

Control Number: 46455



Item Number: 1

Addendum StartPage: 0

DOCKET NO. **46455**

**AGREED NOTICE OF VIOLATION
AND SETTLEMENT AGREEMENT
RELATING TO ENTERGY TEXAS,
INC.'S VIOLATION OF PURA § 38.005
AND 16 TAC § 25.52, CONCERNING
RELIABILITY AND CONTINUITY OF
SERVICE**

§ PUBLIC UTILITY COMMISSION
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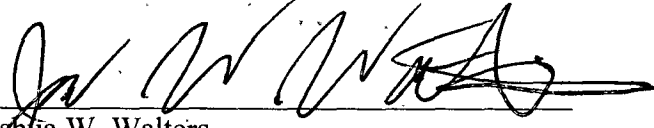
APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT

Commission Staff and Entergy Texas Inc., (ETI) have entered into a Settlement Agreement and Report to Commission (Agreement).

The Agreement, attached to this motion, has been signed by representatives of both parties and includes a Proposed Order. This Agreement resolves and concludes Commission Staff's investigation of ETI for violations of PURA¹ § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service for reporting year 2015.

Commission Staff respectfully requests that its Application for Approval of Settlement Agreement be granted.

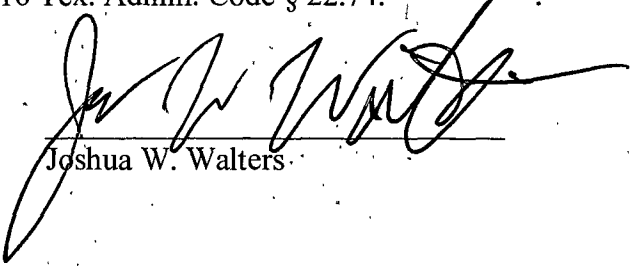
Respectfully Submitted,
Robert M. Long
Division Director
Oversight and Enforcement Division


Joshua W. Walters
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¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 20th day of October, 2016 in accordance with 16 Tex. Admin. Code § 22.74.



Joshua W. Walters

DOCKET NO. _____

AGREED NOTICE OF VIOLATION	§	PUBLIC UTILITY COMMISSION
AND SETTLEMENT AGREEMENT	§	
RELATING TO ENTERGY TEXAS,	§	OF TEXAS
INC.'S VIOLATION OF PURA § 38.005	§	
AND 16 TAC § 25.52, CONCERNING	§	
RELIABILITY AND CONTINUITY OF	§	
SERVICE	§	

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas (Commission) and Entergy Texas Inc., (ETI) (each a party and together, Parties) enter into this Settlement Agreement and Report to Commission (Agreement). This Agreement resolves and concludes the investigation of ETI for a violation of PURA¹ § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service for reporting year 2015.

The Parties agree as follows:

1. The Parties stipulate to the facts contained in the attached Proposed Order and request approval of the Proposed Order by the Commission.
2. Commission Staff recommended, and ETI agrees to pay, an administrative penalty of Twenty-Five Thousand Dollars (\$25,000) for ETI's violation of PURA § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service. Specifically, ETI reported it exceeded its system-wide System Average Interruption Duration Index (SAIDI) standard by 25% or more for 2015 and the SAIDI value exceeded its system-wide standard by 20% for two consecutive years.
3. Additionally, ETI reported one SAIDI feeder in violation of the rule for the first year.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2016) (PURA).

4. ETI agrees to make efforts to improve the performance and reliability of all of its feeders. In particular, those efforts will focus on maintaining the system-wide standards required by 16 TAC § 25.52(g).
5. ETI agrees to continue to make investments in both infrastructure and vegetation reliability performance projects to improve its overall SAIDI performance, including but not limited to inspections, danger tree removals, vegetation cycle trimming, lightning improvements, sectionalization improvements, and repairs to facilities as needed, as further described below:
 - a. ETI agrees to implement planned estimated expenditures of approximately \$9.5 million for reliability improvement projects in 2016.
 - b. ETI agrees to spend an estimated \$6 million on scheduled vegetation management expenses for approximately 1,954 miles of distribution feeder lines in 2016.
 - c. ETI estimates it will spend approximately \$800,000 for unscheduled vegetation management in 2016.
6. ETI reported reliability improvement expenditures of approximately \$144,000 and approximately \$91,000 on vegetation management in 2013-2015 on feeder 539LA, which provides service to Corinthian Point Subdivision. ETI recently surveyed this feeder in 2016 and identified reliability improvement opportunities costing approximately \$10,000. ETI agrees to implement these reliability improvement projects and continue to monitor the performance of the feeder providing service to the Corinthian Point Subdivision, feeder 539LA.
7. This Agreement resolves all claims related to ETI's obligations pursuant to PURA § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service for reporting year 2015.
8. Unless specifically provided for in this Agreement, ETI waives any notice and procedures that might otherwise be authorized or required in this proceeding.
9. Nothing in this Agreement shall limit Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.

10. A Party's support of the resolution of this docket in accordance with this Agreement may differ from its position or testimony regarding contested issues of law, policy, or fact in other proceedings before the Commission or other forums. Because this is a settlement agreement, a Party is under no obligation to take the same position as set out in this Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The Parties' agreement to entry of a final order of the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.
11. The Parties contemplate that this Agreement will be approved pursuant to 16 TAC § 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the Parties agree that any Party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available under law. The right to withdraw must be exercised by providing the other Party written notice within 20 calendar days of the date the Commission files the final order acting on this Agreement. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.
12. This Agreement is the final and entire agreement between the Parties regarding the alleged violations related to reliability and continuity of service for reporting year 2015 and supersedes all other communications among the Parties or their representatives regarding its terms.
13. Each person executing this Agreement represents that he or she has been authorized to sign on behalf of the Party represented. Copies of signatures are valid to show execution. If this Agreement is executed in multiple counterparts, each is deemed an original, but all of which will constitute the same Agreement.
14. The Company warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED by the Parties by their authorized representatives designated below.

Carl Olson

Carl A. Olson
Manager, Regulatory Affairs
Entergy Texas, Inc.
919 Congress Avenue, Suite 740
Austin, Texas 78701

Date: 10/19/16

Joshua Waters
Joshua Waters
Attorney
Oversight and Enforcement Division
Public Utility Commission of Texas

Date: 10/19/16

ATTACHMENT

DOCKET NO. _____

AGREED NOTICE OF VIOLATION § PUBLIC UTILITY COMMISSION
AND SETTLEMENT AGREEMENT §
RELATING TO ENTERGY TEXAS § OF TEXAS
INC.'S VIOLATION OF PURA § 38.005 §
AND 16 TAC § 25.52, CONCERNING §
RELIABILITY AND CONTINUITY OF §
SERVICE §

PROPOSED ORDER

Pursuant to 16 TAC § 22.246(g)(1)(C), this Order approves the Settlement Agreement and Report to Commission (Agreement) between the Staff of the Public Utility Commission of Texas (Commission) and Entergy Texas Inc., (ETI) (together, Parties) regarding Commission Staff's investigation of ETI for violation of PURA¹ § 38.005 and 16 TAC § 25.52, concerning reliability and continuity of service. This docket was processed in accordance with applicable statutes and Commission rules. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty of Twenty-Five Thousand Dollars (\$25,000). ETI agreed to pay the recommended administrative penalty. The Agreement is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. FINDINGS OF FACT

1. ETI is an electric utility as defined in PURA § 31.002(6).
2. For reporting year 2015, ETI reported it exceeded its system-wide System Average Interruption Duration Index (SAIDI) standard by 25% or more. In addition, ETI's reported annual SAIDI value was 20% above standard for two or more consecutive years.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2016) (PURA)

3. For the reporting year 2015, ETI reported the following per-feeder violation:
 - One SAIDI feeder in violation of the rule for the first year.
4. On or about May 17, 2016, Commission Staff provided ETI proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about ETI's right to a hearing, and an opportunity for ETI to explain its activities.
5. ETI fully cooperated with Commission Staff's investigation.
6. ETI acknowledges the violations detailed in this Order.
7. ETI participated in one or more settlement discussions with Commission Staff to resolve this matter.
8. ETI agrees to continue make investments in both infrastructure and vegetation reliability performance projects to improve its overall SAIDI performance, including but not limited to inspections, danger tree removals, vegetation cycle trimming, lightning improvements, sectionalization improvements, and repairs to facilities as needed, as further described below:
 - a. ETI agrees to implement planned estimated expenditures of approximately \$9.5 million for reliability improvement projects in 2016.
 - b. ETI agrees to spend an estimated \$6 million on scheduled vegetation management expenses for approximately 1,954 miles of distribution feeder lines in 2016.
 - c. ETI estimates it will spend approximately \$800,000 for unscheduled vegetation management in 2016.
9. On October 19, 2016, the Parties entered into the Agreement resolving the violations. Commission Staff recommended, and ETI agreed to pay, an administrative penalty of Twenty-Five Thousand Dollars (\$25,000).
10. The Agreement provides for a reasonable resolution of this dispute.
11. The Agreement is in the public interest.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 38.005.
2. ETI is an electric utility for purposes of PURA §§ 31.002(6) and 38.005, and 16 TAC § 25.52.
3. As an electric utility, ETI is required to comply with the service quality and reliability standards established by PURA § 38.005 and 16 TAC § 25.52.
4. Commission Staff provided ETI with proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about ETI's right to a hearing, and an opportunity for ETI to explain its activities.
5. PURA § 38.005(a) provides that "the commission shall implement service quality and reliability standards relating to the delivery of electricity to retail customers by electric utilities and transmission and distribution utilities." Subsection (a) goes on to require the Commission to, by rule, "develop reliability standards, including: (1) the system-average interruption frequency index (SAIFI); (2) the system-average interruption duration index (SAIDI); (3) achievement of average response time for customer service requests or inquiries; or (4) other standards that the commission finds reasonable and appropriate."
6. Pursuant to this legislative mandate, the Commission implemented the reliability standards found in 16 TAC § 25.52. 16 TAC § 25.52(g)(1) requires each utility to maintain and operate its distribution system so that its system-wide SAIDI and SAIFI averages do not exceed the standard by more than 5%.
7. 16 TAC § 25.52(g)(2) requires each utility to maintain and operate its electric distribution system so that no distribution feeder with ten or more customers sustains a SAIDI or SAIFI value for a reporting year that is more than 300% greater than the system average of all feeders during any two consecutive reporting years.
8. ETI violated PURA § 38.005 and the requirements of both 16 TAC § 25.52(g)(1)(B) and 16 TAC § 25.52 (g)(2) for reporting year 2015.
9. 16 TAC § 22.246(g)(1)(A),(B), and (C) require issuance of a report of a settlement to the Commission and a written order that approves the settlement.

10. The Agreement is a report of settlement to the Commission as required by 16 TAC § 22.246(g).
11. This docket was processed in accordance with applicable statutes and Commission rules.
12. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. The Agreement, attached to this Order as Attachment 1, is approved, and the Parties shall be bound by its terms.
2. ETI shall pay an administrative penalty to the Commission in the amount of Twenty-Five Thousand Dollars (\$25,000). ETI shall remit payment of the full amount of the administrative penalty on or before 30 calendar days after the date this Order is signed. Payment of the administrative penalty shall be made by check or Electronic Funds Transfer payable to the Public Utility Commission of Texas and shall reference this docket. When paying by check, the check shall be sent to the following address:

Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711
ATTN: Fiscal Services

3. ETI shall file an affidavit of payment in this docket no later than five calendar days after the payment is made.
4. The Commission shall not be constrained in any manner from requiring additional action or penalties for violations that are not raised here.
5. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Neither should the entry of an order consistent with the Agreement be regarded as a binding, holding or precedent as to the appropriateness of any principle underlying the Agreement.

6. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS the _____ day of _____, 2016.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER