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. R-36226

LOUISIANA PUBLIC SERVICE COMMISSION

EX PARTE

In re: Evaluation of Louisiana's Electric Grid Regarding Status, Maintenance, and Whether There Is More that Could Have Been Done and Can Be Done to Benefit Louisiana Customers.

and

DOCKET NO. R-35394

LOUISIANA PUBLIC SERVICE COMMISSION

EX PARTE

In re: Proceedings to Examine Options Pertaining to Pole Viability, Pole Attachments, and all Areas that May Affect the Reliability and Sustainability of Louisiana's Electric Utility Distribution Grid

STAFF REPORT

Prepared by:

Critical Technologies Consulting LLC

December 8, 2023

I. PROCEDURAL BACKGROUND

A. The Directive Initiating Docket No. R-36226

At the November 17, 2021 Business and Executive Session ("B&E") of the Louisiana Public Service Commission (Commission" or "LPSC") Chairman Craig Greene directed the Commission Staff ("Staff") to:

> . . .open a docket and take all necessary action, including but not limited to, the hiring of an independent engineering firm, to assess the status and maintenance of the electric grid serving Louisiana, as well as investigate whether certain storm costs could have been avoided with more preemptive maintenance of the grid throughout the state, and to provide recommendations to the Commission that would benefit Louisiana customers in reliability, decreased load pockets, and access to resources outside our load zone.

There was no opposition to the Directive. Pursuant to that Directive, on December 22, 2021, the Commission Staff issued a "Notice of Proceeding" and the Docket was noticed in the December 23, 2021 Commission Official Bulletin No. 1261. The matter was assigned Docket No. R-36226 and was entitled *In re: Evaluation of Louisiana's electric grid regarding status, maintenance and whether there is more that could have been done and can be done to benefit Louisiana customers*.

The following parties intervened in the R-36226 rulemaking Docket: Entergy Louisiana, LLC ("ELL"), the Association of Louisiana Electric Cooperatives ("ALEC"), Cleco Power LLC ("Cleco Power"), the Louisiana Energy Users Group ("LEUG"), Northeast Louisiana Power Cooperative, Inc. ("Northeast"), Packaging Corporation of America ("PCA"), Lafayette Utilities System ("LUS"), International Paper Company ("IP"), Pointe Coupee Electric Membership Corporation ("PC Electric"), Southwest Louisiana Electric Membership Corporation ("SLEMCO"), Southwestern Electric Power Company ("SWEPCO"), and the Alliance for Affordable Energy ("Alliance"). The following individuals and entities were granted "Interested

Party" status in the Docket: Jessica Hendricks and Andrew Tuozzolo of the Council Utilities Regulatory Office, City of New Orleans, Helena Moreno, New Orleans City Council and the Louisiana Cable Television Association ("LCTA").

B. <u>The Directive Initiating Docket No. R-35394</u>

At the September 11, 2019 B&E, Commissioner Greene directed the Commission Staff as follows:

> "I am asking Staff to officially open a docket to look into all options as it pertains to pole viability, pole attachments, and all areas that may affect the reliability and sustainability of Louisiana's utility distribution grid. I have received many calls from throughout my District, especially in Southern Parishes like Terrebonne where people are concerned about decaying poles, old wires left hanging, multiple old poles instead of one good pole, and more. I want to see what we can do to make sure we have the best distribution grid we can have in Louisiana."

There was no opposition to the Directive. On October 10, 2019, the Commission Staff issued a Notice of Proceeding, and the matter was noticed in the Commission Official Bulletin No. 1204 dated October 18, 2019, and was assigned Docket No. X-35394 and entitled *In re: Proceedings to Examine Options Pertaining to Pole Viability, Pole Attachments, and all Areas that May Affect the Reliability and Sustainability of Louisiana's Electric Utility Distribution Grid.* No interventions were permitted as the proceeding was designated as an "X" Docket. As reflected in the October 10, 2019 Notice of Proceeding, Staff was directed to investigate the various utilities' pole inspection and identification practices, the possibility of using alternative pole materials and undergrounding, vegetation management policies and cost, as well as ways in which utilities and pole attachers can, in the future, better address issues associated with abandoned poles and lines.

During the course of the Commission Staff's investigation of these issues in Docket No. X-35394, the Staff issued data requests to Louisiana Investor-Owned Utilities ("IOUs") and electric distribution cooperatives ("Coops"), as well as cable television and telecommunications

companies that are pole attachers. Additionally, the Commission Staff engaged in informal meetings and data gathering with representatives of regulated utilities, pole attachers and local governmental officials at the City and Parish levels. As a result of these discovery and data-gathering activities, the Staff concluded that it would be appropriate to convert Docket No. X-35394 to a Rulemaking Docket. On April 26, 2021, the Staff filed a Notice of Rulemaking converting Docket No. X-35394 to a rulemaking. The Docket was noticed in the April 30, 2021 Commission Official Bulletin No. 1244 and was assigned Docket No. R-35394.

The following parties intervened in the rulemaking in Docket No. R-35394: the Alliance, ALEC, Bell South Telecommunications, LLC ("Bell South"), Cleco Power, CTIA — The Wireless Association ("CTIA"), ELL, Lafayette Utilities System ("LUS"), LCTA, Louisiana Telecommunications Association ("LTA"), Northeast, PC Electric, SLEMCO and SWEPCO.

C. Related Docket

1. The Resiliency Docket

At the same November 17, 2021 B&E when Docket No. R-36226 was initiated, Chairman Greene also directed that a second "companion" docket be opened. The Chairman directed the Staff to:

> . . . open a docket and use whatever means necessary, including but not limited to, the hiring of an independent engineering firm to assess the current electric utility infrastructure in Louisiana and propose a plan of resiliency and hardening that could better prepare Louisiana's electric grid for future storms and interruptions. This docket should include creative proposals that will solve Louisiana's specific infrastructure problems and allow Staff to explore all options from hardening to microgrids to solutions not yet known to the Commission.

There was no opposition to the Directive. On December 22, 2021, pursuant to that Directive, the Commission Staff issued a "Notice of Proceeding" and the Docket was noticed in the December 23, 2021 Commission Official Bulletin No. 1261. The proceeding was assigned Docket No. R-

36227 and was entitled *In re*: *Assessment of Louisiana's current utility infrastructure for resiliency and hardening for future storm events.*

The following parties intervened in the R-36227 rulemaking Docket: the Alliance, ALEC, Cleco Power, ELL, the LEUG, Northeast, PCA, IP, PC Electric, SLEMCO and SWEPCO. The following individuals and entities were granted "Interested Party" status in the Docket: Jessica Hendricks and Andrew Tuozzolo of the Counsel Utilities Regulatory Office, City of New Orleans, Helena Moreno of the New Orleans City Council and the LCTA.

On April 14, 2023, in Docket No R-36227, the Commission Staff filed draft *Louisiana Public Service Commission Rules Regarding Electric Utility Grid Resilience Plans and Related Review*. Numerous Intervenors have filed comments on the draft Rules in Docket No. R-36227.

D. Relationships Among the Dockets

The subject matters of, and issues being investigated and analyzed in Docket Nos. R-36226, R-36227 and R-35394 are closely related and, in many cases, overlap. Docket No. R-36226 is designed to investigate, in part, whether recurring storm costs suffered by utilities in Louisiana from hurricanes, tropical storms and winter storms could have been avoided or mitigated if: (1) the transmission and distribution grid in Louisiana had been the subject of greater and/or more extensive preemptive maintenance and infrastructure replacement (even at potentially greater *short–term* cost) to produce *long–term* savings; (2) there had been more frequent or more comprehensive transmission and distribution inspections; and (3) different or upgraded pole replacements had been utilized. This Docket is also reviewing whether amounts already being spent on grid maintenance and replacement could and should be reallocated to produce *long–term* savings. Finally, the Docket was directed to produce recommendations to benefit Louisiana ratepayers via improved reliability, decreases in the impact of load pockets and access to remote

resources. While much of the analysis in Docket No. R-36226 is, by definition, backward looking (*i.e.,* analyzing what could have been done to prevent and/or mitigate damage to the grid as a result of storms that occurred in the past), the goal is to mitigate customer harm from such storms moving forward by learning from past planning and response actions, sharing best practices and implementing more efficient, proactive, enhanced design and performance standards and practices.

Docket No. R-35394 (formerly Docket No. X-35394) is focused on distribution pole viability, pole attachments, and decaying/abandoned poles and wires. The Staff was directed to analyze pole inspection identification practices, and how old and abandoned poles and lines should be identified, marked for removal and removed in a timely, efficient and cost-effective manner. The analysis in Docket No. R-35394 is looking for answers to questions regarding how to facilitate quick and efficient line transfers on poles and removal of poles, how to maximize coordination between pole attachers and pole owners, as well as the potential use of a single contractor to remove decayed and/or abandoned poles and lines and perform the transfer of lines from old to new poles.

Ultimately, Docket No. R-36226 is meant to bring each utility to the same standards and practices for maintaining their respective electric grids. Docket No. R-35394 is meant to provide the system and processes by which the utilities implement and apply those standards for distribution poles and pole attachers with particular emphasis on open communication and efficiency in maintaining the distribution grid.

Docket No. R-36227, which was opened simultaneously with Docket No. R-36226, is designed to permit the Commission to assess the current Louisiana electric utility infrastructure (inclusive of both transmission and distribution) and to formulate a plan to increase resiliency and hardening to better prepare the electric grid for interruptions due to storms or otherwise. A major

focus of such a resiliency plan is how to better serve Louisiana electric customers during and after storms when power outages occur and restoration efforts are underway. All options, including the use of microgrids, distributed generation and other available technologies (including hardening efforts supplemental to the proactive planning and activities being addressed in Docket No. R-36226) are to be analyzed in connection with formulating recommendations for Commission consideration. Like Docket Nos. R-35226 and R-35394, Docket No. R-36227 is a rulemaking intended to analyze the entire industry and to make recommendations that would apply to the industry as a whole, not simply Cleco Power or SWEPCO or ELL, for example.[1] There will certainly be some differences in the resiliency plans implemented by Louisiana's electric utilities to reflect differences in how the infrastructure of each utility evolved and the current levels of investment in plant, as well as the simple fact that each electric utility's footprint is different depending on the number of customers and its geographic location in the State. The goal, however, is to find solutions that can be adopted and implemented on an industry-wide basis.

On April 14, 2023, the Commission Staff issued a Draft Rule in Docket No. R-36227 and invited Intervenors to comment on that Draft Rule. Numerous comments were received and on June 15, 2023, the Staff Draft Proposed Rule was issued. Once again, comments were received, and on August 3, 2023, a Technical Conference was conducted at the Commission. On August 30, 2023, a Final Proposed Rule was issued by Commission Staff.

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[1] It should be noted that on December 19, 2022, ELL filed a request for approval and the issuance of a public interest finding for the "Entergy Future Ready Resilience Plan" ("ELL Resilience Plan") including approval of a Resilience Plan Cost Recovery Rider. This proposed ELL Resiliency Plan was designated as Docket No. U-36625. By definition, this is a company-specific Resiliency Plan — *i.e.*, specific to ELL, and contains no proposal that would necessarily apply to the rest of the regulated electric utilities in the state. There will, however, be huge potential overlaps between ELL's Docket No. U-36625 and the Commission's rulemaking in Docket No. R-36227. There will also be certain overlaps between the ELL Resiliency Plan Docket and Docket Nos. R-36226 and R-35394.

Although there are similarities and some degree of overlap among Docket Nos. R-36226, R-36227 and R-35394, the Commission has determined that the investigations in these rulemakings should proceed separately. The Commission has engaged separate consultants in Docket Nos. R-36226 and R-35394 on the one hand and R-36227 on the other. Similarly, the Commission has engaged different Special Counsel in Docket Nos. R-36226 and R-36227. Additionally, the Intervenors and Interested Parties to the three Dockets are not identical. While this Staff Report provides a brief explanation of Docket Nos. R-36227 for context, the Recommendations and Proposed Rules and Regulations herein address Docket Nos. R-36226 and R-35394. The Recommendations and Proposed Rules and Regulations for Docket R-36227 will be addressed separately.

The Commission Staff recognizes that in order to be successful in upgrading the grid inspection and maintenance practices of electric utilities in Louisiana, upgrade reliability and utilize investment as efficiently as possible, input from a wide range of stakeholders is necessary. For this reason the Staff invites input not only from the Commission's jurisdictional electric utilities, but also from stakeholders including, but not limited to customers, entities representing all classes of customers, the Regional Transmission Organizations ("RTOs") operating in Louisiana, (the Midcontinent Independent System Operation ("MISO") and the Southwest Power Pool ("SPP") RTOs) the Governor's Office, the Department of Natural Resources ("DNR"), local and parish governmental authorities, our elected congressional contingent and Louisiana's colleges and universities. The State's colleges and universities may be particularly helpful in assisting with the periodic studies and analyses discussed in this Report.[2]

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[2] The Louisiana State University Center for Energy Studies has, on numerous occasions, made presentations to the Commission on issues of mutual interest.

This Staff Report, including the proposed Rules and Regulations contained herein, in addition to those in Docket No. R-36227, contain a myriad of requirements and obligations to be performed by electric utilities operating in Louisiana. While the Commission recognizes that its plenary service and ratemaking authority extends only to jurisdictional utilities, the Commission strongly recommends cooperation from non-jurisdictional stakeholders in the industry. The more entities that participate in the rulemaking and implementation processes, the more significant ratepayer benefit results that can be achieved.

E. Discovery

During the course of the investigation in Docket Nos. R-36226 and R-35394, the Commission Staff propounded several sets of data requests to the Intervenors. The degree of responsiveness to that discovery varied widely. In some cases complete responses were provided. In others only partial answers were provided and little confidential information was provided by some parties in response to the Staff's inquiries. Notwithstanding incomplete discovery responses, the Staff has utilized the information made available by the Louisiana electric utilities, as well as resources available in other Commission Dockets and industry–wide, in formulating its Recommendations and draft Rules and Regulations to make them reflective of industry practices.

II. HISTORICAL BACKGROUND

Since Hurricane Katrina made landfall on August 29, 2005, Louisiana has been exposed to a myriad of weather events both during summer and winter. In addition to Hurricane Katrina, these have included Hurricanes Rita, Gustav, Ike, Isaac, Laura, Delta, Zeta and Ida, as well as Winter Storms Uri and Viola. Those weather events have caused catastrophic damage to the transmission and particularly the distribution infrastructure of various Louisiana electric

utilities. Total damage from these hurricanes and storms exceeds $7.0 billion, for Commission jurisdictional Investor-Owned Utilities ("IOUs") alone.[3] These extreme weather events have also resulted in prolonged outages to a significant number of communities in the State affecting the health and safety of many ratepayers. The prolonged outages, occurring after the major hurricanes, can and have lasted for weeks and even months, in the worst hit areas, at immense economic and social cost and dislocation to communities affected by the outages. In some instances, rebuilding cannot fully take place until power is restored. This trend has been accentuated over the past few years with current predictions pointing toward more extreme weather events, occurring with greater frequency and strength, over the next 10 to 20 years. While some upgrades to the electric generation and delivery infrastructure have occurred as a result of "lessons learned" from these weather events, they have not occurred consistently across the State and generally did not follow pre-planned programs of upgrades to improve the performance and delivery of the generation to the customer meter infrastructure when extreme weather conditions have occurred. Evidence exists in some other states that face similar extreme weather, that a coordinated, well executed plan for utility infrastructure improvements and upgrades in design and maintenance processes leads to better results when extreme weather, occurs, as well as overall enhanced reliability during normal and less extreme weather conditions. The evidence in Louisiana of long-duration outages after storms and failing reliability scores in non-extreme weather (*see* https://eia.gov/electricty/data/eia861/) suggests that doing the same thing that has always been done, without improvements or upgrades to maintain Louisiana's utility infrastructure is no longer enough.

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[3] This damage figure does *not* include damage suffered by Louisiana's electric cooperatives, municipal systems such as the Lafayette Utilities System, nor by Entergy New Orleans, that is regulated by the City of New Orleans.

Therefore, the purpose of the Recommendations, Proposed Rules and Regulations contained in this Staff Report, and set forth below, is to ensure, to the greatest extent practical, that when extreme weather events occur in the future, the generation and delivery power infrastructure is able to better perform, and is able to be restored more quickly and safely to deliver reliable power at lower cost.

Of key importance is the proper life management of the assets in the electric infrastructure from normal maintenance on a regular basis, to modifications and upgrades, to complete replacements of plant, where necessary, in order to respond more effectively to future weather events and provide safe and reliable service to Louisiana ratepayers. Some of these assets include:

- Transmission and distribution assets including:
  - Interconnections;
  - Substations;
  - Transformers; and
  - Tower and pole systems and their attachments.
- Communications systems including Supervisory Control and Data Acquisition ("SCADA") and emergency communication systems during and after weather events to improve recovery, as well as personnel responsible for communicating with customers, other utilities, emergency agencies and the Commission.
- Metering and monitoring assets, including the use of drones.
- Back up, storage and appropriate siting and staging of equipment and supplies.
- Fuel supplies.
- Generation, including contract generation assets.[4]

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[4] While any comprehensive plan for post-emergency restoration, repair and rebuilding should also include provisions for preparation, maintenance and use of generating assets,

The proper life management of these assets includes:

- Asset life extension analysis, planning and resourcing;
- Asset restoration, upgrading and hardening on a systematic basis and as changes in weather circumstances demand these activities be performed;
- Continuously evaluating the economics of upgrades and improvements to extend the useful lives of the assets and the implementation of these upgrades as needed;
- Funding the life management of these electric infrastructure assets requires creativity and innovative financial tools to minimize rate impacts. The availability of funding from the federal Infrastructure Bill, the Inflation Recovery Act ("IRA") and other federal and state funding sources can be important tools to be utilized for the upgrading and maintenance of the electric infrastructure in Louisiana. (PG&E for example recently applied to the DOE Loan Guarantee Program for grid improvement infrastructure long term loans with lower than market interest rates.)

As the power industry addresses the availability of renewable energy resources and their application to the electric infrastructure, it should be noted that the present application of renewable energy complements all the other available energy technologies in providing safe, reliable and reasonably priced energy to customers. These renewable technologies coupled with distributed generation and microgrid engineering concepts could provide areas in south Louisiana subject to major floods with the possibility of restoring power differently than just fixing the transmission and distribution poles and towers.

It is not the purpose of these Recommendations and Proposed Rules and Regulations to eliminate presently available safe and reliable diverse energy supply resources. To the extent more modern, efficient, reliable, safe, and renewable resources become available, there

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the focus of this Staff Report is on the transmission and distribution systems and functions, not generation.

must be an orderly development and deployment of those resources in the State on a planned basis. These Recommendations and Proposed Rules and Regulations apply to all sources of energy in Louisiana.

These Recommendations and Proposed Rules and Regulations address the utilities' specific practices of operating and maintaining their electric grids and address the issues and practices the LPSC Staff considers essential for a safe and reliable electric grid system. These practices are designed to place the Louisiana electric grid in the best position to withstand the environment in which Louisiana electric utilities provide service.

III. COMMISSION JURISDICTION

The Commission has plenary authority to regulate the rates charged, services rendered, and operations of public utilities (including the electric distribution cooperatives) operating in Louisiana. It exercises jurisdiction over those public utilities pursuant to Article IV, Section 21(B) of the Louisiana Constitution of 1974, that provides:

> (B) Powers and Duties:
>
> The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and have other powers and perform other duties as provided by law.

This Constitutional grant of authority comes directly from the people. The Commission has both the right and obligation to exercise its authority over the rates charged and services rendered by public utilities subject to its jurisdiction. The Commission has and exercises broad, plenary, independent power and authority to regulate common carriers and public utilities operating in Louisiana. To accomplish this goal, the Commission may adopt and enforce reasonable rules,

regulations, and procedures necessary for the discharge of its duties. *Louisiana Power & Light Co. v. Louisiana Public Service Comm.*, 609 So. 2d 797 (La. 1992).

IV. STRUCTURE OF THE STAFF REPORT, RECOMMENDATIONS AND PROPOSED RULES AND REGULATIONS

The structure of the Staff Report, Recommendations and Proposed Rules and Regulations will generally conform to the following format:

- Identification of the Issues.
- Discussion/Evaluation of the Issues.
- Recommendations and Proposed Rules/Regulations.
- Identification of Remaining/Related Issues.
- Timeline for Filing Requirements and Task Completions.[5]
- Requests for Comments/Input from Intervenors and Other Stakeholders (contained in the *Notice of Opportunity for Comments*).

Staff is mindful that aspects of certain issues in this Rulemaking have been addressed, at least in part, in other Commission Dockets. For example, in Docket No. R-34758, *In re: Timely Disclosure of Facts and Notices, Regarding Such Matters as MaxGen Alerts, to Commission and Commissioners, and Related Matters,* on May 31, 2022, the Commission issued a General Order ("MaxGen General Order") including a Rule. That General Order and Rule established a myriad of reporting requirements for Louisiana electric utilities and others when confronted with Emergency Events (typically tropical storms, hurricanes and winter storms). Similarly, each Louisiana LPSC-jurisdictional utility submits (and updates), on an annual basis,

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5 When the Staff issues its Final Report, it will attach to that Report a Timeline Matrix listing filing and reporting requirements and task completion deadlines associated with the Staff's Recommendations and Proposed Rules and Regulations.

its Emergency Response Plan (sometimes referred to as an Emergency Restoration Plan) outlining the steps to be taken by the utility in response to emergencies or disasters. Staff also notes that the Rule adopted by the Commission in connection with the MaxGen General Order in Docket No. R-34758, specifically provides that Louisiana's electric utilities will submit information on an annual basis concerning such matters as winterization and weatherization of their generating facilities. By virtue of the Recommendations and Proposed Rules and Regulations in these Dockets, it is not the intent of the Staff to request that the Commission supersede or replace those previously adopted requirements. Rather, the Recommendations and Proposed Rules and Regulations contained in this Staff Report are designed to supplement the protocols and requirements the Commission has already adopted in other Orders.

Contemporaneous with the issuance of this Staff Report, the Staff is issuing a *Notice of Opportunity for Comments* ("Notice"). That Notice will list specific matters on which the Staff seeks input and provides an opportunity for general comments as well. Staff welcomes the input of all stakeholders on the issues and Recommendations and Proposed Rules and Regulations addressed in this Staff Report. Staff contemplates that after receipt of those comments, it will schedule a Technical Conference to discuss the comments. After the Technical Conference the Staff will issue its Final Report for Commission consideration.

V. ISSUES, EVALUATION, RECOMMENDATIONS AND PROPOSED RULES AND REGULATIONS

A. Enhance Communications Among Ratepayers and Stakeholders Including Utilities, Pole Owners and Attachers, and the LPSC

Evaluation:

While most of Louisiana's electric utilities have some form of customer complaint system in place to catalogue and address issues their customers are facing, some do not, or have incomplete systems where the closeout actions or dates are not adequately documented. Of the

existing systems in place, few have the ability to communicate effectively with the customer and none appear to have the ability to allow the customer to check on the status of the complaint prior to resolution. As far as the Staff can ascertain, none of the systems in place have the capability to allow the Commission to review the status of a complaint, nor when the Company expects to close it out. Few, if any, of the utilities have a designated individual responsible for the resolution of infrastructure-related complaints, nor a liaison to coordinate the complaint resolution among the customer, the Company, other interested parties such as pole attachers, and the LPSC. As a result, the Commissioners are the "customer care providers of last resort" responding to day-to-day outage and grid complaints, as well as those resulting from extreme weather events, with the customers flooding the phones of the District Offices, and the Commissioners.

Recommendations and Proposed New Regulations:

- Having a common software system for complaints utilized by and accessible to all the Stakeholders (utilities, customers, pole owners, pole attachers and the Commission) would be very useful. The Commission should explore the possibility of having a common software system utilized.

    - The Commission, in response to widespread distribution grid complaints in Breaux Bridge, LA, and in conjunction with the pole owners and pole attachers serving Breaux Bridge undertook what amounted to a pilot program in this regard. A coordinated software system was developed by the incumbent electric utility utilizing each pole owner and attacher's asset location data in a geographic information system (GIS). The GIS was able to accurately depict where every utility pole was in and around Breaux Bridge, LA.

      This software was capable of being edited by "users" (the utility providers) and viewed by interested parties (*e.g.*, the LPSC, Breaux Bridge City Officials, customers) in real time, such that the overall progress as well as individual crews could be updated and tracked as inspections and work was completed. Initial inspection updated the mapping software by marking each pole. Each pole was marked either (1) passed inspection, (2) needs inspection, (3) to be replaced, (4) replaced, (5) to be removed (indicating an abandoned pole), or (6) removed as the crews carried out the work. Importantly, the crews had the ability to update the mapping

software and input information while in the field on their mobile devices.

Each pole could be selected by the user and the user could view a report on that specific pole which included identification of the pole owner, the type of pole, whether it passed or failed inspection, a contact for who inspected the pole, a date and time of inspection, and comments as to potential work needed.

The communication among each utility, the Commission, and community stakeholders from elected officials to customers was seamless, as each could receive a full, updated report from the software dashboard. Further, transparency existed as to the nature of the problem, its location, and when and how the problem was finally addressed.

At completion, over 2,500 poles were inspected and marked, with hundreds of standard line transfers, pole replacements, and abandoned poles removed in a five-month period that brought visible and real results to the community of Breaux Bridge, all the while keeping all stakeholders fully informed.

The creation and use of this type of software could prove critical to ensuring that Louisiana's electric grid is efficiently maintained. This software, as demonstrated by the Breaux Bridge pilot, provides a way for (1) pole owners and attachers to communicate with each other effectively and (2) an avenue for the Commission and community stakeholders to report grid infrastructure problems and track the resolution of those issues. Therefore, the Commission should direct the Staff to evaluate the options available to the Commission and its jurisdictional utilities as well as the necessary next steps to create and implement similar software as utilized in the Breaux Bridge pilot and draft a set of proposed rules to be presented to the Commission with a target date no later than 120 days after adoption of an Order in this Docket. Staff should, in this regard, solicit information from stakeholders regarding the costs to implement and maintain such a system and how such a system can most efficiently be incorporated into the utilities' normal operations and maintenance activities. Staff should also seek expertise from GIS mapping companies and universities with programs in this arena to further inform its proposed rules.

- Whether or not use of a common software system can be achieved, the basic characteristics of the customer complaint software system for an electric utility must include:

- A Point of Contact (POC) individual within each entity (utilities, pole owners and pole attachers) must be designated whose responsibility is to receive complaints, coordinate their efficient and expeditious resolution and enhance the communication among the consumer, the utility, the pole attachers, and the LPSC. The Commission shall also designate a POC at its main offices and each District office solely for the purposes of receiving notifications of the close out of complaints or why the complaint was not timely resolved as described below. This should go a long way toward enhancing customer/utility communication. If the utilities, pole owners and pole attachers do not act to remedy problems efficiently and in a timely manner, the LPSC has tools available including the potential for fines and bill credits. Progress reports will be submitted to the Commission and fines may be imposed if progress is not achieved in a timely manner.[6] The one responsible individual at each Company who will communicate with the public about complaints will also communicate with one individual assigned by the corresponding pole attachers to properly coordinate any interface activities. POC information (*e.g.*, phone number, email address) must be provided to the public.

  Both the Commission's *Emergency Planning and Response Rules*, General Order, Docket No. R-32786 (April 13, 2017) Rule, ¶ II.C.1., and the MaxGen Rule, General Order, Docket No. R-34758 (April 27, 2022), Rule, ¶ 2.a), provide for the designation of two emergency contacts by Louisiana utilities during emergency/MaxGen events. Utilities may choose to designate the same contacts for the POC positions required here as they utilize to comply with the Emergency Planning and Response and MaxGen Rules.

- The software system utilized by each utility must provide the customer with the ability to verify the status of his or her complaint and the ability of the LPSC Staff to verify the status of specific complaints as well as a summary of all complaints. The selected software as well as the POC within each Company to perform these functions must be in place within 6 months of the issuance of any Order of the Commission in this Docket.

- The utility shall fully address each distribution line-related complaint within a period not to exceed five (5) weeks from the date the complaint is submitted. Notice of the resolution of each such complaint shall be sent to the customer, pole owner and pole attacher with courtesy copies to the POCs at the Commission's

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6 *See* Section V.K. *infra*.

main office and affected District Offices. If a distribution line-related complaint is not fully resolved in that time frame, the consumer shall receive a written explanation of why it was not closed out with a copy sent to the POC at the main Commission office and a copy to the LPSC Commissioner's District Office(s) involved.

- Each utility shall prioritize the distribution line-related complaints required to be resolved and submit a detailed report to the Commission and each district office, on a quarterly basis of the current status of such complaints resolved during the quarter and open complaints. Once a year each utility shall submit a report summarizing the total number of such complaints lodged, resolved, and outstanding for the prior calendar year as well as a description of "lessons learned" from the resolution of complaints during the prior year. The "lessons learned" should be reflected in actions or improved processes of the utilities and pole attachers. The reports required to be submitted by the previous paragraph and this paragraph shall be broken down by district.

- In order to provide a uniform approach to preparing for and handling extreme weather events and restorations, within 3 months of the issuance of an order in this Docket, the utilities, and all interested stakeholders should form, under the auspices of the LPSC, a "Lessons Learned Working Group", where ideas and concepts are shared among utilities and other stakeholders to better prepare for, and recover from, major weather events. Annual Workshops may be held under the guidance of the LPSC to communicate the "lessons learned" over the prior year in Louisiana and other states (such as those that occurred in Florida with Hurricane Ian). This should also include sharing among utilities and other stakeholders of designs, systems, processes, and information to implement "best practices" and better prepare and recover from extreme weather events in the State.

Recommendations and Proposed New Regulations Specific to Pole Owners and Attachers:

- Pole and tower maintenance needs to be conducted in a systematic manner necessitating that for a given right of way both pole owners and attachers must be involved in what needs to be achieved from an inspection and maintenance point of view.

- Each utility and pole attacher must provide one individual designated to interface with other utilities, pole attachers and parish, municipal and other local governmental authorities, as well as the Louisiana Department of Transportation, and these individuals representing those utilities and pole attachers must have the

flexibility to decide how the inspection and maintenance may be accomplished by a single contractor, or otherwise as efficiently as possible.

  - The Breaux Bridge pilot program started by getting all pole owners and attachers together and agree to use one qualified contractor to accomplish the necessary work throughout Breaux Bridge. Each utility was already utilizing the same contractor in Breaux Bridge, so establishing an agreement among the utilities for whom the contractor would be and how the costs should be shared was relatively simple. Utilizing the same contractor ensured all work done was completed cost effectively and efficiently. Stakeholders are requested to specifically comment on if and how the Breaux Bridge experience may be translated to a statewide or parish-wide program and modifications that might be required.

- A major priority must be the development of a program for the immediate elimination of "non-usable" distribution poles, transmission towers, and other equipment (which have been deemed "non-usable" by the utilities and pole attachers). This must be accomplished within 6 months of the issuance of an order in this Docket. It must be noted that many customers see these unused poles and equipment as an eyesore reminding them of past storms and distribution grid neglect over the course of years. In the public's eye, these neglected assets provide a tangible example of work left undone by a utility that may cause customers to question any future bill increases for storm or grid maintenance related costs.

- Other equipment which has been deemed "non-usable" by the utilities and pole attachers must be identified and should also be removed within the same timeframe, if possible. This is discussed further in Section "D" below.

- Increase the frequency of inspections and the implementation of robust maintenance programs to inspect transmission and distribution lines and substations, and replace or upgrade those which fail the inspections. This would help assure more robust transmission and distribution grid systems and provide an added safety margin during hurricane season.

- Use of a single (POC) for each of the utilities, installation and maintenance contractors, and pole attachers will establish the communication process to make all necessary corrections or adjustments to attached components in an expeditious manner. Entities not subject to the Commission's jurisdiction are strongly urged to appoint POCs and cooperate in the process. This is discussed further in Section "F" below.

- When a utility relies on another utility's transmission and/or distribution system to reliably serve its customers (i.e. an electric cooperative relying on a feed and interconnection from an Investor Owned Utility (IOU) via that IOU's substation and distribution lines), the receiving or relying utility, upon showing cause of reliability issues to their customers, may recommend maintenance and/or upgrades

specific to the portion of assets upon which they rely in order to enhance the reliability of their customers' service. The delivering utility shall provide a response to the relying utility, and the Commission, within 2 months of receiving the recommendation from the relying utility detailing the delivering utility's inspection of the issue areas and plan of action to address the issues.

- Each such "relying" entity shall within 60 days after the issuance of any Order in this Docket, submit to the Commission a copy of any contract, memorandum of understanding or other agreement governing that entity's interconnection rights and responsibilities with any transmission owning entity. If no such written agreement exists, please provide a narrative of how such situations are addressed. In addition, all relying utilities shall provide a narrative indicating whether the types of problems described in the paragraph above have been experienced by that entity.

B. Enhance Standards for Reliability of Power Delivery, Reduced Pollution, Safety, and Cost Recovery Mechanisms

Evaluation:

As the power industry has evolved, there have been upgrades to the codes, standards and regulations to continue to provide consumers with safe, reliable and affordable energy via resilient delivery systems. The power industry has, over the years, via input and requirements established by the North American Electric Reliability Council ("NERC"), and jointly with the Department of Energy ("DOE"), made investments in new technologies in order to provide electricity to customers efficiently and economically. These investments over the years have resulted in new utility standards enhancing reliability of delivery, use of modern and proven technologies to generate electricity with less pollution and safely, as well as the development of innovative and economic recovery plans to address storm damages in more cost-effective manners (*e.g.*, the use of securitization for the recovery of storm costs and to establish storm reserves).

As the climate and the environment have changed over the years, utilities and industry entities such as EEI, NRECA, and EPRI have had to address, technologically and managerially, these changes to minimize impacts on ratepayers in continuing to supply electricity safely, reliably, and at the lowest reasonable cost.

Recommendations and Proposed Rules and Regulations:

- Recently some Louisiana utilities have made investments in new technologies to improve the service and quality of service to their customers. Under the auspices of the Commission, the "Lessons Learned Working Group" described in paragraph V.A. above, stakeholders (utilities, customers, pole owners and attachers) will be provided with a forum to exchange views, results, and "lessons learned" from these investments, so that the benefits can be shared with all customers in Louisiana.

- Louisiana utilities shall report to the LPSC every 6 months on all expenditures on new technologies or research into new technologies designed to improve resiliency and safety involving generation, transmission, distribution, demand side management microgrid applications and other areas of their regulated businesses.

- Through the "Lessons Learned Working Group", public information about these technologies and their status should be shared among the utilities serving Louisiana. This action alone, should help improve the resilience of electrical systems throughout Louisiana.

C. Techno-Economic Studies of Distribution and Transmission Pole–Based Systems. Perform Techno-Economic Scenario Analyses of Generation, Transmission, Distribution Including Substations, Interconnections, Transformers, and Other Infrastructure that Feed Category A, B and C Customers Within the Various Service Areas for Each of the Utilities

Evaluation:

Based on the information provided to the Staff, it appears that none of the LPSC-jurisdictional electric utilities that responded to the Requests for Information have performed, within the past 3 years, detailed studies/analyses related to the potential improvement of operation and maintenance of their respective Distribution or Transmission Pole systems to reduce the time for recovery after strong storms. These studies should reveal potential risks and failures, more required maintenance, or deficiencies within the utility's transmission and distribution systems.

Recommendations and Proposed Rules and Regulations:

- **Studies of the operation and maintenance of the transmission and distribution pole systems should be performed by all Louisiana electric utilities no less frequently than annually. The analyses must include:**

a) Expected growth of the system over the next 5 and 10 years and the bases of this growth, such as more electrification of transportation systems more use of heat pumps in residential communities, more use of renewable energy requiring base load backups, etc.;

b) The increased number of upgraded or new linear miles of cabling and number of poles expected over the next 5 and 10 years;

c) The current number of trained maintenance personnel and the expected increase in personnel to keep pace with the growth of assets over the next 5 and 10 years;

d) Self-identified pole or cabling failures within the system for the prior calendar year;

e) The time period of corrections (replacement or repairs) to the poles identified through the inspection process;

f) A detailed review of the failures due to severe weather (i.e., "lessons learned" for the prior calendar year);

g) Potential changes in the design criteria of the poles and towers and substations relative to the resistant wind speeds and/or flooding experienced during severe weather conditions;

h) A detailed analysis of the costs to install metal, concrete, composite, or other than wooden poles versus the costs to recover from severe weather conditions utilizing the currently designed wooden poles on a repetitive basis;

i) An analysis of the use of underground cabling and/or the use of non-wood poles. This analysis should initially be performed relative to technical advantages as opposed to the cost aspects associated with specific geographic areas. An actual cost benefit analysis must be performed on specific applications where on a long-term basis the cost of the installation of underground cabling and/or the use of non-wood poles is compared to the cost of not improving the pole systems. The cost of vegetation management and time to recover from extreme weather events should be considered for each scenario in the cost benefit analysis;

j) Any other items that would typically and appropriately be included in such an analytical study.

These studies should result in findings, conclusions and recommendations geared toward optimizing the upgrade, repair/replacement of existing poles on a systematic, routine basis to

shorten the timeframe for such activities. Such analyses should be performed or updated by each utility on a routine basis, but not less frequently than annually.

The identification of substations, interconnections and large transformer systems for upgrading or replacement may also need to be undertaken to support changes made based on the analyses.

- Scenario studies shall be prepared by or for the Louisiana electric utilities covering the potential storms and hurricanes being predicted by Federal and State meteorologists including the potential paths, wind velocity profiles, and overall scale of frequency and harshness of their effects on flooding, direct structures, poles/towers, substations, generators and interconnections which may be in the paths of these extreme weather events being simulated to determine/identify:
    - The "Category A Customers", composed of the Critical Customers and their structures and components which must be supplied with reliable and resilient electricity through the weather events and after weather events with as expeditious recovery time period as possible. These include, but are not limited to customers such as hospitals, emergency shelters, emergency strategic storage locations and police and fire stations.
    - The "Category B Customers", composed of those customers which are not "Critical Customers" but are capable of receiving electricity and need to be provided power as soon as reasonably possible after the emergency event.
    - The "Category C Customers", composed of customers who will be devastated for some time after the emergency event and are not currently capable of taking electricity. These are customers typically close to landfall of the summer weather events. To the extent that a Louisiana electric utility is already performing such scenario studies (or the equivalent), it should so indicate and provide a copy of the most recent study in its comments on this draft Staff Report.

It should be noted that adding appropriate redundancy and diversity of circuits, establishing microgrids and strategically located emergency power generators, can also add significantly to the resiliency of the grid circuits in Louisiana. These issues should be addressed in detail in Docket No. R-36227.

- Each Commission-jurisdictional electric utility shall perform a detailed analysis of its distribution and transmission systems as described immediately above. The study must include cost/benefit analyses regarding the choice of materials (composite, cement, wood) to be utilized to replace current transmission and distribution infrastructure. The analysis shall be performed and a report submitted to the Commission no later than six (6) months after any order has been issued in this Docket.

- The analysis should be reviewed by an independent consultant designated by the Commission to assure compliance with local, state, and national standards as well as specific rules, orders, and objectives established by the Commission.

- Based on the analysis, any transmission or distribution towers and/or poles being reinforced, upgraded to new material, or placed underground, or other transmission and distribution upgrades should be completed on a priority basis (based on the criticality of the customers being served) phased over a two (2), four (4), or six (6) year period. Safety, resiliency, and costs of reinforcement, upgrading, maintenance and vegetation management must be considered in the cost/benefit analyses leading to the selection of the types of poles and towers (composite, cement, wood) and undergrounding of distribution lines.

- Based on the analysis, the substations, interconnections, and large transformer systems upgrades shall be completed on a priority basis (on criticality of the customers being served) over a two (2), four (4), or six (6) year time frame.

- Within 6 months of the issuance of any order in this Docket, the scenario studies discussed in this section above must be completed and the study report submitted to the Commission for review.

- In parallel, upgrading and replacement plans shall be prepared by each Company as discussed in Section V.D. below.

- If the regulated utilities do not comply with the rules and regulations and required document submittals adopted by the Commission, penalties may be imposed by the LPSC. [*See* Section V.K. *infra.*]

- The Commission should engage independent technical consultants to confirm that these studies were conducted and that the results of these studies have been incorporated into the planning of the repair, replacement, upgrading and maintenance of transmission and distribution systems by Louisiana electric utilities. These independent consultants will report their findings to the Commission.

D. Develop Upgrading and Replacement Plans/Programs for Existing Poles, Towers, Substations and Other Distribution Equipment

Evaluation:

As a result of the analysis described above, a detailed recovery plan should be developed by each Louisiana electric utility to systematically upgrade existing poles, and those which are presently abandoned and/or damaged. (Based upon the information provided to the Staff, there does not appear to exist any current system in place for any Louisiana electric utility to prioritize the removal of abandoned, decaying, aged and damaged poles.)

There is a need for each electric utility, pole owners and pole attachers to develop and implement robust programs to eliminate abandoned and/or damaged poles, replace existing ones with poles that are better able to withstand Louisiana's harsh climate and forecasted storms Louisiana is predicted to face in the near future. The recommended regulations and guidelines below should help assure this occurs in a timely manner.

Recommendations and Proposed New Regulations:

- Each Louisiana utility shall conduct studies on an ongoing basis to identify the total number of poles and cabling systems requiring repair or replacement and, at a minimum, undertake improvements to the existing infrastructure for repairs to decaying, aged or damaged poles or poles identified as not useful or already abandoned. A priority process shall be established based on severity or need for repairs or replacements of poles based on safety to the public. This work effort shall be phased over a three (3), six (6) or nine (9) months, based on the priority determined by the utility (criticality of the customers being served). These timeframes shall start after review by an independent consultant of the results of the studies and after consultation with the LPSC Staff.

- Within six (6) months of issuance of a Commission order in this Docket, the initial pole/towers studies must be completed and a report issued to the Commission to include appropriate maps and comprehensive plans developed to manage abandoned poles and the hardening of existing pole systems in the transmission and distribution infrastructure. Identification of abandoned transmission towers and distribution poles and associated proposed corrective actions within the system must also be included in this report.

- By December 15, each year, the electric utilities must be required, on a best estimate basis, to report the number of poles and related equipment which are unused or deemed not useful in their service territories and when they will be eliminated.

- Each utility shall issue to the Commission, on an annual basis (by December 15 each year), its proposed plans to eliminate abandoned poles deemed not useful to be implemented by the utilities during the following two (2) years with detailed schedules, responsibilities, scope and costs.

E. <u>Upgrading and Hardening Programs and Plans</u>

Evaluation:

There is currently a need to identify and proceed with upgrades, replacement or redesign of poles and towers in the Louisiana electric transmission and distribution systems, that result from the analyses discussed above, that consider various scenarios concerning the frequency and strength of the weather events, including hurricanes being predicted for the State of Louisiana, particularly its Gulf Coast.

Extensive work in this area has been and is being performed by Duke Energy and Florida Power & Light ("FP&L") in the State of Florida, and the resulting improvements in the design and installation of their distribution systems have helped improve the overall customer experience and restoration of services above that experienced in the past. This was especially true during the response to Hurricane Ian. Some of the techniques employed by FPL include the use of microgrids, undergrounding very sensitive circuits (which in the longer term may be a more cost-efficient option than repair and re-building overhead wires), use of concrete poles, and reinforcing of wooden poles. Improvements will also have to be made to the substations and interconnections, particularly protecting them from flooding and related sea wave action. Because many of these potential solutions have substantial overlap with resiliency initiatives, they should be directly addressed in Docket No. R-36227. Proactive hardening initiatives within a utility's normal

maintenance cycles are necessary to prepare a utility's footprint in a cost-effective manner for more reliable electric service.

Recommendations and Proposed New Regulations:

- With the goals of maintaining greater reliability and lowering the costs and restoration times for recovery after storms, utilities, pole owners and attachers in Louisiana need to consider increasing the strength of existing poles and towers against the higher velocity winds already experienced and expected over the next 30 years, or replacing them with higher strength wooden poles, concrete poles, composite poles, steel poles or other appropriate upgrades. The utilities shall institute these upgrading and hardening programs as part of the operation and maintenance of their transmission and distribution systems and subsystems and must include the attachments to these pole and tower systems.

- Undergrounding must be considered as an alternative solution when the reliability of these systems require a higher degree of upgrading, the history of having to rebuild, repair or replace these systems and the economics of longer restoration times, higher vegetation management costs and the costs of "hardened" above ground structures would make the undergrounding safer and more reliable and possibly less expensive in the longer term than overhead lines.

- Utilities in Louisiana shall institute upgrading and hardening programs as part of the operation and maintenance of their distribution systems and subsystems. Those programs should be designed and structured to help ensure that utility transmission and distribution systems can withstand the expected weather events and/or recover faster, more efficiently and less expensively from their effects. Improved inspection systems such as the use of drone technology would also provide benefits in the reliability of the transmission and distribution systems.

- Each Louisiana electric utility shall submit to the LPSC annually (by mid-December) its proposed Upgrading and Hardening Programs and Plans (with budgets) to be implemented and completed by the utility during the following 5 years with detailed schedules, responsibilities, scope and costs for the next 2 years. Each Louisiana electric utility shall prepare and submit to the Commission an Upgrading and Hardening Program covering 5 to 10 years, of the electrical generation, transmission, distribution, substations, interconnections, etc. of the systems serving the Critical Customers (Category A) and their structures and components. These programs shall establish reliability targets to be met, measured with shorter durations for recovery than these utilities have experienced during hurricanes in the recent past. Similar Hardening Programs shall be developed by the Companies for their Category B and C customers with appropriate upgrades

given the type of consumers involved. The upgrades to be considered shall include but not be limited to upgrading above-ground poles and towers and other structures, burying power lines and investing in "smart grid" technology applications to provide "live" information as to the availability of systems and their current and potential operational status. Because these issues straddle both Docket Nos. R-36226 and R-36227, they are being discussed and addressed in both Dockets.

These Programs and Plans to be submitted to the Commission each year must be accompanied by proposed financing plans to minimize impacts on customer bills. In addition to any other financing alternatives designed to mitigate customer bill impacts, utilities should seek to efficiently allocate existing revenue streams and O&M budgets, as well as utilize efficiencies between pole owners and attachers to complete work cost effectively to mitigate rate impacts (i.e. where the traditional model of grid maintenance has been for each pole owner and attacher to work on the same pole separately, thus each company paying crews separately, the same work can be achieved collaboratively at one time and the cost can be shared among the pole owners and attachers to the benefit of customers). These financing plans should take advantage of the various funds being made available by the Federal Government. The Commission will take into consideration these rate mitigation measures with any future approval of proposed financing plans.

F. Inspection and Maintenance Programs for the Transmission and Distribution Systems and Associated Components

Evaluation:

It appears that each Louisiana electric utility has its own system based on its own inspection and maintenance program that it uses to operate and maintain its generation, transmission and distribution systems. Each utility has its own approach to meet the minimum national standards. Staff found some commonality among the utilities regarding their Inspection and Maintenance Programs. However, it appears that none of these programs adequately address

the future repeat of major extreme weather events currently predicted for Louisiana that will require more frequent inspections and the use of hardened distribution systems and substations to withstand floods and higher wind velocities, and generally more destructive conditions.

Recommendations and Proposed Rules and Regulations:

- Increase the frequency and scope of the Inspection and Maintenance programs to inspect transmission and distribution lines, poles and attachments, and substations, and replace or upgrade those which fail the inspections. Full system inspections should be completed at least once every five (5) years. This will ensure more robust and hardened transmission and distribution grid systems to provide added safety and reliability margins during hurricane season. All Louisiana electric utilities must submit their upgraded Inspection and Maintenance Programs for transmission and distribution lines and substations every year (by November 30) for review prior to implementation the following year. Each submittal must include a Summary of the Program; detailed schedules and resource allocations in an "action plan" format and be accompanied by maps depicting the geographic locations of the inspection and maintenance activities. These programs shall include amounts budgeted for these programs, how those budgeted amounts compare to the amounts spent on O&M for the three (3) previous years and a narrative describing increased efforts being undertaken to prepare for extreme weather conditions. Several Louisiana electric utilities may have their Inspection and Maintenance Plan (or portions thereof) identified and described in their Service Quality Programs. As long as those plans include all of the information and reporting identified herein, they may be utilized to satisfy this requirement.

- While utilities in Louisiana have varying methods of wood pole inspections, traditional methods involve hammering and boring the bottom of the pole. This method only allows the inspector to inspect a pole as high as they can reach, and leaves much of the pole uninspected. Some utilities have seen substantial increase in the number of identified damaged and rotting poles by utilizing drones to inspect the top of the pole and the cross arms on the pole, along with their standard inspection of the bottom of the pole, thus leading to a greater amount of proactively replaced poles. Therefore, full system inspections shall include the use of drones or other technologies to inspect the top of wood poles and any cross arms.

G. Existing Damaged or Abandoned Poles and Structures

Evaluation:

Existing poles which are deemed non-usable by their owners are prevalent throughout Louisiana. Many are damaged and represent existing and/or potential safety hazards.

Recommendations and Proposed Rules and Regulations:

- Within three (3) months of the date of issuance of an order in this Docket the jurisdictional Louisiana electric utilities, as well as all entities owning poles in Louisiana, must issue to the Commission a written commitment to establish a program to remove or cause to be removed the poles, attachments, towers and structures no longer useful. This plan could be part of the maintenance inspection plan to develop a robust maintenance program for the utility. Abandoned poles, wires and other structures could be removed as they are identified as part of the maintenance inspection plan. This removal program must be presented to LPSC when developed to support the date of completion included in the utility's plan.

- The LPSC should require that within two (2) years of the issuance of an Order in this Docket, the pole owners will remove or cause to be removed (either individually or in coordination with pole attachers) all existing poles, attachments, towers and structures which have been abandoned, damaged and/or are not being used to deliver electricity to customers. If this will not be accomplished within two (2) years, the utility must notify the Commission describing the circumstances why such removal was not accomplished and provide dates certain when this work will be completed.

Time is of the essence in removing these unused poles and other structures which normally are damaged and represent safety hazards.

H. Recovery and Restoration Programs & Plans

Evaluation:

Recovery and restoration programs and plans are essential for utilities to restore service to their customers after a weather event. Utilities that are impacted by these catastrophic weather events seek to recover the prudently-incurred restoration, repair and rebuilding costs in rates. Depending upon the utility, the severity of the damage, whether that utility had pre–existing storm reserves in place, and a variety of other factors, utilities may, with Commission authorization, access existing storm damage reserves, seek recovery through base rates (via a rider or otherwise), seek recovery through a Formula Rate Plan ("FRP") mechanism, or securitize the

restoration, repair and rebuilding costs. However, if the utilities' grid systems are enhanced to accommodate stronger weather events, either through proactive plans to systematically replace existing infrastructure or by rebuilding after a storm with more resilient poles and towers, it would be logical to expect that these costs of recovery and restoration would be lower in the future than they would have been absent such activity. Upfront costs might be higher, but long-term costs would likely be lower.

It is of great importance for the Commission to be informed ahead of the weather events as to each utility's recovery and restoration programs and plans including such matters as spare transformers being bought and held in inventory, contract hiring of linemen from mutual assistance utilities and independent contractors (including their trucks and support services), and any other costs and efforts associated with the restoration of services to their customers. As previously discussed, the Commission has in place Emergency Planning and Response Rules (General Order No. R–32786 (April 13, 2017)) and each electric utility already provides the Commission with a storm recovery plan or an update of such a plan on an annual basis. The recommendations below are designed to supplement, not replace those individual electric utility storm recovery plans.

Recommendations and Proposed Rules and Regulations:

- The use of drone technology has become increasingly important to gather actual data as to existing conditions (inspections) prior to weather events, to identify live damage data after weather events, and to assist in deploying vehicles with spare parts, components and the linemen to restore the connections to allow the power to flow safely and reliably. Utilities must include a description of their use of drone technology with their annual storm preparedness filings with the Commission.

- The utilities shall develop Restoration Programs which are unique to the Customer Categories ("A", "B", "C") discussed in Section "C." above, which are affected by the weather events (and specific to their unique generation, transmission and distribution systems).

- The use of smart grid and microgrid technologies to gather and analyze data from generation, transmission and distribution systems shall be considered by the utilities to better understand the dynamics of maintenance of various types of equipment and to allow the utilities to recognize significant outages more quickly and to restore service more efficiently and effectively.

- Each utility shall provide an annual Summary Description of the Company's Recovery and Restoration Programs and Plans with alternative and innovative financial plans that can be considered by the Commission to minimize the impact on ratepayers. The Summary Description shall be provided by March 1 of each year. That Summary Description should include an estimate of what the utility intends to spend during the coming year on its system to achieve better reliability and performance if extreme weather events occur. Any cost recovery by the utility must be approved by a vote of the majority of the Commission.

- "Lessons Learned Reports" must be issued within 4 months of the weather events as to the experience obtained by the utility and what knowledge will be used in future restoration programs to improve recovery timeframes and lower costs to ratepayers.[7] These Lessons Learned Reports must include geographical mapping, at a Parish level, indicating which parts of the utility's service territory were affected by the weather event, accompanied by geographical mapping, at a Parish level, illustrating the previous 5 years of inspections and maintenance completed and money invested in the locations impacted by the weather event. These Lessons Learned Reports will then be utilized by the Commission while evaluating the reasonableness of storm cost recovery.

I. Enhanced Vegetation Management Programs

Evaluation:

Recently, there has been public discussion concerning the de-emphasis of vegetation management by utilities over the years and how that has impacted the reliability and safety of transmission and distribution systems in various regions of the country. Fires in the Pacific Gas and Electric Service territory, and blackouts on the New York Grid system have been attributed, at least in part, to poor vegetation management by the utilities involved.

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[7] The timing coincides with the "lessons learned" reports filing requirements of the Commission's MaxGen Order. *See* MaxGen General Order pp. 13, 24.

One item of critical importance to FP&L has been vegetation management since all of its service territory lies in tropical or semi-tropical climates. Nearly all of Louisiana is similarly situated. This requires very active and costly vegetation management due to the fast-growing vegetation in these areas.

Recommendations and Proposed Rules and Regulations:

- Each utility shall establish comprehensive Vegetation Management Programs commensurate with the criticality, by Category, of the consumers these systems are serving. These programs should be developed within six months of the issuance of an Order in this Docket and submitted annually thereafter. This approach would lead to fewer tree limbs and other vegetation causing outages during the weather events. The use of drone technology to view the condition of the transmission and distribution systems during different times of the year when these weather events are prone to occur, will assist the utility managers to prioritize the vegetation management work and eliminate hazards prior to and during storms. More frequent inspections (no longer than every 5 years) using drone technology combined with the upgrading of poles and towers are important tools to supplement robust vegetation management programs.[8] Cost analyses showing how these Comprehensive Vegetation Management Programs have and may lower costs in the magnitude or frequency of outages will be submitted by the electric utility and reviewed by the LPSC annually.

- There should be no reduction of vegetation management services just to increase the profits of shareholders. The utilities have the "obligation to serve" their ratepayers and thus, adequate Vegetation Management, maintenance and repair services must be implemented and maintained to provide service to customers in a safe and reliable manner.

- Vegetation Management Programs shall be filed with the LPSC every year to identify the planned activity for the coming year as well as the improvements the utilities are making in controlling vegetation which could

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[8] SWEPCO has had a Service Quality Improvement Program ("SQIP") that includes specific vegetation goals, requirements and spending levels in place continuously since 1999. *See*, Order No. U-23029 (October 27, 1999). Cleco Power has had a similar Service Quality Program ("SQP) in place continuously since 2016 (See Order No. U-33434-A, (April 7, 2016). It seeks renewal of that SQP program in its Application for rate relief currently pending at the Commission (Docket No. U-36923). Both SWEPCO's SQIP and Cleco Power's SQP contain annual filing requirements. The Recommendations and Proposed Rules and Regulations contained in this section are designed to supplement, not replace those existing programs.

affect the performance of generation, transmission and distribution systems under various weather events, preventing vegetation from causing unnecessary outages.

- These annual submittals must include maps and descriptive locations (e.g., neighborhoods) by parish, as well as the allocation of funds to the various activities involving the Vegetation Management Programs for consistency with the needs of Louisiana ratepayers which are more probabilistically affected by tropical storms and hurricanes. With notice to the Commission and the Commission Executive Secretary, jurisdictional utilities should be afforded some flexibility to redirect the usage of funds when circumstances beyond the utilities' control (*e.g.* hurricanes) require that the funds be directed to another portion of the utilities' service areas. As always, the Commission must be mindful to ensure that utilities should not be permitted to include in rates dollar levels of vegetation management that they don't in fact spend simply to increase profits.

    - These maps and descriptions should be utilized within the Lessons Learned Working Group discussed in Section V.A such that utilities share best practices for their most vegetation intense areas.

- These annual plans must include budgets and describe how the expenditures are to be reflected in rates (base rates, formula rate plan, or otherwise). Each year, the electric utilities shall make a compliance/true up filing for the prior year, with the potential for customer refunds/credits for unspent budgeted vegetation management expenses.

LPSC reserves its authority to conduct prudence/due diligence analyses to ensure that reasonable steps are being undertaken to maintain and improve the safety and reliability of the generation, transmission and distribution systems in Louisiana.

J. Non-Traditional Methods for Funding and Financing the Improvement Programs

Evaluation:

Over the past two years, Congress has enacted legislation that provides grants, financing and other funding for the upgrading and hardening of the electric transmission and distribution infrastructure in the United States. It is important to Louisiana ratepayers that maximum use of these funds be made to improve the safety, reliability and resilience of the grid systems in the state.

Recommendations and Proposed Rules and Regulations:

- Each utility shall submit to the Commission and each individual Commissioner annually, a Summary Report of the various applications and other efforts undertaken and to be undertaken in the coming year to secure financing under the bipartisan Infrastructure Bill and the IRA, as well as other sources of funds and public and private partnerships to improve the use of renewable technologies, microgrids and facilitate the improvements, hardening, and reliability of each utility's transmission and distribution systems. The initial Summary Reports must be submitted to the Commission within two months of the issuance of any Order in this Docket. To the greatest extent possible, the goal is to effect these improvements and upgrades without major impacts on the rates consumers are paying. Therefore, each utility must pursue all available sources of funding to them as alternatives to traditional utility financing.

- These Summary Reports shall contain the status of the applications as well as descriptions of how the use of federal funds will minimize rate impacts on customers.

- Maximum Commission cooperation with the Governor, the Department of Natural Resources, the Louisiana Congressional Delegation, Louisiana's public and private colleges and universities and other state agencies is essential to secure federal grants and/or low-cost loans to be utilized to improve the safety, reliability, and resilience of the grid in Louisiana. This should help minimize financial impacts on ratepayers while providing benefits through the use of these federal funds to strengthen the electric infrastructure in Louisiana.

K. Accountability and Establishment of Penalties for Failure to Comply with Commission Orders, Rules and Regulations and Incentives for Compliance

Evaluation:

Recent weather events and the damage they caused demonstrate that positive actions must be taken immediately to address the issues the Louisiana electric infrastructure is facing due to more frequent, stronger and more severe weather events. Those actions must be taken while minimizing the impacts on ratepayers.

In order to implement the Recommendations, Rules and Regulations contained in any Order adopted by the Commission in this Docket, the LPSC must also structure the appropriate checks and balances to provide for accountability of the utilities and protect the interests of the consumers.

Recommendations and Proposed Rules and Regulations:

- Reports demonstrating compliance with all rules, regulations and other provisions of any Order adopted in this Docket shall be submitted to the LPSC in the form of a Summary Report, which shall include the current status and any adjustments or modifications implemented or to be implemented to enhance compliance. A summary report shall be submitted every six (6) months for the first two years after the issuance of an Order in this Docket, and annually thereafter.

Recommendations and Proposed Rules and Regulations:

Penalties for Non-compliance

- The Commission shall enforce the rules and regulations adopted in this Order with penalties and/or other disincentives for those utilities that do not comply or do not meet the targets established by the Commission. These penalties and/or disincentives will be established by the Commission and be commensurate with the degree of non-compliance by the utilities involved.

- The Commission should also investigate various forms of incentive regulation to encourage compliance with the provisions of any Orders issued in these Dockets.

- The Commission should direct the Staff to draft a set of proposed penalties and incentives to be presented to the Commission no later than 120 days after adoption of an Order in this Docket.

L. Potential Revisions to the Commission's General Order In Re: Ensuring Reliable Electric Service (Docket No. U-22389)

Evaluation:

Since April 30, 1998, the Commission has had in place General Order as well as Regulations designed to ensure that electric service is delivered reliably to Louisiana ratepayers (General Order, Docket No. U-22389. In re: Ensure Reliable Electric Service April 30, 1998) ("Ensuring Reliable Electric Service General Order"). The Regulations adopted as a part of that General Order sets forth the minimum System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency by Index ("SAIFI") scores that must be achieved/maintained by all Louisiana electric utilities, including the electric cooperatives. The Ensuring Reliable Electric Service General Order contains proposed fines and penalties for failure to keep the required information to permit the SAIDI and SAIFI indices to be computed as well as failure to meet the minimum safety standards contained in the General Order.

The Ensuring Reliable Electric Service General Order has been in effect for just over 25 years. From time to time, Louisiana electric utilities have failed to meet the minimum SAIDI and SAIFI standards as set forth in that General Order (keeping in mind that Major Events, such as hurricanes or prolonged freezes such as occurred with Winter Storm Uri, are excluded from the SAIDI/SAIFI calculations). Notwithstanding the fact that the SAIDI and SAIFI minimum standards are sometimes not met, the Commission Staff is unaware of any instance, until this year in which a Louisiana electric utility has been fined or incurred other financial consequences for its failure to meet those minimum standards.

In Commission Order No. U-35565 (June 4, 2021), the Commission approved a Stipulation Term Sheet that resolved all of the issues in Entergy Louisiana's application for extension and modification of its Formula Rate Plan. The Stipulation approved by the Commission in Order No. U-35565 contained performance requirements for improvements in ELL's outage frequency and duration. If the enhanced performance criteria are not met, ELL was required to make refunds (provide credits) to its Commission-jurisdictional customers. The criteria were contained in what is known as a "DRM Performance Accountability" program. As reflected in the company's May 31, 2023 Formula Rate Plan Evaluation Report for the test year ending December 31, 2022, Entergy Louisiana was required to credit customers a total of $6,004,668 (2022 FRP Evaluation Report at p. AJ 24.7).

Recommendations and Proposed New Regulations

- The Commission should order the Staff to review the provisions of the Ensuring Reliable Electric Service General Order and the ELL Distribution Recovery Mechanism, and make a recommendation, within 120 days of the adoption of any order in this docket, as to appropriate revisions that should be required to the General Order for applicability to all Commission-jurisdictional electric utilities. The Commission Staff should reach out to all interested stakeholders for suggestions on appropriate revisions to the SAIDI/SAIFI minimum standards, use of other and/or additional measurement criteria or redesign of the entire General Order. The potential for the use of various forms of incentive regulation should be explored. The Commission Staff should be directed to review comparable orders in other jurisdictions, particularly in the Southeast, to see how our sister states have addressed these issues.

M. Reservation of Rights

The Commission reserves its authority, obligation and right to conduct prudence and due diligence analyses to ensure that Louisiana electric utilities are taking all reasonable steps required to ensure that safe and reliable service is being delivered to Louisiana ratepayers at the lowest reasonable cost.