

AUG 7 1984

Note to File: River Bend Unit I OL Antitrust Review

SUBJECT: Telephone Conversation With Mayor Earl H. Willis of St. Martinville, Louisiana (phone, (318) 394-5501)

Staff has received allegations of anticompetitive behavior on the part of Gulf States Utilities (GSU) pursuant to its dealings with the City of St. Martinville, La. Specifically, the City of Lafayette has asserted that St. Martinville has had difficulty obtaining wheeling rights over GSU transmission lines as a means of receiving power from a supplier other than GSU. These allegations conflicted with recent statements made by GSU personnel and I telephoned Mayor Willis to try and ascertain the current status of the GSU/St. Martinville relationship regarding third party wheeling.

My initial remark to Mayor Willis indicated that we had received correspondence indicating that St. Martinville has not been able to successfully negotiate a wheeling contract with GSU. Mayor Willis stated that this is not true and proceeded to elaborate on the recent negotiations with GSU. According to Willis, St. Martinville (City) had a wholesale contract with GSU that allowed the City the right to cancel annually with 60 or 90 days (he wasn't sure) notice. When the City's contract came up for renewal in the Spring of 1984, the City made the determination that it would be more cost efficient to take power from the City of Lafayette rather than GSU. When the City notified GSU of its intent to cancel the wholesale power contract, GSU indicated that the City could not take power over GSU lines at less than 69kv, (presumably under its existing wholesale contract.) After considerable negotiations, the City decided to build its own substation, thereby enabling GSU to supply the City at 69kv. The City has extended its wholesale power contract with GSU through the Spring of 1985 (3/14/85) or until the City completes construction of its substation if later than that date. According to Willis, once the substation is completed, the City will no longer be isolated (electrically) and will be free to shop or seek power from suppliers other than GSU. In closing, Mayor Willis stated that the City of St. Martinville was "very satisfied" with the service provided by GSU.

[Apparently the City will be taking power from GSU under a recently negotiated Power Delivery Agreement (PDA) that provides transmission service to non-generating power entities heretofore unavailable to non-generators. When I asked Willis of the status of the GSU/City negotiations involving the PDA, he was unaware of the agreement even though he indicated that he, as Mayor, was the principal negotiator with GSU in such matters]

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