

RESOLUTION

NO. R-22-482

CITY HALL: November 3, 2022

BY: COUNCILMEMBERS MORRELL, MORENO, GIARRUSSO, KING AND THOMAS

RESOLUTION AND ORDER ESTABLISHING A DOCKET AND PROCEDURAL SCHEDULE WITH RESPECT TO THE APPLICATION OF ENTERGY NEW ORLEANS, LLC FOR CERTIFICATION OF COSTS RELATED TO HURRICANE IDA

DOCKET UD-22-05

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, Entergy New Orleans, LLC ("ENO" or "the Company") is a public utility providing electric and natural gas service to all of New Orleans; and

WHEREAS, ENO is a wholly owned subsidiary of Entergy Utility Holding Company, LLC. ENO, and four other Entergy subsidiaries, Entergy Arkansas, LLC, Entergy Louisiana, LLC, Entergy Mississippi, LLC, and Entergy Texas, Inc. are the Entergy Operating Companies ("EOCs"); and

WHEREAS, Hurricane Ida struck the Louisiana Gulf Coast during the morning of Sunday, August 29, 2021, initially bringing tropical storm force winds to the greater New Orleans area; and

WHEREAS, as Hurricane Ida moved inland, windspeeds experienced in the City and the metro area intensified and power outages began; and

WHEREAS, by 7:00 p.m. Sunday evening, all power in Orleans Parish was lost due to “catastrophic damage” to eight transmission lines which bring in power generated outside of the City; and

WHEREAS, in all, Hurricane Ida’s high winds and heavy rains caused significant destruction to the electric grid in and around New Orleans, ultimately resulting in a total of 208,988 outages for ENO at its peak; and

WHEREAS, on June 24, 2022, ENO filed its *Application for Certification of Costs Related to Hurricane Ida* (“Application”); and

WHEREAS, the Application stated the Company incurred \$169.6 million of Hurricane Ida Storm cost through May 31, 2022 (“Total Storm Costs”); and

WHEREAS, the Total Storm Costs do not include estimated carrying charges through December 31, 2022 of \$9.4 million, as estimated by ENO in the Application; and

WHEREAS, the Application stated that ENO withdrew the remaining balance of approximately \$38.8 million from the securitized storm reserve escrow account on September 17, 2021, to assist in funding Hurricane Ida storm restoration; and

WHEREAS, the Application recognized that the Company’s storm reserve withdrawals in March of 2021 exceeded actual costs of Hurricane Zeta and the aggregated previously-unrecovered costs of miscellaneous smaller storms by a net of \$7.5 million; and

WHEREAS, in the Application, ENO requested the Council find that the approximately \$38.8 million in Hurricane Ida securitized storm reserve escrow withdrawals and the \$7.5 million excess storm reserve escrow withdrawals related to Hurricane Zeta and prior miscellaneous storms be applied against Hurricane Ida storm restoration costs, thereby reducing the amount needed to be recovered from ENO customers prospectively by \$46.3 million; and

WHEREAS, ENO is requesting that the Council approve and certify its Total Storm Costs as reasonable, necessary, and prudently incurred; and

WHEREAS, it is the Council's desire to receive input on matters related to Hurricane Ida and ENO's practices related to major storms and its storm reserves, including, a) whether the restoration costs presented in the ENO Application are accurate, reasonable, and necessary to rebuild ENO's electric infrastructure and to restore power to its customers, b) what restoration costs incurred by or on behalf of ENO following Hurricane Ida are appropriately recoverable, c) what restoration costs, if any, were already recovered or are being recovered in retail rates, other rate mechanisms, or sources of funding, d) what carrying charges related to recoverable restoration costs are reasonable and appropriate, e) the most appropriate means of cost recovery of any such recoverable costs, and f) the appropriate disposition of any funds withdrawn from the storm reserve fund escrow accounts in excess of costs properly recoverable through such withdrawals; and

WHEREAS, it is the Council's desire to open **Docket UD-22-05** and to establish a procedural schedule that will allow the parties to this proceeding ("Parties") to evaluate the ENO Application, conduct discovery, file comments, and otherwise establish a record which the Council may use to render a determination as to the costs incurred by the Company to restore its facilities following Hurricane Ida; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the ENO Application herein shall be reviewed pursuant to the following procedure:

1. The ENO Application shall be reviewed and identified as **Council Docket UD-22-05**.
2. Jeffery S. Gulin shall be appointed the Hearing Officer to preside over this inquiry pursuant to the City of New Orleans Code of Ordinances. In presiding over the inquiry, the Hearing Officer is directed to administer the proceedings and for good cause shown and as required by the circumstances of the proceedings and as discussed herein, the Hearing Office^{3r} shall have the authority to change or amend the dates established set forth herein.
3. ENO is designated as a party to these proceedings.

4. The Council's Advisors are directed to fully participate in the proceeding, including conducting discovery, to ensure that the Council's objectives for this docket are achieved.
5. Stakeholders desiring to intervene shall file a motion to intervene with the Clerk of Council within 30 days from the adoption of this Resolution **or by Wednesday, November 23, 2022**, with a copy submitted electronically to Bobbie Mason (bfmason1@nola.gov). The Council's requirements for motions to intervene may be found in the City Code 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 5 days of such requests. Timely-filed motions to intervene not objected to within that time period shall be deemed **GRANTED**.
6. A discovery period will commence upon adoption of this Resolution and the Council orders that all responses to discovery shall be made on a rolling basis and shall be due within 15 calendar days of receipt. Parties are encouraged to submit their data requests and responses electronically, where possible. Objections to data requests shall be filed within 5 calendar days of receipt. All parties are strongly encouraged to provide complete, unambiguous, and non-evasive responses to requests for information. Failure to do so could cause unnecessary discovery disputes and may disrupt the procedural schedule outlined herein. 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. The discovery deadline shall be 15 days prior to the deadline for the submission of the Advisors' Report to the Council.
7. All discovery and related dates are to be strictly adhered to by the Parties, and enforced by the Hearing Officer, unless there is a compelling reason for allowing late responses. If despite this admonition, the Hearing Officer allows late discovery responses, he/she is directed to alleviate any prejudice suffered by any Party due to the late responses, including through adjustments to the procedural schedule. Continued dilatory tactics by the Parties in the discovery process are strongly discouraged.
8. The Intervenors are directed to file comments or testimony, if they choose to do so, by **Tuesday, July 11, 2023**.
9. The Advisors are directed to report their findings in the form of a written report ("Report") or sworn testimony. The Report or testimony shall address: a) whether the restoration costs presented in the ENO Application are accurate, reasonable, and necessary to rebuild ENO's electric infrastructure and to restore power to its customers, b) the Advisors' recommendation as to what restoration costs, if any, are appropriately eligible for recovery from the ENO customers, c) the Advisors' recommendation as to what restoration costs, if any, were already recovered or are being recovered in retail rates, other rate mechanisms, or sources of funding, and therefore not properly recoverable, d) the Advisors' recommendation as to what carrying charges related to recoverable restoration costs are reasonable and appropriate and therefore recoverable, e) the Advisors' recommendation as to the

disposition of any funds withdrawn from the storm reserve fund escrow accounts in excess of costs properly recoverable through such withdrawals, and f) any additional issues that the Advisors may find germane to the issues raised by the ENO Application, which may include ENO's methodologies for categorizing costs as either capital or O&M and ENO's recovery through storm reserve escrow withdrawals of costs related to other storms and weather events.

10. The Advisors shall file their Report or testimony on or before **Tuesday, August 15, 2023**.
11. For good cause shown and as required by the circumstances of the proceedings and as discussed herein, the Hearing Officer shall have the authority to change or amend the dates established set forth herein.
12. The Hearing Officer shall certify the record to the Council for consideration no later than **Tuesday, August 29, 2023**.
13. It is anticipated that during discovery, the Parties may be required to produce documents or information 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 ("CURO").
14. Given the limited scope of the ENO Application with regard to regulatory issues involved and the limited and strictly defined time frame of the costs to be evaluated, ENO's requests for waivers of the Minimum Filing Requirements as defined in Chapter 158, Division, 1, Section 158-41, *et seq.* of the New Orleans City Code are hereby approved.

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

ORLEANS, That in the event the Council finds an evidentiary hearing or any further administrative proceedings are necessary, the Council may establish additional dates within the procedural schedule in this docket.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.