

ENTERGY NEW ORLEANS, INC.
CITY OF NEW ORLEANS
Docket No. UD-16-02

Response of: Entergy New Orleans, Inc.
to the First Set of Data Requests
of Requesting Party: Alliance for Affordable
Energy

Question No.: AAE 1-2

Part No.:

Addendum:

Question:

Please provide all documents relied upon by Gary Huntley to support his statement made on June 30, 2016 meeting of the UCTTC in reference to the EPC contract: “We do not have a contract with them, everything is subject to the approval of this body. So we have not gone out, and have not done that.” See video of June 30th meeting of the UCTTC available online at:
http://www.nolacitycouncil.com/video/video_legislative.asp.

Response:

AAE 1-2 does not provide context for Mr. Huntley’s statements. Mr. Huntley was attempting to explain that no contract had been executed that would bind the Council and ENO’s customers for the cost of constructing the CT, unless and until the Council approves the CT. That is, ENO has no obligation to the EPC contractor unless Council approval is given. As the Company’s Application for Approval to Construct New Orleans Power Station states, a construction project like NOPS represents a substantial undertaking, and the Company lacks the in-house capability necessary to execute the engineering, procurement and construction for such a project.¹ Engaging an EPC contractor who can perform all of these functions under a single contract is cost effective and common within the power industry for such projects.

EPC Contractors like CB&I, however, have a market for their services and experience normal market pressures just like any other company, and cannot hold a potential deal open for an indeterminate amount of time at a locked-in price given the demand for its resources and inflationary pressures in the market. Having a locked-in price provides certainty around costs, which is a benefit for our customers. As such, the Company has entered into a preliminary agreement with CB&I in order to ensure that construction can begin if and when Council approval is given, but that agreement is subject to regulatory approval. Thus, the agreement is not binding should the Council not approve the Construction of NOPS. Please see Application for Approval to Construct New Orleans Power Station, filed June 20, 2016.

¹ See Direct Testimony of Jonathan E. Long, at 20.