



September 19, 2022

By Electronic Mail

Ms. Lora Johnson, CMC
Clerk of Council
Room 1E09, City Hall
1300 Perdido St.
New Orleans, LA 70112

RE: RESOLUTION DIRECTING ENTERGY NEW ORLEANS, INC. TO INVESTIGATE AND REMEDIATE ELECTRIC SERVICE DISRUPTIONS AND COMPLAINTS AND TO ESTABLISH MINIMUM ELECTRIC RELIABILITY PERFORMANCE STANDARDS AND FINANCIAL PENALTY MECHANISMS (Docket No. UD-17-04)

Dear Ms. Johnson,

Please find enclosed the Comments of the Alliance for Affordable Energy and the Deep South Center for Environmental Justice in the above-mentioned docket. Please file the attached communication and this letter in the record of the proceeding. We will file physical copies at your instruction. If you have any questions, please do not hesitate to contact me.

Thank you for your assistance with this matter.

Sincerely,

Logan Burke
Executive Director
Alliance for Affordable Energy

**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

IN RE: RESOLUTION PROPOSING)	
MINIMUM RELIABILITY)	DOCKET NO. UD-17-04
PERFORMANCE STANDARDS FOR)	
ELECTRIC DISTRIBUTION WITH)	
ASSOCIATED FINANCIAL PENALTIES)	RESOLUTION NO. R-22-372
FOR SUBSTANDARD PERFORMANCE)	

**JOINT COMMENTS OF ALLIANCE FOR AFFORDABLE ENERGY AND DEEP
SOUTH CENTER FOR ENVIRONMENTAL JUSTICE**

DOCKET NO. UD-17-04

Intervenors Alliance for Affordable Energy (“the Alliance”) and Deep South Center for Environmental Justice (“DSCEJ”) (collectively “we”) respectfully submit these comments regarding Resolution R-22-372, heard by the New Orleans City Council (“the Council”) on August 18, 2022, as part of Docket No. UD-17-04. In our view, the reliability performance standards proposed by the Council’s Advisors do include metrics and procedures that will have beneficial impacts on the reliability of Entergy New Orleans for customers and residents of Orleans Parish. That said, we would propose that this docket and others be viewed not in a vacuum, but as part of a more holistic management and regulation of Entergy New Orleans. To manage various aspects of utility reliability piecemeal through this and other dockets may improve performance bit by bit, the Council and advisors would be better served to identify the common themes in this and other dockets to take action that will measurably improve reliability for our city. In our comments below, we will offer some suggestions in this vein, as well as specific suggestions for improvements in the Minimum Reliability Performance Standards.

I. PROPOSED SAIFI AND SAIDI DISTRIBUTION RELIABILITY STANDARDS

Given the data gathered over recent years, we agree that the proposed SAIDI and SAIFI performance levels are appropriate at this time, as a **baseline for future performance**. We would suggest that the Council and Advisors consider an incremental schedule by which the performance levels increase over time, as the suggested performance improvement strategies are put into place and reliability increases. As a prudent regulator, we recommend that the Council not accept the status quo, as we can all agree that Entergy New Orleans' track record of reliability is not something that should be commended or codified as permanently acceptable in the face of our future challenges, which will be exacerbated by climate change, severe weather events, and challenges related to aging infrastructure. As pointed out by the advisors, Entergy New Orleans would have met these standards every year since 2017 but one - to accept these performance standards is to accept mediocrity, and the level of service that New Orleanians are used to. We as a city are better than that.

The goal of performance standards should be ever-improving reliability and performance as ratepayers' hard-earned dollars are invested prudently in upkeep and improvement of our distribution system. As the old adage goes: "if you always do what you've always done, you'll always get what you've always gotten." We think it prudent that the Council and Advisors require Entergy New Orleans to be ever-improving, ever-innovating, and ever-excelling at serving the residents of New Orleans - the status quo and the history of service to the city to this point should no longer be acceptable. Incentives for performance should never be based upon meeting a minimum standard, but upon improved performance and exceeding expectations. Continuously improving performance standards are common best practices of the energy industry, and we think they are appropriate in this situation. The advisors should craft a schedule of increasing performance that can finally put Entergy on track to operating a reliable and resilient grid. We understand the impact that increasing reliability standards will have on ratepayers, which is why we propose that the standards in the resolution be adopted as a **baseline**, with improvement happening incrementally, responsibly, and not overnight.

In recent months, there has been significant media coverage of Entergy New Orleans' own estimates of restoring power to New Orleanians after specific categories of hurricanes. We urge that the Council consider an enforcement provision that establishes and codifies a requirement

for service restoration times, based on the utility’s own assessment, publicized in local media¹. For Entergy to put these numbers into the public sphere and raise expectations of our residents, especially those who may not have the resources to evacuate for a long or unknown duration, creates a duty to be held accountable for these metrics. We recommend that the Council amend the proposed resolution to include enforcement provisions regarding the time when we are all vulnerable: after the impact of a severe storm. We recommend that in addition to consequences for poor everyday reliability, fines be assessed when restoration of services following major events goes beyond Entergy estimates, because New Orleanians need to be able to plan for a return home, and that their needs will be met by a baseline of reliability from their utility, as regulated by the City Council.

As Entergy has outlined in multiple public statements, we recommend the Council hold the utility to the following timeline, with enforcement provisions where these timelines are not met.

Category 1: 7 days

Category 2: 10 days

Category 3: 14 days

Category 4: 21 days

II. FEEDER PERFORMANCE IMPROVEMENT

We commend the Council and advisors on the inclusion of language in the reliability standards specifically targeted at poor performing feeders and the requirement of a plan to improve the performance at these locations. This sort of procedure avoids “gaming the system” in performance reporting and ensures that resources are directly routed to weak links in the distribution system. We also commend the Council and advisors on the enforcement provision: the point of the “plan, budget, and schedule” for performance improvement should not be producing such a plan, but to implement that plan and measurably improve performance on the

¹ (“Category 4 Hurricane? Prepare for 21 Days Without Power, Entergy Says.” nola.com :https://www.nola.com/news/article_95f17024-0c66-11ed-a73d-dbc4ea326b63.html)

ground. We would go even further, and recommend an accelerator of enforcement fines: if the same feeder continues to underperform for years at a time, the base fine of \$500,000 annually should increase if the identified problem is not rectified in a timely fashion.

III. ALIGNING RELIABILITY AND RESILIENCE ACROSS DOCKETS

In this docket and the proposed resolution, the Council and advisors take another step in holding the utility responsible for prudent investment of residents' rates, and demanding a more affordable, resilient, and thoughtful future for the energy portfolio for Orleans Parish. In other recent dockets, including post-Ida assessment, the passage of the Renewable and Clean Portfolio Standard, and prudence review of resource costs, the Council, Utility Regulatory Office, and the advisors have taken steps to reign in what has historically been a money-making machine for the Entergy Corporation, with the bare minimum of true investment in Orleans Parish infrastructure for the benefit of those of us who live here and the most vulnerable among us. We would again like to state that the maintenance of the status quo should be unacceptable to regulators. Entergy New Orleans asking for *more* money to continue to provide the *same* level of marginal services should be unacceptable to the Council, who after all, also live here. The risk that we face as New Orleanians is codifying, and putting into perpetuity, the problems and management decisions that got us to this point.

We are encouraged to see the recently opened docket (UD-22-04) regarding Energy Efficiency, Conservation, Demand Response, and other Demand-Side Management Programs as well as Customer-Owned Distributed Energy Resources and Battery Storage. We are also encouraged to see the City of New Orleans engaging at the Louisiana Public Service Commission regarding the long-term management of Entergy as a regional entity. We heard it from Entergy themselves during Ida - we're all in this together and Orleans Parish is not a utility island. Regional considerations, system operators, and coordination among stakeholders will be essential to our home having an affordable and resilient energy future. We look forward to working with the Council on these upcoming critical dockets.

To that end, we implore the Council to identify the various mechanisms in each separate docket that may benefit from holistic oversight and consideration. We advocated for, and fully support the ongoing effort to perform a management audit of Entergy, which we think will identify many of the cross-cutting considerations and issues that must be addressed to reach this future. In the resilience and storm-hardening docket, Entergy has proposed \$1.5 billion for hardening the distribution and transmission grid--massive investments that must be evaluated under benefit-cost analysis that considers less expensive alternatives, and premised on achievement of improving, not stagnant, reliability goals. Entergy further proposes to increase these costs by seeking capitalization of operating and maintenance expenses;² this approach is out of step with best practices and only inflates the costs associated with reliability. The history of Entergy's performance does not justify extraordinary financial giveaways. The capitalization proposal reprises the recurring thread from this utility: to do the same--and often less--for more money and greater profits to its shareholders.

IV. CLOSING

We ask that the Council adopt the proposed SAIDI and SAIFI metrics, but only as a baseline, with a process included for incrementally increasing these standards as the procedures to improve performance are brought on line, and meaningful investment is made in the distribution and transmission system that the people of New Orleans pay for. We further recommend that the Council consider adopting a "recovery after storm" metric, based on Entergy New Orleans' own analysis and proposal for appropriate timelines, with enforcement provisions included. We support the feeder performance improvement process, and recommend an accelerator for fees if the same problematic feeders are identified year after year, if the "plan, budget, and schedule" measures required annually by the rule do not translate to on-the-ground measurable improvement.

Finally, we ask that the Council continue to identify cross-cutting issues of reliability and resilience across dockets, and deal with those in a more holistic fashion instead of piecemeal. Only a total-systems approach to regulatory oversight can ensure that residents of New Orleans

² July 1, 2022, Entergy New Orleans Resiliency Filing, page 11, footnote 24

and ratepayers for Entergy New Orleans are truly getting a prudent and reasonable return on their hard-earned investments through rates. Only with an integrated approach can the Council ensure that prudent management decisions and spending are aligned with a vision of a more affordable, more reliable, more resilient, and more equitable New Orleans.

In Re: ENTERGY NEW ORLEANS, INC. TO INVESTIGATE AND REMEDIATE ELECTRIC SERVICE DISRUPTIONS AND COMPLAINTS AND TO ESTABLISH MINIMUM ELECTRIC RELIABILITY PERFORMANCE STANDARDS AND FINANCIAL PENALTY MECHANISMS (Docket No. UD-17-04)

Certificate of Service Docket UD-17-04

I hereby certify that I have, on this 19th day of September 2022, served the foregoing correspondence upon all other known parties of this proceeding by USPS or electronic mail.



Logan Burke
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