

LPSC sues Entergy for \$360 million in damages

 Entergy Louisiana is preparing for Hurricane Laura.

Entergy Louisiana is preparing for Hurricane Laura. (KNOE)

By WAFB STAFF

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The following information is from the Louisiana Public Service Commission:

The Louisiana Public Service Commission, along with retail regulators in the City of New Orleans and Arkansas, filed a complaint yesterday at the Federal Energy Regulatory Commission (FERC) against System Energy Resources, Inc. (SERI) and Entergy Corporation, its parent company, seeking damages in excess of \$360 million for the imprudent operation of the Grand Gulf nuclear plant. The plant is owned by SERI and located in Port Gibson, Mississippi. The complaint seeks damages for the sub-par performance of Grand Gulf for the period 2016 through 2020 and an investigation of SERI's management of the plant from 2012 forward. It also seeks an investigation of the prudence of an \$800 million capacity uprate of Grand Gulf in 2012, which led to overall decreased output from the plant in the period 2012-2020.

The complaint provides detail concerning many outages, extended outages, and low overall operating performance of Grand Gulf. Many of these outages were caused by safety violations, unplanned shutdowns, and attempted corrective actions. Grand Gulf has been under heightened scrutiny from the Nuclear Regulatory Commission (NRC) for most of the period 2016 to 2020 and has been cited for "deliberate" violations in at least one order issued by the NRC.

"A primary responsibility of the Commission is to ensure utilities are accountable to their customers in the way they run their businesses," Chairman Craig Greene stated. "To that end, Entergy customers deserve a full look at the potential imprudent management of Grand Gulf and, eventually, appropriate refunds if it is found that Entergy passed unnecessary costs onto those customers."

The Commission and other regulators provided evidence to support the complaint, including a report from a nuclear consulting firm, and three experts in economics and ratemaking. The complaint provides detail on numerous, repetitive outages at Grand Gulf that caused Entergy customers to bear the increased cost of replacement energy at market prices. It alleges that customers in Louisiana, Arkansas, New Orleans and Mississippi had to pay for the full fixed investment and operating costs of Grand Gulf, even when it produced no electricity.

The complaint alleges that Grand Gulf achieved output levels 30 percent below the average of U.S. nuclear plants and that its safety ranking is inferior to that of all but a few other nuclear plants. It asserts that unplanned outages caused shortages in the midcontinent electric coordination region, driving up market prices of energy.

providing credits to ratepayers. We will mandate that the facility is brought to full compliance. "

Grand Gulf supplies power to customers of Entergy Louisiana LLC, Entergy Mississippi LLC, Entergy Arkansas LLC and Entergy New Orleans LLC. The power transactions are regulated by FERC, since they are wholesale transactions. Under Supreme Court precedent, the retail regulators cannot disallow costs approved by FERC, and must file at FERC to achieve relief for the customers they are charged to protect. The costs of Grand Gulf are included in retail rates.

The Louisiana Public Service Commission is an independent regulatory agency dedicated to serving the public interest by assuring safe, reliable, and reasonably-priced services from public utilities and motor carriers. The LPSC, reaffirmed in Article IV, Section 21 of the 1974 Constitution of the State of Louisiana, consists of five elected Commissioners who serve overlapping terms of six years. The Commission has jurisdiction over certain publicly-owned utilities providing electric, water, wastewater, natural gas, and telecommunication services, as well as all the electric cooperatives in Louisiana. It does not regulate Entergy New Orleans, which is regulated by the New Orleans City Council under its Home Rule Charter.

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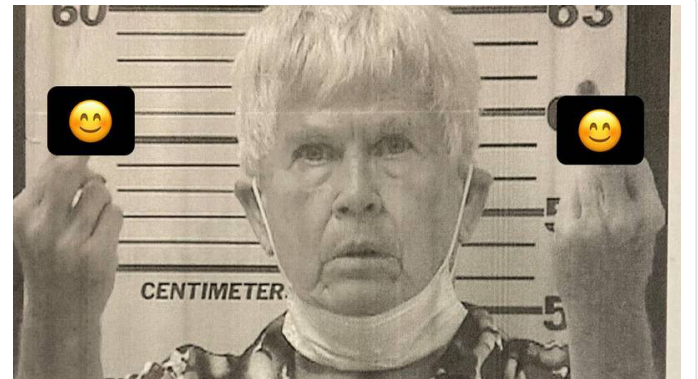
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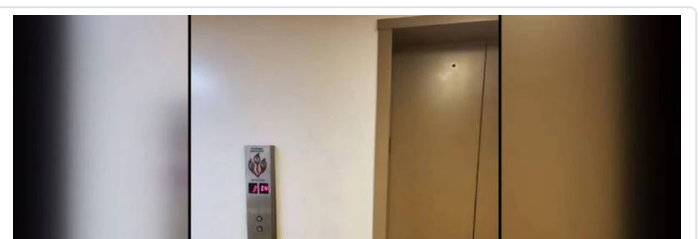
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