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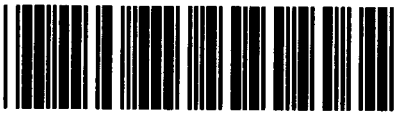

Item Number: 55

Addendum StartPage: 0

PROJECT NO. 32182

PROCEEDING TO REVIEW INFRASTRUCTURE RELIABILITY, EMERGENCY MANAGEMENT AND HOMELAND SECURITY MATTERS	**§ § § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

RESPONSES OF ENTERGY GULF STATES, INC. TO THE STAFF'S DRAFT EXCUTIVE SUMMARY ON METHODS TO IMPROVE INFRASTRUCTURE TO MINIMIZE LONG TERM OUTAGES AND RESTORATION COSTS

Entergy Gulf States, Inc. ("EGSI" or "the Company") files the following responses to the Staff's Draft Executive Summary recommendations filed in this project on May 10, 2006. As stated in the Company's March 15, 2006 comments, it is important to remember that no amount of hardening can guarantee against destruction of the electric grid in the event of certain catastrophes and that the hardening efforts must be weighed against the costs that it imposes on the utility and the rate effect on its customers. EGSI is very concerned that the recommendations contained in this draft would impose significant costs on the Company and ultimately, its customers, that far outweigh the benefits to be gained. The Company recognizes that little definitive cost data has been obtained or provided because of the wide range of the discussions and difficulty of precisely determining the costs, however, it can be definitively said that these recommendations would impose significant costs that, if implemented, would need to include concurrent cost recovery by the utility in the form of grants from the state and/or surcharges on customers as identified in the Company's March 15, filing. The most significant cost impacts result from recommendations 5, 11, 12 and 17.

As stated in its previous filing, EGSI, as part of the EGSI system, has already committed resources to evaluate its options and detail the costs to achieve several hardening initiatives. Those cost/benefit analyses have not been completed, but should be completed within the next few months, and should help with the development of the dialog on this subject. It is incumbent

upon the Commission and the state to proceed in a judicious manner that is consistent with good service and timely recovery, and that result in reasonable rates to customers.

With these comments in mind, EGSI submits the following responses to the recommendations presented by the Staff.

1. Require the development and implementation of an inspection cycle for vegetation management for all overhead electrical and telecommunication lines. This cycle should consider the growth rates of common vegetation in the service area. Utilities should provide the Commission with the details of its vegetation inspection program within six months.

EGSI has extensive vegetation management programs currently in place that comply with this recommendation. EGSI supports providing the Commission with a one-time report containing the details of these programs.

2. Require the development and implementation of a regular, ground-based inspection cycle for all overhead electrical and telecommunication facilities, including a condition-based assessment of wood pole suitability for continued service. Utilities should provide the Commission with the details of this inspection program within six months.

EGSI has a comprehensive pole inspection program currently in place that comply with this recommendation. EGSI supports providing the Commission with a one-time report containing the details of these programs.

3. Require utilities to establish processes, and incorporate these requirements into their existing contracts or tariffs, to ensure the structural integrity of poles and attachments in situations where utilities augment or add cable facilities to existing poles.

EGSI supports this recommendation. We have processes currently in place that assure pole integrity as a result of joint use or other authorized attachments. Additionally, our current processes for pole attachments by the telecommunication companies comply with the requirements of Section 703 of the Telecommunications Act of 1996, as regulated by the Federal Communication Commission.

Short-Term (one year)

4. Require each utility to provide the Commission with a report within one year that evaluates the level of inventory for transmission facilities considering the staff's recommendations.

EGSI supports this recommendation.

5. Require removal within one year of all trees that could potentially damage electrical or telecommunication structures or facilities and that are located within the right of way (ROW) easement.

EGSI requests clarification on this recommendation. As the recommendation is written, it would require destroying seasoned aesthetically pleasing vegetation located in well established urban areas. The cost of this recommendation is unknown but expected to be very high.

Additionally, this recommendation will likely be met by a severe negative response from the public and local government entities.

6. *Require each utility to perform a study within one year that evaluates the reasonableness and costs of retrofitting overhead distribution facilities so that, under conditions of high wind/or ice loading, the conductors and/or support hardware will fail before the structures fail and provide the Commission with its evaluation and any recommendations.*

EGSI recommends against adopting this recommendation. The National Electric Safety Code ("NESC") strength requirements for structures and hardware do not contemplate "breakaway" designs, and there is no evidence that such a design, if it could be achieved, would result in less damage or shorter restoration times. Additionally, building consistent with "breakaway" designs would inherently increase both the number and duration of outages.

7. *Require each utility to perform a study within one year that evaluates the current practice of automatically sectionalizing a distribution line to improve reliability and examines a practice of increasing the number of automatic sectionalizers to gain additional enhancements to reliability. The utilities should provide the Commission with this study and any recommendations.*

EGSI currently utilizes a variety of automatic sectionalizing equipment to improve the reliability of our distribution system. Circuit reliability and performance is consistently monitored and reported in accordance to PUCT Substantive Rule 25.52. EGSI does not support additional studies for this issue.

8. Require utilities to conduct inspections of all distribution circuits to determine whether the amount of non-electric equipment on structures is causing an overload on those structures. If overloads are identified utilities should be required to correct the problem. Furthermore, utilities should be required to institute practices that will prevent such overloads in the future. The results of this initial inspection should be reported to the Commission within one year.

EGSI supports deleting this recommendation as existing processes are in place as reported in response to recommendation number 3. Since pole attachments by the telecommunication companies are regulated by the Federal Communication Commission in accordance to Section 703 of the Telecommunications Act of 1996 and processes are in place, additional inspections are unnecessary.

9. Require telecommunications utilities to install onsite generators with a minimum of seventy-two hours of fuel in all central offices in hurricane prone areas. Utilities should be required to have processes in place to ensure refueling of these generators for extended periods of time.

EGSI supports this recommendation. If the recommendation is adopted, the telecommunication utility should ensure that generators are equipped with the necessary automatic switchover equipment to ensure the safety of electric utility workers.

Long-Term (more than one year, ongoing)

10. Require annual upgrades to current National Electric Safety Code (NESC) wind loading standards of at least 10% of the 230kV or greater above-ground transmission infrastructure and

5% of the 138kV or less starting with the highest voltage lines. In addition, all transmission infrastructure upgrades within ten (10) miles of the Texas coastline should be required to meet current NESC standards assuming 140 mile-per-hour wind speed. Annual reports on the utilities' upgrading programs should be reported to the Commission.

EGSI requests clarification of this recommendation. EGSI could support adopting the strength requirements detailed in the current edition of the NESC. These requirements utilize the basic wind speed standards developed by the American Society of Civil Engineers.

11. Require all new and replacement transmission structures to be pre-stressed concrete or steel.

EGSI supports this recommendation, but notes the need for some flexibility for those areas where concrete, steel or hybrid structures are difficult to install. EGSI recommends the following language, provided it is consistent with the Commission's intent:

> All new and replacement transmission structures shall be pre-stressed concrete, steel, or hybrid structures of concrete and steel. Exceptions can be made where the nature of the terrain or other construction constraints require the use of wood structures.

12. Require utilities, through negotiation with landowners, to remove all trees that have limbs extending into, or those that potentially extend into, the transmission and distribution ROW easements under high wind conditions.

EGSI does not support this recommendation. The expense for this recommendation is unknown but it is expected to be substantial. The Commission should not require action in

violation of the law with respect to property rights. Additionally without leverage, the potential success of attempts to negotiate with property owners to remove trees located outside the rights-of-way, that may endanger the operation of EGSI facilities, is unknown.

13. Require utilities to identify any damage of transmission and distribution facilities that occurs as the result of a weather event other than lightning, and provide an annual report to the Commission that includes; the cause of the damage, the type of facility involved and the voltage, and age of the structure or facility.

EGSI supports deleting this recommendation as existing PUCT regulations are in place that addresses this issue. Outage recording is currently required by PUCT Substantive Rule 25.52. Including this additional information will be very manpower intensive and may ultimately extend outages.

14. Require utilities to design and construct all substations so that no water enters the control house or damage any electrical equipment in the substation during a 500-year rain event rendering electrical equipment inoperable due to accumulated water.

EGSI could support this recommendation if the Commission would use a standard reference defining water levels for a 100 year rain event that utilities can use for compliance once a standard reference source agreed to by all affected parties. One hundred year flood plans are better defined than those for 500-year events, and a standard reference source is more likely obtainable.

15. Electric utilities have embarked on projects to modernize the electric grid by deploying intelligent devices on the network. These deployments will enable real time monitoring of outages, selective switching of electric supply routes, and preventative maintenance of protective devices to increase the reliability of the power grid. The Commission should establish incentives to encourage such deployments by the electric utilities.

EGSI requests clarification of this recommendation. Automated switching is already in place on our power grid to a large degree.

16. If new underground distribution facilities must be installed in the rear of residential lots, require developers and homeowners to provide at least a 10-foot ROW restrictive upon the inclusion of trees or other structures so that suitable access is available for any future repair work.

EGSI supports this recommendation. EGSI current practice is that all underground primary voltage lines installed in an easement. Platted easements that are filed meet the definition of an easement but usually do not carry restrictions as to vegetation or access.

17. Require burial of all new distribution lines serving new residential developments.

EGSI requests clarification of this recommendation. The current standard that is supported by tariff is overhead with underground being an option at an additional cost to the developer or requestor. Any other configuration is not currently supported by tariffs from a revenue stand-point and, therefore, would result in the Company incurring significant additional cost without

any recovery from customers, particularly given the limitation placed on the Company for filing for increases in its tariffs. If, on the other hand, the requirement is on the requestor to incur this cost, legislation may be necessary.

18. Encourage developers of new residential developments to locate underground facilities in front of homes or in accessible alleyways.

EGSI supports this recommendation as long as no requirement to do so is placed on the Company. Our present preferred location for residential subdivision electric facilities is in the front of the lots. However, changes in state law that would require developers to adhere to front lot installation could be more effective.