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# Mark Ballard: What regulators can do to improve utility systems

BY MARK BALLARD | CAPITOL BUREAU EDITOR  
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A utility crew works on downed poles and power lines along Hwy. 1 Thursday, September 2, 2021, in Mathews, La. in Lafourche Parish.

STAFF PHOTO BY LESLIE WESTBROOK

Mark Ballard

All we know is that someone or a group of someones hacked into a public Zoom meeting to throw up explicit scenes of people having sex when Louisiana Public Service Commission members tried to discuss what happened to utility and telecommunications companies during Hurricane Ida and how services were restored.

Whether prank or protest remains unknown as the PSC's only comments were that it happened, the perpetrators were depraved and the media reporting the incident were only interested in online clicks.

The five-elected PSC commissioners and the executives with the utilities they regulate lately have been the target of lawsuits and withering criticism. The cause is widespread anger over the catastrophic damage caused by Ida, leaving hundreds of thousands in deadly heat without power or communications – again.

“I can't tell you how many people who are Cox customers were basically ready to light brooms on fire and get pitchforks if they could find out where you are,” PSC Commissioner Eric Skrmetta, R-Metairie, told Cox

Communications executives during the hearing. He and other commissioners said something similar to the other utility company executives when it was their turn to report.



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Utility regulation is the intersection of complex engineering and high finance discussed in a language understandable to 200 or so regulators, lawyers, lobbyists, and company executives, many of whom are loath to translate what is happening into simple terms. But utility-speak doesn't cut it with the residential, business and industrial customers who pay for restoration after a storm.

Entergy's preliminary restoration estimates are between \$2 billion and \$2.4 billion for Ida, said Phillip May, Entergy Louisiana's president and chief executive. Entergy Louisiana and Entergy New Orleans provide electricity to more than half the state's homes and businesses.

May's restoration estimates will fluctuate, a lot, between now and several years hence when the amount finally appears on customers' monthly bills. The costs for last year's Hurricane Laura are still being calculated and probably won't be added to customer bills for at least another six months, perhaps a year.

Ida destroyed 212 structures, such as transmission towers, and damaged another 296, disrupting the flow of high voltage electricity from generating plants to distribution facilities that step down voltage before sending power to customers. More than 36,000 distribution poles and 50,000 spans of wire went down. The result was 1,098,433 customers lost electricity, second only to the 1.3 million taken out by Hurricane Gustav in 2009.

During the past year, Louisiana and its utility systems have been hit with four named hurricanes – two of which, Laura and Ida, came ashore as among the strongest in history.

Undeniably the utility companies, Entergy in particular, were able to restore power quicker than ever before. But customers are frustrated by the repeated outages.

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“It’s impractical to rebuild the system every time,” said PSC Commissioner Lambert Boissiere III, D-New Orleans. “We need to have a very serious conversation about hardening” transmission and distribution systems to reduce outages in the future.

Under the unique legal system set up to handle privately owned companies that operate as monopolies in specific areas, regulators can review costs to balance what customers pay against what utility companies expend to provide service.

Not to pick on Entergy, but during the past six years, the utility spent about \$4.2 billion on its transmission system — also paid for by customers.

In April, Entergy officials testified before the PSC that hardening the entire system would be too expensive. So the utility targeted specific parts of its network to “cost effectively reduce the risks to reliability.”

The new equipment throughout the grid fared well during Ida, according to a report released last week by McCullough Research. The Oregon-based company that advises power companies and government agencies reviewed Entergy's regulatory filings and investor reports.

In the report that focused on Entergy, McCullough also noted that "many utilities wait until older equipment is destroyed rather than preemptively replacing equipment. There are understandable regulatory reasons for doing so: It is easier to recover the cost of storm damage than it is to argue for early retirement of existing assets."

PSC Chairman Craig Greene, a Republican doctor from Baton Rouge, says a "post mortem" is necessary with pointed questions: What weak areas did Entergy work? And what exactly did the company do?

Regulators can't order the utilities to pay, but commissioners can determine what expenses were "prudent." If prudent, customers will pay. If not, those expenses are subtracted from the overall amount customers owe.

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