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November 7, 2022

Via Electronic Delivery

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

**Re: IN RE: SYSTEM RESILIENCY AND STORM HARDENING
Council Docket No. UD-21-03**

Dear Ms. Johnson:

Attached please find the Comments of Entergy New Orleans, LLC (“ENO”) for filing in the above-referenced docket. ENO makes this filing pursuant to Resolution 22-411 issued by the Council for the City of New Orleans. Thank you for your assistance in this matter, and please let me know if you have any questions or concerns.

Sincerely,



Edward R. Wicker, Jr.

ERW/jlc

cc: Official Service List (UD-21-03)

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

IN RE: SYSTEM RESILIENCY AND) DOCKET NO. UD-21-03
STORM HARDENING))

COMMENTS OF ENTERGY NEW ORLEANS, LLC

Entergy New Orleans, LLC (“ENO” or “the Company”) submits these comments in compliance with the requirements of Resolution No. R-22-411 (“Resolution”) issued by the Council for the City of New Orleans (“Council”). The Company appreciates the opportunity to provide these comments.

INTRODUCTION

On July 1, 2022, the Company made its Resiliency and Storm Hardening Filing (“Filing”) presenting a preliminary set of projects expected to further strengthen the electric grid considering the more frequent and intense storm events impacting New Orleans and the surrounding region. Given those extreme weather events, and the increasing dependence of customers on connectivity and electricity, the need to construct incrementally more resilient and hardened infrastructure in New Orleans cannot be overstated. In fact, since the Company’s Filing, yet another hurricane season has underscored the potential value of undertaking the comprehensive investment the Company has presented.

In late September 2022, Hurricane Ian made landfall in Florida as a strong Category 4 storm. Resiliency investments made over a number of years helped to prepare Florida for the storm. In 2006, the Florida Public Service Commission (“FPSC”) enacted rules requiring electric utilities to develop storm protection plans. In 2019, the Florida legislature codified that

requirement and, under the statute,¹ utilities are allowed to recover the costs of approved plans through a charge separate and apart from base rates. During Hurricane Ian, the storm protection investments by affected utilities, which consist primarily of the hardening of poles and wires that deliver energy to customers, appear to have had a favorable impact on the pace of restoration efforts.²

In its Filing, ENO presented a preliminary set of projects for New Orleans, seeking to accelerate the hardening and resiliency of its grid considering more frequent and intense storms. The City of New Orleans (“City”) and Together New Orleans (“TNO”) also made proposals in this docket.³ As discussed further herein, TNO has proposed “resiliency hubs” at various churches and community centers throughout New Orleans,⁴ and the City has proposed broad categories of resiliency and hardening objectives, microgrid(s) and other distributed energy resource options, and other programs.⁵ The Company has proactively engaged in initial discussions with the City and TNO about their proposals, including how they may complement the projects in the Company’s Filing.⁶ More discussions are needed; however, the Company

¹ See Florida Statutes Section 366.96.

² Florida utilities have spent several billion dollars on resiliency over the past two decades to harden their distribution and transmission systems. https://www.nola.com/news/hurricane/article_1976b31e-4682-11ed-b5eb-379f2f974956.html (“Florida has spent years hardening its electric grid, investing billions into stronger poles, buried power lines and elevated substations.”; “Florida chose to overhaul its grid planning after taking a beating from hurricanes in the early 2000s, making several changes to rules and laws governing utilities. It also invested billions in storm hardening, costs billed to ratepayers.”).

³ Prorate Energy (“Prorate”) also submitted a proposal, which focused on rate design. The Council determined that its proposal “would be most properly considered” in a separate docket. Resolution, p. 4 (“[B]ecause time-of-use rates are primarily a demand response measure rather than a storm hardening and storm resiliency measure, the Council finds that time-of-use rate proposals [from Prorate] would be most properly considered in the new rulemaking docket the Council is establishing concurrently with the issuance of this Resolution rather than in this proceeding[.]”).

⁴ TNO Proposal to the Infrastructure Investment and Jobs Act (“IIJA”) Joint Council and Legislative Committee, dated July 26, 2022.

⁵ City Proposal, dated July 1, 2022.

⁶ More generally, ENO also has engaged with certain city and state entities (*e.g.*, the Office of Resilience and Sustainability, the Coastal Protection and Restoration Authority, the Governor’s Office of Homeland Security and Emergency Preparation, and the DOTD) regarding resiliency and related issues.

believes there are opportunities to continue to work together to develop an overall resiliency strategy for New Orleans.⁷

In furtherance of this collaborative approach, the Resolution seeks the following:

(1) each party's assessment of which of the resiliency proposals are likely to provide the greatest benefits to ratepayers and the community and how the proposals should be prioritized; (2) to what extent the costs of the proposals should be ratepayer-funded and what an appropriate ratepayer bill impact would be for a master resiliency plan; (3) how the various ongoing energy resiliency efforts in the City can be successfully integrated with utility efforts into a comprehensive master resiliency plan; and (4) what additional elements should be included in a master resiliency plan for the City.⁸

While the Company addresses each of these items herein, the comments reflect the fact that the Company is in the early stages of working with the City and TNO, among others, to consider a master resiliency plan. As the parties continue working together under the procedural schedule,⁹ the Company expects to learn and develop additional information, which likely will be the subject of consideration and discussion in future comments. The Company looks forward to continuing this process.

COMMENTS

1. Overview of the Proposals

A master resiliency plan for New Orleans should carefully consider how each proposal would fit within a larger resiliency effort (*i.e.*, how the effort would help the electric system better prepare for, respond to, and recover from major weather events). The Company is

⁷ As for parties that have not submitted a proposal, the Company is also open to engaging with them to work towards shaping a master resiliency plan.

⁸ Resolution, p. 6, Order 3(a).

⁹ Resolution, p. 6, Order 3(b)-(e) (providing for additional comment periods and technical conferences).

currently undertaking this process with TNO and the City.

In its Filing, the Company proposed to strengthen more than 33,000 structures and nearly 650 line-miles through 890 hardening projects across its distribution and transmission systems. The Company proposed to construct these projects over a 10-year period, at an estimated cost of \$1.3 billion, with the expectation that the projects would provide approximately \$2.6 billion in benefits to its customers over the next 50 years in a more intense storm future, including more than \$461 million in avoided restoration costs and approximately 8.3 billion avoided customer minutes interrupted (at an estimated value of over \$2.1 billion) following major weather events.¹⁰ This type of comprehensive hardening is necessary to strengthen the electric grid against storms for all New Orleanians by providing an enhanced, resilient backbone and undertaking the additional resiliency efforts that have been proposed.

In addition to the comprehensive hardening, the Company presented six potential microgrids, powered by batteries and other sources and serving broad areas such as hardened distribution feeders in the event of storm outages, with planning-level details of their costs potentially reaching over \$200 million.¹¹ The Company's proposed microgrids are not a substitute for strengthening its electric infrastructure. Both sets of projects complement each other to enhance local resiliency. As noted above, the Company's hardening projects would strengthen the electric grid to the benefit of all customers. They also would provide a foundation for the Company to test new technologies in the form of the proposed microgrids as part of an innovative resiliency strategy for New Orleans.

The Company has had preliminary discussions with TNO and the City about their

¹⁰ The distribution and transmission projects were attached as Exhibit A to the Company's Filing.

¹¹ The microgrid projects were attached as Exhibit B to the Company's Filing.

resiliency proposals. The Company understands that TNO intends to create “resiliency hubs” at various churches and community centers in New Orleans, to be powered by rooftop solar panels and batteries in the event of an outage after a storm, where residents can seek to cool off and charge their phones, among other things. The Company was pleased to hear from the TNO consultants that they have successfully developed and deployed “resiliency hubs” in other states using similar technology and design. While the Company has not reached any conclusions about the feasibility of TNO’s proposal, it looks forward to continuing discussions with TNO regarding the role that the proposed “resiliency hubs” can play in an overall resiliency plan.

With regard to the City’s proposal, the Company understands that the City wants to work in close coordination with the Company on several broad categories of resiliency and hardening objectives.¹² The Company historically has and will continue to work closely with the City on such issues. In fact, certain proposed hardening projects in the Company’s Filing appear to encompass some of the City’s objectives.¹³ The City’s proposal also includes potential opportunities for microgrids,¹⁴ rooftop solar, community solar, generator readiness projects,¹⁵ resiliency programs with TNO, and clean energy programs.¹⁶ In terms of a master resiliency plan, these opportunities require further discussion. As a preliminary matter, however, the Company shares the City’s interest in considering microgrids and TNO’s “resiliency hubs” as components of a comprehensive resiliency strategy.

¹² The City’s broad categories include consideration of upgraded construction standards, protecting Company assets with flood mitigation, strategic undergrounding, vegetation removal, backup power efforts, and modernizing Company assets. City Proposal, pp. 1-2.

¹³ The distribution and hardening projects in the Company’s Filing focus on, among other things, upgrading standards, protecting and modernizing Company assets, and undergrounding lines where feasible and cost effective.

¹⁴ The City estimates “approximately \$25 million per Microgrid location.” City Proposal, p. 3.

¹⁵ The Company already has performed the generator readiness projects in the City’s proposal, having installed backup power at 15 critical community sites where residents can seek respite in the event of outages during storm events. City Proposal, p. 3.

¹⁶ City Proposal, pp. 3-5.

2. Ratepayer Funding and Bill Impact

As with other utility investments, the costs that ENO may prudently incur for resiliency projects that the Council finds to be prudent and in the public interest will be recovered from ENO's customers. TNO and the City are best suited at this time to discuss the associated costs and recovery of their proposals. Moreover, the Company is not yet in a position to comment on an "appropriate ratepayer bill impact"¹⁷ for a master resiliency plan, which is currently under consideration and development. Bill impact, however, cannot be determined in isolation. ENO's objective is to implement a comprehensive resiliency plan for New Orleans while keeping in mind and carefully managing the rate impacts for its customers.¹⁸

The Company's preliminary set of hardening and microgrid projects totals approximately \$1.5 billion, and whatever final plan is ultimately selected, ENO is entitled to a reasonable opportunity to recover its prudently-incurred costs.¹⁹ Given the large capital investment involved in implementing a resiliency plan and ENO's small size and risk profile, it is essential that ENO recover its investment in a timely manner. The Company's proposed Resiliency Rider is consistent with the regulatory treatment adopted in other jurisdictions. For example, Section 366.96(7) of the Florida Statutes requires the FPSC to set rider rates to recover the cost of Florida utilities' resiliency projects. Similarly, in its Filing, the Company proposed to

¹⁷ Resolution, p. 6, Order 3(a).

¹⁸ *City of Plaquemine v. Louisiana Pub. Serv. Comm'n*, 282 So. 2d 440, 442-443 (La. 1973) ("The entire regulatory scheme, including increases as well as decreases in rates, is indeed in the public interest, designed to assure the furnishing of adequate service of all public utility patrons at the lowest reasonable rates consistent with the interest both of the public and of the utilities.").

¹⁹ *South Cent. Bell Tel. Co. v. Louisiana Pub. Serv. Comm'n*, 594 So. 2d 357, 366 (La. 1992) ("Under that principle, South Central Bell is entitled to be compensated for all prudent investments at their actual cost when made (their 'historical' cost) irrespective of whether individual investments are deemed necessary or beneficial in hindsight; and the utility is entitled to the presumption that the investments were prudent, unless the contrary is shown.").

recover the costs of its proposed projects from customers through a Resiliency and Storm Hardening Cost Recovery Rider (“Resiliency Rider”).²⁰

In its Filing, ENO provided a high-level analysis to estimate the rate impacts of its proposed distribution and transmission hardening projects on all customers over the 10-year period of the projects in terms of the projected cumulative revenue requirement, and on the typical residential customer using 1,000 kWh per month.²¹ The Company intends to apply for federal funds that may offset ENO’s resiliency proposal’s costs to benefit customers. By way of example, ENO has been monitoring the release of funding opportunities pursuant to the IJA from the Department of Energy (“DOE”) relative to resiliency. On August 30, 2022, a Request for Information (“RFI”) and draft Funding Opportunity Announcement (“FOA”) on the Grid Resilience and Innovative Partnership Program (“GRIP”) was issued by the DOE. GRIP includes three resiliency programs: Section 40101(c), grid resiliency grants (\$2.5 billion); Section 40107 smart grid grants (\$3 billion); and Section 40103(b), grid innovation program (\$5 billion). The DOE, however, has indicated that the maximum grant size amounts are \$100 million, \$30 million, and \$250 million, respectively.

On October 14, 2022, consistent with its active engagement in the processes accompanying the available federal funding opportunities, ENO filed comments to the RFI, which will shape the requirements of the FOA. The DOE has indicated that the final FOA, with guidelines for submitting a concept paper and an application, will be released later in November

²⁰ The proposed Resiliency Rider is attached as Exhibit C to the Company’s Filing.

²¹ ENO provided the projections in its Filing solely to foster discussion among the Council and parties in this collaborative process. The projections did not account for the myriad of factors that could affect ENO’s revenue requirement and customer bills many years into the future, such as interest rate changes, load growth, income tax rate changes, volatile fuel costs, and new technologies. Accordingly, the projections were speculative and became increasingly uncertain in the later years of the 10-year period. The projections, moreover, did not include any estimated costs and benefits associated with the microgrid projects, given the need for further consideration and evaluation of those options.

2022. While the DOE has not indicated when concept papers will be due, ENO understands that application submittal for the final FOA will not take place until the first or second quarter of 2023. ENO intends to submit a concept paper, and, if accepted by the DOE, to apply for resiliency programs under GRIP as well as other federal grants under the IIJA. ENO will keep the parties and other key stakeholders informed regarding its efforts to secure federal funding for resiliency.²²

3. Integrating the City’s Proposal into a Master Resiliency Plan

The Company previously discussed the City’s proposal and the need for additional meetings to further explore the proposal and a master resiliency plan. As a preliminary matter, however, there may be potential opportunities to consider integrating aspects of the City’s proposal into a master resiliency plan. By way of example, and subject to further discussions, certain of the City’s resiliency and hardening objectives²³ may play a role in the development of a master resiliency plan. In addition, the City’s discussion of microgrids and TNO’s “resiliency hubs” may play a role as well. The Company looks forward to additional meetings with the City (and other stakeholders) to discuss an overall resiliency strategy for New Orleans.

4. “Additional Elements” for a Master Resiliency Plan

ENO takes seriously its obligation to provide customers with safe and reliable electric service at the lowest reasonable cost. The Company’s preliminary set of projects is expected to

²² While the IIJA resiliency programs are a high priority, ENO will continue to pursue other funding opportunities from the federal government as they become available and align with the Company’s resiliency goals. Recently, ENO, in coordination with The Governor’s Office of Homeland Security and Emergency Preparedness, and together with Entergy Louisiana, LLC, submitted grant applications to the Federal Emergency Management Agency (“FEMA”) requesting funding for projects to enhance the resiliency of the electric grid through FEMA’s Building Resilient Infrastructure and Communities (“BRIC”) Program. One of the projects submitted for consideration includes strengthening the overhead distribution lines from the Derbigny substation, which serves portions of New Orleans, to withstand winds up to 140 miles per hour.

²³ City Proposal, pp. 1-2.

reduce restoration costs and customer minutes interrupted following a major weather event. The Company continues to engage with various customers and community groups and representatives (*e.g.*, the City, TNO, Port of New Orleans, large commercial customers, residential groups, etc.) regarding resiliency and related issues through community meetings, one-on-one meetings, and attending neighborhood and other organizational meetings in order to solicit and further understand community needs and priorities. For New Orleans to be truly resilient, however, it will require more than just a strong electric grid. It will also require consideration of “additional elements”²⁴ such as building code standards, urban planning, elevation requirements, water management, and coastal restoration. To the extent the Council and Advisors wish to consider these other issues in an overall resiliency strategy, the Company is interested in collaborating as part of wider efforts to develop and pursue a community approach to resiliency.


²⁴ Resolution, p. 6, Order 3(a).

CONCLUSION

ENO appreciates the opportunity to submit these comments and will review those submitted by other parties. The Company looks forward to continuing this process with the parties, the Advisors, the Council, and other stakeholders.

Respectfully submitted,

By:



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**ATTORNEYS FOR
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CERTIFICATE OF SERVICE

Docket No. UD-21-03

I hereby certify that I have served the required number of copies of the foregoing report upon all other known parties of this proceeding, by the following: electronic mail, facsimile, overnight mail, hand delivery, and/or United States Postal Service, postage prepaid.

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New Orleans, Louisiana, this 7th day of November, 2022



Edward R. Wicker, Jr.