


RESOLUTION
R-18-434

CITY HALL: October 4, 2018


BY: COUNCILMEMBERS MORENO, WILLIAMS, GIARRUSSO, BANKS, AND
BROSSETT

REVISED APPLICATION OF ENTERGY NEW ORLEANS, LLC FOR A CHANGE IN
ELECTRIC AND GAS RATES PURSUANT TO COUNCIL RESOLUTIONS R-15-194
AND R-17-504 AND FOR RELATED RELIEF

RESOLUTION AND ORDER ESTABLISHING A PERIOD OF INTERVENTION AND
OTHER PROCEDURAL REQUIREMENTS FOR THE CONSIDERATION OF THE
REVISED APPLICATION OF ENTERGY NEW ORLEANS, LLC FOR A CHANGE IN
ELECTRIC AND GAS RATES PURSUANT TO COUNCIL RESOLUTIONS R-15-194
AND R-17-504 AND FOR RELATED RELIEF

DOCKET NO. UD-18-07

WHEREAS, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans ("Charter"), the Council of the City of New Orleans ("Council") is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans; and

WHEREAS, pursuant to its powers of supervision, regulation and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

WHEREAS, Entergy New Orleans, LLC ("ENO") provides retail electric service and gas within the City of New Orleans; and

WHEREAS, Council Resolution No. R-17-228 directs ENO to exclude certain costs and accounting entries related to its 2017 internal restructuring from its cost of service studies in its 2018 rate case filing (*i.e.*, the Application); and

WHEREAS, Council Resolution No. R-17-504 directs ENO to include in its 2018 rate case filing certain information, the provision of which as part of ENO's filing, the Council expects may serve in the interest of economy, efficiency, and a reduction in regulatory costs as it reviews the Application; and

WHEREAS, Council Resolution No. R-18-97 directs ENO to include as part of its 2018 rate case filing (i.e. the Application) a green pricing proposal under which customers may voluntarily choose to have some or all of their electricity supplied by renewable resources; and

WHEREAS, on July 31, 2018, ENO filed its initial *Application of Entergy New Orleans, LLC for a Change in Electric and Gas Rates Pursuant to Council Resolutions R-15-194 and R-17-504 and For Related Relief* ("Initial Rate Filing"); and

Initial Rate Filing

WHEREAS, ENO's Initial Rate Filing proposed a change in electric and gas rates and new rate schedules applicable to electric and gas service; and

WHEREAS, ENO's Initial Rate Filing proposed electric rates would overall decrease its revenues by approximately \$20 million per year and proposed gas rates would overall decrease its revenues by approximately \$0.13 million per year; and

WHEREAS, according to the Company, the total net effects of the initially proposed electric rate changes on typical monthly electric bills are summarized in the following table:

Estimated Typical Monthly Electric Bill Summer (\$)					
Customer Type	Energy (kWh)	Demand (kW)	Present Rate	Proposed Rate	Difference
Residential – Legacy	1,000		\$122.11	\$126.57	\$4.46
Residential – Algiers	1,000		\$104.28	\$126.68	\$22.40
Small Electric – Legacy	10	1,825	\$242.69	\$257.62	\$14.93
Small Electric – Algiers	10	1,825	\$265.13	\$260.08	(\$5.05)
Large Electric – Legacy	250	91,250	\$9,552.67	\$8,916.46	(\$638.21)
Large Electric, HLF - Algiers	250	91,250	\$8,439.13	\$9,081.85	\$642.72

and

WHEREAS, with regard to the electric rate increase initially proposed for Algiers residential customers, the Council noted its disappointment and serious concern regarding ENO's estimated bill impact on Algiers residential customers. One of the primary functions of the Council in its utility regulatory capacity is the establishment of just and reasonable rates. The Council's initial reaction is that such a significant estimated increase will result in rate shock that is patently unacceptable and may be found to be unjust and unreasonable as filed without some form of viable mitigation measures. Accordingly, the Council indicated its intent to direct ENO to file a supplement to its Initial Rate Filing with proposed mitigation measures for the substantial Algiers residential rate increase; and

WHEREAS, in a letter dated August 15, 2018, Roderick K. West, Entergy Group President of Utility Operations, explained that ENO had decided to withdraw its Initial Rate Filing, explaining that the decision to withdraw the Initial Rate Filing was in "response to the thoughtful feedback that Entergy New Orleans has received from members of the Council of the City of New Orleans and the Council's legal and technical Advisors, particularly with regard to the need to develop a better path toward a single rate structure for all customers of Entergy New Orleans, both those residing on the East Bank of New Orleans and those residing in Algiers" and noted that ENO would refile the rate case in September; and

ENO's Revised Rate Application

WHEREAS, on September 21, 2018, ENO refiled its rate case, *Revised Application of Entergy New Orleans, LLC for a Change in Electric and Gas Rates Pursuant to Council Resolutions R-15-194 and R-17-504 and For Related Relief* ("Revised Application"); and

WHEREAS, the Revised Application states that ENO's request has three principal components: (1) a new combined electric rate structure, which realigns the revenue requirement associated with non-fuel capacity and long-term service agreements ("LTSA") from certain riders to base revenue and will recover the cost of Advanced Metering Infrastructure ("AMI"); (2) contemporaneous cost recovery riders for investments in energy efficiency/demand response (also referred to as demand-side management or "DSM"), incremental changes in capacity/LTSA costs, grid modernization investments, and for Gas Infrastructure Replacement investments and related costs; and (3) Formula Rate Plans ("FRP"), one for Electric operations which incorporates a proposed decoupling mechanism as required by the Council, and one for Gas operations; and

WHEREAS, ENO's Revised Application in this proceeding is a full base rate case with test years ending December 31, 2017 (Period I) and December 31, 2018 (Period II); and

WHEREAS, the Revised Application includes ENO's request for a change in electric and gas rates and new rate schedules applicable to electric and gas service; and

WHEREAS, ENO's Revised Application proposed electric rates would overall decrease its revenues by approximately \$20 million per year and proposed gas rates would overall decrease its revenues by approximately \$0.142 million per year; and

WHEREAS, according to the Company, the net effects of these proposed electric rate changes on typical monthly electric bills are summarized in the following table:

Estimated Typical Monthly Electric Bill (Summer) (\$)							
Customer Type	Energy (kWh)	Demand (kW)	Present Rate	Phase I Proposed Rate - August 2019	Difference	Phase II Proposed Rate - September 2021	Difference
Residential Legacy	1000		\$ 122.11	\$124.13	\$2.02	\$124.13	\$-0-
Residential Algiers	1000		\$ 104.28	\$107.93	\$3.65	\$111.69	\$3.76
Small Electric Legacy	1,825	10	\$ 242.69	\$252.62	\$9.93	\$252.62	\$-0-
Small Electric Algiers	1,825	10	\$ 265.13	\$247.27	(\$17.86)	\$247.27	\$-0-
Large Electric Legacy	91,250	250	\$9,552.67	\$9,213.95	(\$338.72)	\$9,213.95	\$-0-
Lg. Elec. - HLF Algiers	91,250	250	\$8,439.13	\$9,236.05	\$796.92	\$9,192.81	(\$43.24)

and

WHEREAS, according to the Company, the net effects of these proposed gas rate changes on typical monthly gas bills are summarized in the below table:

Estimated Typical Monthly Gas Winter				
Customer Type	Consumption	Present Rate	Proposed Rate	Difference
Residential	100 ccf	\$82.11	\$81.24	(\$0.87)
Commercial	50 mcf	\$428.66	\$414.00	(\$14.66)
Industrial	1,000 mcf	\$6,944.09	\$6,876.56	(\$67.53)

And

ENO's Request for Relief

WHEREAS, ENO requests the following relief in its Application:

1. That the Council issue an order confirming that Entergy New Orleans' filing, including its Application is in substantial compliance with the Minimum/Standard Filing Requirements;
2. That the Council direct that notice of all matters in these proceedings be sent to Gary E. Huntley and Alyssa Maurice-Anderson, as representatives of ENO;
3. That the Council find that the change in electric and gas rates described herein, but more particularly and specifically described in the testimony and exhibits of the witnesses attached hereto and made part hereof, is in the public interest, will result in just and reasonable rates and, subject to the terms and conditions to be established hereby, fully complies with Louisiana law and the ordinances of the Council;
4. That the Council take official action to grant the Company's request for a change in electric and gas rates, and such other specific requests for which the Company seeks approval herein, including but not limited to the following:
 - a. approving the Company's proposed depreciation rates so that the return of capital may be synchronized to the service life of the plant used to provide customers electric service;
 - b. approving the Company's proposed electric and natural gas formula rate plans;
 - c. approving the other new and revised riders proposed by ENO;
 - d. approving after receiving the Company's supplemental application, the new customer service and billing offerings proposed by the Company;

- e. approving the withdrawal of certain rate schedules, as well as the new and modified rate schedules;
 - f. approving ENO's recovery of costs associated with the five grid modernization projects proposed in the filing for such projects closing to plant after December 31, 2019, and approves the regulatory review process proposed for use with future grid modernization projects;
 - g. approving the Company's proposed modifications to ENO's Service Regulations Applicable to Electric and Gas Service;
5. That the Council adopt for application in this proceeding its Official Protective Order as set forth in Resolution R-07-432, or provide for such other appropriate protection for any confidential information to be produced in this proceeding;
 6. That the Council approve the proposed procedural schedule allowing for ENO to provide supplemental information regarding its new offerings;
 7. That the Council grant all other Orders and decrees as may be necessary, and for all general and equitable relief that the law and the nature of the case may permit; and

Minimum Filing Requirements

WHEREAS, pursuant to Chapter 158 of the Code of the City of New Orleans ("City Code"), when a utility files an application to change rates or services, the application must satisfy certain Minimum Filing Requirements ("MFR"), which requirements provide the information necessary to permit a thorough analysis of the utility's application; and

WHEREAS, ENO states that its Revised Application comports with the MFRs and requests an order confirming that ENO's filing, including its Revised Application is in substantial compliance with the MFRs. However, out of abundance of caution, to the extent that the Council

determines that ENO's filing does not meet the referenced MFRs, pursuant to Section 158-48, of the City Code, the Company requests waiver of such requirements. Alternatively, ENO requests that a reasonable opportunity to remedy any such deficiencies be granted by the Council; and

WHEREAS, the Council wants ENO to comply with the MFRs and will provide ENO a reasonable opportunity to remedy any deficiencies thereof. Further, the Council directs the parties to the instant docket to attempt to amicably resolve any disputes as to whether the Revised Application is in compliance with respect to the MFRs; and

Procedural Matters

WHEREAS, Section 158-91 of the City Code establishes that the Council shall have 12 months from its acceptance of the utility's filing within which to review the filing and to render a determination as to the proper rates to be charged by the utility and if the Council has not made this determination by 12 months plus one day after the date of acceptance, the rates as submitted by the utility in the accepted filing shall become effective subject to refund; and

WHEREAS, ENO addressed the Council's concern that had ENO not withdrawn its initial rate filing and the case been determined within applicable time limits under Section 158-91 of the Code of the City of New Orleans, the proposed decrease in ENO's rates would become effective with the first billing cycle of August 2019. In order to ensure that customers receive potentially lower rates at that same time but without compressing the Council's twelve-month review period, ENO commits that rates ultimately approved by the Council in this proceeding will be effective as of the first billing cycle August 2019 even though a Council decision may not be issued by that time. The Council will direct ENO to make such necessary adjustments to customer bills to reflect the appropriate amounts due to reflect the approved rates retroactively to the first billing cycle of August 2019; and

WHEREAS, it is the Council's desire to establish a procedural schedule that will allow the parties to this proceeding to rigorously investigate the Application, conduct discovery, file testimony and otherwise establish a record upon which the Council may use to render a determination as to the proper rates to be charged by ENO not later than September 20, 2019;

WHEREAS, it is also the Council's desire to ensure that ENO and other parties to this proceeding provide fully responsive and timely discovery responses. In this regard, the Council notes that any party that fails to provide fully responsive and timely discovery responses will be subject to appropriate sanctions including financial penalties; now therefore:

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS

THAT:

1. The Company's Application shall be reviewed in a new docket designated as Docket No. UD-18-07.
2. The Honorable Jeffrey Gulin is appointed the Hearing Officer to preside over the proceedings in this docket, including the conduct of the evidentiary hearing, scheduling, handling discovery, motions, assembling and transmitting the record to the Council at the close of the hearing without a report or recommended findings. For good cause shown and as required by the circumstances of the proceedings, the Hearing Officer shall have the authority to change or amend the dates established in the schedule set forth below. Provided, however, the record of these proceedings must be certified to the Council in time that the Council can make a decision on the merits of the Application 12 months after the date of acceptance of the filing. Said acceptance occurs on the 15th day after filing if the Council finds no deficiencies in the Application.

3. ENO is directed to expeditiously remedy any deficiencies in the Application related to the MFRs that may be properly identified in accordance with City Code Section 158-91(a). In the event of a dispute regarding such deficiencies, the dispute may be referred to the Hearing Officer or appealed to the Council.
4. ENO, and the Council's Advisors are designated parties to these proceedings. Gary E. Huntley and Alyssa Maurice-Anderson are specifically designated as representatives of ENO.
5. A period of 30 days from the adoption of this Resolution is established for interventions in this docket. Persons desiring to intervene shall do so by filing a motion to intervene with the Clerk of Council, with a copy submitted to Director, Council Utilities Regulatory Office ("CURO"), Room 6E07 City Hall, 1300 Perdido Street, New Orleans, LA 70112. The Council's requirements for motions to intervene may be found in the City Code (which is available on the Council's website) at sections 158-236, 158-240, 158-286, 158-287, 158-288, 158-322, and 158-324. All fees associated with the filing of interventions in this proceeding are hereby waived, in accordance with Section 158-286 of the City Code. Objections to motions to intervene shall be filed within 7 days of such requests. Timely-filed motions to intervene not objected to within that time period shall be deemed GRANTED.
6. A period of discovery is established herein, and it shall extend from the date of the adoption of this Resolution through 8 calendar days prior to the date of the Evidentiary Hearing. Discovery requests must be made in time that responses may be received prior to the close of the discovery period. Responses to data requests shall be made on a rolling basis and shall be due in hand within 10 calendar days of receipt. Parties are

- encouraged to submit their data requests and responses electronically, where appropriate. Objections to data requests shall be filed within 5 calendar days of receipt.
7. The parties are encouraged to attempt to resolve their discovery disputes amicably prior to seeking the intervention of the Hearing Officer or appealing to the Council.
 8. To the extent technical conferences or settlement negotiations are required, they are to be arranged by the parties with the assistance of the Hearing Officer, if necessary.
 9. It is anticipated that during discovery, the parties may be required to produce documents or information that is deemed confidential and/or highly sensitive and, accordingly, the Council adopts for use in this docket its Official Protective Order adopted by Resolution R-07-432, a copy of which can be obtained from the Council Utilities Regulatory Office.
 10. In light of the anticipated considerable public interest in this particular proceeding, interested persons wishing to receive email notices of any public meetings or public hearings regarding the Application shall submit their email addresses to CURO at espears@nola.gov, bfmason1@nola.gov and careed@nola.gov, and following which CURO will forward such notices of public meetings or public hearings to the persons who submit their email addresses.
 11. To the extent that the City Clerk's office closes before 5:00 pm on the date of any deadline contained herein, the deadline shall be extended to the next business day.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS THAT the following procedural schedule is hereby adopted:

1. Direct Testimony of Intervenors shall be filed not later than December 7, 2018.
2. Direct Testimony of Advisors shall be filed not later than February 1, 2019.

3. Intervenor Cross-Answering Testimony shall be filed not later than February 22, 2019.
4. Rebuttal Testimony of ENO shall be filed not later than March 15, 2019.
5. Surrebuttal Testimony of Intervenors and the Advisors shall be filed not later than April 12, 2019.
6. Rejoinder Testimony of ENO shall be filed not later than May 10, 2019.
7. The evidentiary hearing shall be conducted on June 10 - 14, 2019.
8. The Hearing Officer is to certify the record of these proceedings to the Council not later than June 21, 2019.
9. Initial briefs shall be filed not later than July 3, 2019.
10. Reply briefs shall be filed not later than July 19, 2019.
11. The rates approved in this proceeding will be effective as of the first billing cycle August 2019 even though a Council decision may not be issued by that time. ENO shall make the necessary adjustments to customer bills retroactively to the first billing cycle of August 2019 to reflect the appropriate amounts due based on the Council approved rates.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED

ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:

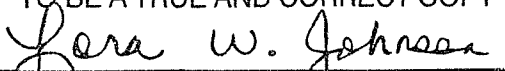
YEAS: Banks, Brossett, Giarrusso, Gisleson Palmer, Moreno, Nguyen, Williams - 7

NAYS: 0

ABSENT: 0

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY


CLERK OF COUNCIL