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September 19, 2022

**Via Electronic Delivery**

Lora W. Johnson, CMC, LMMC  
Clerk of Council  
Room 1E09, City Hall  
1300 Perdido Street  
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***  
***CNO Docket No. UD-17-04***

Dear Ms. Johnson:

Please find enclosed for your further handling Entergy New Orleans, LLC's ("ENO") Comments in Response to the Resolution Proposing Minimum Reliability Performance Standards for Electric Distribution with Associated Penalties for Substandard Performance, which is being submitted for filing in the above-referenced docket. As a result of the remote operations of the Council's office related to COVID-19, ENO submits this filing electronically and will submit the requisite original and number of hard copies once the Council resumes normal operations, or as you direct. ENO requests that you file this submission in accordance with Council regulations as modified for the present circumstances.

Thank you for your assistance with this matter.

Sincerely,



Timothy S. Cragin

/TSC

Enclosure

cc: Hon. Helena N. Moreno  
Hon. Jean Paul Morrell  
Hon. Joseph Giarrusso III  
Hon. Lesli Harris  
Hon. Freddie King III.  
Hon. Eugene Green  
Hon. Oliver Thomas  
Official Service List (UD-17-04)

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

<b>RESOLUTION DIRECTING</b>	)	
<b>ENTERGY NEW ORLEANS, INC. TO</b>	)	
<b>INVESTIGATE AND REMEDIATE</b>	)	
<b>ELECTRIC SERVICE DISRUPTIONS</b>	)	
<b>AND COMPLAINTS AND TO</b>	)	<b>DOCKET NO. UD-17-04</b>
<b>ESTABLISH MINIMUM ELECTRIC</b>	)	
<b>RELIABILITY PERFORMANCE</b>	)	
<b>STANDARDS AND FINANCIAL</b>	)	
<b>PENALTY MECHANISMS</b>	)	

**ENTERGY NEW ORLEANS, LLC’S RESPONSE TO PROPOSED  
MINIMUM RELIABILITY STANDARDS AND ASSOCIATED PENALTIES**

Entergy New Orleans, LLC (“ENO”) respectfully submits these Comments in Response to the Resolution Proposing Minimum Reliability Performance Standards for Electric Distribution with Associated Penalties for Substandard Performance, adopted by the Council of the City of New Orleans (the “Council”) on August 18, 2022 (the “Resolution”) and providing parties thirty days from that date to submit Comments on the proposed standards and associated potential penalties. ENO respectfully requests an additional 60-day period to submit additional comments and recommendations.

**I. INTRODUCTION**

ENO is pleased that the Council has now taken the step to formally establish reliability standards for electric distribution. As the Council’s Utility Advisors noted in their recent report on Hurricane Ida, the Council and the Company’s efforts in recent years to address the reliability of the Company’s distribution system, including the Company’s “distribution system capital investments, and additional focus and expense on operation and maintenance, have resulted in

improved reliability, less frequent outages, and quicker outage restoration.”<sup>1</sup> The Council’s decision to establish specific and reasonable reliability standards is an important next step. Yet, while the Company is encouraged that the Council is moving towards setting standards, the Company is concerned that the Electric System Distribution Reliability Standards (“ESDRS”) proposed by the Resolution fail to set forth a clear and reasonable standard, and the ESDRS does not accurately or fairly reflect the circumstances currently facing ENO and its customers.

As discussed more fully in the Company’s comments below, the ESDRS and the penalty mechanism contained therein rest on a number of incorrect factual assumptions and a methodology that may not produce the Council’s intended effects, such that the Company believes that additional time and comments would lead to more reasonable and clearer reliability standards by which to evaluate the Company’s performance. More time is needed to analyze and discuss alternative metrics, the potential results that can be produced using these metrics, and the various pitfalls of imposing these standards and associated penalties. Here, the parties had no input into the proposed ESDRS and had not seen them prior to the day before the Council Utilities, Cable, Telecommunications and Technology meeting on August 10, 2022, and were given only 30 days from full Council approval to provide a single round of comments. This process does not provide the Company with adequate due process given the serious financial consequences that the ESDRS seeks to impose.

However, and alternatively, if the Council does not provide for additional time and comments with respect to the ESDRS, the Company submits that the ESDRS and the penalties contained therein require significant adjustment, including, but not limited to: limiting the maximum annual penalty for failing to meet the established standards to \$500,000; setting the

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<sup>1</sup> Council Utility Advisor’s Report issued pursuant to Resolution R-21-343, at p. 9-10.

minimum annual performance level for the distribution system SAIFI,<sup>2</sup> calculated using the Institute of Electrical and Electronic Engineers (“IEEE”) Standard 1366-2012 (“IEEE Standard”) and excluding major event days and other traditionally excluded cause codes, at no less than 1.79, and the minimum annual performance level for the distribution system SAIDI,<sup>3</sup> calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, at no less than 196 minutes; and removing any separate or additional penalty for failing to meet the established SAIDI score or failing to “measurably improve” the identified “poor performing feeders.”

It is critical that reasonable standards be established not simply for the sake of having standards and associated penalties to facilitate punitive action, but that the standards serve the common goal of providing reliable power to customers at the lowest reasonable cost and set clear expectations for reaching that goal. The Company submits these comments to further the Council’s efforts and looks forward to engaging with the Council more fully as the process to establish these standards moves forward.

## **II. ENO’S COMMENTS ON THE ESDRS**

### **A. The methodology used to develop the ESDRS should be discussed further.**

As an initial matter, the Company must note that the methodology apparently used to formulate the ESDRS and the associated penalty mechanism appears to be founded on a number of incorrect factual assumptions. This demonstrates the need for further, additional conversations

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<sup>2</sup> “SAIFI” refers to the System Average Interruption Frequency Index and measures the number of service interruptions the average customer experiences per year.

<sup>3</sup> “SAIDI” refers to the System Average Interruptions Data Index and calculates the annual average number of outage minutes experienced per customer.

that should occur before the Council adopts any formal reliability standards and associated penalties.

*First*, the Resolution suggests that ENO can attain the proposed reliability standards in the ESDRS based on the current level of reliability spending by comparing ENO's previously reported Distribution Line SAIFI and SAIDI scores to the proposed scores in the ESDRS. There are calculation differences, however, between the scores that the Company has traditionally reported to the Council and the scores contained in the benchmarking reports produced by the IEEE Distribution Reliability Working Group that the Advisors used to develop the ESDRS. As the Council is aware, and as the Company has made clear in previous testimony before this Council, including in Council Docket Nos. UD-17-04 and UD-18-07, ENO has historically reported the "Distribution Line" view of its SAIDI and SAIFI scores, meaning it does not include transmission- or substation-related outages in that reporting, and excludes major event days, momentary interruptions, load shed events due to load or voltage, outages mandated by local authority, and customer equipment outages. These Distribution Line scores are helpful in looking specifically at the reliability and performance of the Company's distribution system itself, which has been one of the major focuses of the Company's and the Council's efforts in recent years. By comparison, the IEEE scores used by the Advisors to prepare the proposed standards include transmission- and substation-related outages.<sup>4</sup> Accordingly, it is not an apples-to-apples comparison, and any score calculated using the IEEE's standards likely would be higher than the historically reported scores because the IEEE's standard calculation captures additional outages beyond a Distribution Line

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<sup>4</sup> The ESDRS requires that the SAIFI and SAIDI scores be calculated using the IEEE Standard. While the IEEE Standard attempts to minimize differences in the calculation of reliability metrics among utilities, the IEEE Standard itself recognizes that there are numerous potential variations in the manner in which utilities calculate the data submitted pursuant to the IEEE Standard: "Many factors can cause variations in the indices reported by different utilities. Some examples are differences in: level of automated data collection; geography; system design; and data classification, e.g., Are major events in the data set? Planned interruptions?" IEEE Standard, Section 5.2.

view. Therefore, it is improper to use ENO's previously reported Distribution Line SAIDI and SAIFI scores either to assess the Company's ability to achieve the standards in the ESDRS, or to determine whether past levels of reliability spending would be sufficient to meet Council's goals established under a different methodology than past reporting.

*Second*, while the Company generally agrees that the IEEE's benchmarking reports are a good starting point to establishing reliability standards, the analysis simply cannot start and end there. Looking at nation-wide quartiles does not necessarily allow for appropriate consideration of ENO's current distribution practices or the unique circumstances facing ENO's electric system. In its October 31, 2018 Assessment of Distribution Reliability Improvement Initiatives (the "2018 Quanta Report"), Quanta Technology, LLC ("Quanta") gave the following warning about comparing reliability indices results between utilities:

Reliability reporting is sometimes used to compare performance among utilities, here it is important to consider discrepancies regarding reliability analysis assumptions and practices, and differences in intrinsic features of each utility's service territory and distribution system that affect reliability performance. Examples of differences in reliability assumptions include major event exclusion methodology used in analysis, momentary interruption threshold, consideration of planned interruptions, etc. Examples of important geographic and distribution system features to take into account include lightning flash density, precipitation, temperature, percentage of overhead and underground lines, customer density, etc. It is important to take these factors into account when benchmarking performance to ensure conclusions are relevant and applicable to the reality of the utility under analysis.

2018 Quanta Report at 8. Indeed, as Quanta noted, ENO has a smaller percentage of its distribution grid underground as compared to a majority of its peer utilities, and ENO faces unique weather patterns and physical vulnerabilities, including heavy rain amounts and large amounts of vegetation (*e.g.*, tree cover, along with City regulations that limit ENO's ability to trim trees away from its lines). The Advisors' straight-line comparison of the numbers reported in the IEEE reports

to set a reliability standard may not consider sufficiently these aspects of ENO's distribution system.

*Third*, the ESDRS appears to have been formulated without any consideration of the corresponding costs that will be passed on to the Company's customers. While the Council and Advisors correctly note that the Company used the IEEE's 2017 benchmarking report to establish reliability targets (which the Council ultimately rejected) in the 2018 Rate Case in Council Docket No. UD-18-07, the Company's analysis went beyond merely using those scores and was part of a larger, more holistic effort discussed below. Similarly, any reasoned evaluation beyond simply the benchmarking reports must consider the corresponding costs that will be necessary to meet the standards that are established. As the Company has previously explained in this docket, and as bears repeating, there will be certain costs associated with achieving and maintaining any level of reliability, and higher levels of expected reliability will require higher levels of spending that will be passed on to customers, which warrants more consideration.

ENO is providing candid feedback in the spirit of cooperation, but it again acknowledges that the Council's proposing the ESRDS is an important and meaningful step. The Company respectfully submits that the foregoing points demonstrate that additional comments and discussions beyond a single, thirty-day comment period need to occur to ensure that clear and reasonable reliability standards based on the actual circumstances facing the Company and its customers are established. Accordingly, the Company requests that, before finalizing any standard metrics and associated penalties, that the Council provide more time (at least sixty days) and additional rounds of comments to obtain further input.

**B. The penalty mechanism and reliability metrics contained in the ESDRS should be adjusted.**

Should the Council decide to forgo the necessary, additional conversations that should take place prior to establishing any formal penalties, the Company must note that the penalties provided for in the ESDRS and the mechanisms for enacting those penalties are improper. Instead, the Company respectfully submits that the maximum penalty for any particular year should be no more than \$500,000, consistent with ENO's size and recent financial condition as well as the Louisiana Public Service Commission's (the "LPSC") April 15, 1998 General Order in Docket No. U-22389 (the "LPSC Reliability Order"). Additionally, the SAIFI and SAIDI standards should be calculated using more current information and should be more aligned with the current reliability performance trends being experienced by other utilities. The minimum annual performance level for the distribution system SAIFI, calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, should be no lower than 1.79, and the minimum annual performance level for the distribution system SAIDI, calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, should be no lower than 196 minutes. Finally, with respect to "poor performing feeders," the Company submits that there should be no additional penalty or, alternatively, no more than a \$5,000 fine.

*1. The penalties and the mechanism for imposing those penalties should be adjusted.*

*First*, it is inappropriate to use \$2.7 million as a basis for determining the appropriate level of a penalty. In the proposed standard, the Council purports to establish the maximum \$2.7 million penalty using the Reliability Incentive Mechanism Plan ("RIM Plan") that ENO proposed in its 2018 rate case in Council Docket No. UD-18-07. In that application, as part of a holistic effort to establish a reasonable return on equity ("ROE") and to provide incentives for meeting certain reliability benchmarks, ENO requested that the Council approve an electric ROE of 10.75% that



could be adjusted based on customer-view SAIFI scores above and below a set target. Under ENO's proposal, 11.0% was the maximum ROE if certain SAIFI scores were reached, while 10.5% was the lower bound or starting point from which ENO would be permitted to adjust ROE as the scores improved. Advisor witness Byron Watson testified as follows in that proceeding: "Based on ENO's Application and ENO's models presented therewith, the electric revenue effect of ENO achieving its proposed maximum 11.0% allowed-ROE versus its initial proposed ROE of 10.5% is \$2.7 million."<sup>5</sup> Accordingly, the \$2.7 million (and associated 50 base point spread) tied to the RIM Plan was based on ENO's proposed ROE and underlying assumptions existing in 2018. However, the Council rejected ENO's proposal and instead approved an ROE of 9.35%.<sup>6</sup> To now use the Company's (rejected) proposal to establish a penalty mechanism based on 2018 assumptions and ROE levels that the Council never came close to adopting is arbitrary and unreasonable. Such an approach does not sufficiently reflect the circumstances that now face the Company and its customers after the COVID-19 pandemic, the 2020 and 2021 Atlantic Hurricane Seasons, and the downgrades to the Company's credit by multiple credit-rating agencies. Moreover, in recent years, ENO has not earned anywhere close to the low authorized return approved by the Council. Without providing ENO assurances that it will receive cost recovery and a fair return on the investments necessary to avoid penalties (as opposed to assuming that the new targets can be met with past levels of distribution spending), setting the penalty mechanism based on the rejected proposal from the 2018 rate case is legally problematic.

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<sup>5</sup> Direct Testimony of Byron Watson, *In re Application of Entergy New Orleans, LLC for a Change in Electric and Gas Rates Pursuant to Council Resolutions R15-194 and R-17-504 and for Related Relief*, Council Docket No. UD-18-07.

<sup>6</sup> See Council Resolution R-19-457.

*Second*, the Company submits that the fine structure proposed in the ESDRS is overly punitive. Under the proposed ESDRS, the Company could be penalized \$75,000 for each .01 that its annual SAIFI score exceeds 1.53, up to a maximum of \$2.7 million annually (if the Company has an annual SAIFI score of 1.89). If ENO's annual SAIDI is above 178.2, the Resolution provides that ENO must submit an explanation of the causes of the exceedance and a plan, budget, and schedule for bringing its SAIDI within the standard. Failure to remediate its SAIDI score could result in a potential *additional* penalty of up to \$500,000. These potential penalties are overly punitive and counterproductive at a time when ENO is working to improve its financial health for the benefit of its customers and the City as a whole. As discussed above, the \$2.7 million basis is founded on incorrect assumptions considering the financial situation and relatively small size of ENO. Accordingly, the Company submits that (i) there should not be a separate SAIDI penalty, and (ii) the maximum penalty should be no more than \$500,000 for failing to meet the SAIFI and/or SAIDI reliability metrics in a given year.

*Third*, and importantly, there should be no penalty imposed for the first reporting year. Under the ESDRS, the Company is expected to make its first compliance filing in March of 2024 showing the 2023 metrics. The Council, the Company, and stakeholders should use that first reporting year at a minimum to evaluate the minimum performance standards and determine if those standards are reasonable and prudent. Indeed, in establishing minimum reliability metrics, the LPSC Reliability Order not only adopted a phased-in plan but also recognized that the established levels may need adjustment prior to enforcement. The LPSC Reliability Order provides, "Penalties for failure to meet the minimum performance level shall not be enforced for the first reporting year to allow the Division of Economics and Rates Analysis the opportunity to evaluate whether or not the minimum performance values and formulas are reasonable and

prudent.” Following the formal adoption of any reliability metrics, there should be no penalties imposed following the first reporting year, and the ESDRS should be amended to reflect this. This would demonstrate that the purpose of the ESDRS is to improve reliability and reporting, and not merely to punish.

*Fourth*, in addition to being out of line with other regulatory bodies, the proposed fine structure also raises constitutional concerns. Well-established constitutional principles of ratemaking hold that regulated utilities such as ENO are entitled to an overall rate structure that will allow them to recover all prudently incurred investments. In light of ENO’s size and typical revenue, the magnitude of the potential maximum fines (up of \$3.7 million annually) could result in an unconstitutional confiscation by bringing ENO’s revenue below a level that would provide a reasonable return on its prudently incurred investments. Again, the Council should remain mindful of the long-term challenges to ENO’s financial health and the consequences to customers if ENO is not able to attract capital or reasonable terms.

*Fifth*, while the Company is encouraged that (i) the penalties provided in the ESDRS are maximum penalties and not automatic and (ii) the ESDRS appears to assume that the Council will follow required procedures for considering whether any penalties should be implemented and at what level, the ESDRS should more explicitly recognize the Company’s undeniable constitutional rights, including due process, and establish a more explicit procedure for the Company to be heard prior to the imposition of any penalty and, as appropriate, appeal the imposition of any such penalty. Additionally, as contemplated by the LPSC Reliability Order, the ESDRS also should allow the Company to explain why, despite failing to meet any of the reliability metrics in a given

year, no additional action may be needed (*i.e.*, forces beyond the Company's control caused an abnormally large number of outages for a particular year).<sup>7</sup>

2. *The proposed reliability metrics should be adjusted.*

As noted above, the Company believes that additional time and discussions are needed to fully consider what reasonable and prudent SAIFI and SAIDI targets should be included in any formally adopted reliability standard. However, if the Council does not allow for those additional discussions to occur, the Company submits that the minimum annual performance level for the distribution system SAIFI, calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, should be no lower than 1.79, and the minimum annual performance level for the distribution system SAIDI, calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, should be no lower than 196 minutes.

Again, and as has been previously expressed in other dockets, the Company generally agrees that the IEEE's benchmarking reports are a good starting point for identifying potential benchmarks for SAIFI and SAIDI. In calculating the standard metrics for ENO, the Advisors used a five-year average of IEEE SAIFI and SAIDI scores from 2016 – 2020, but did not include 2021, the most recent operational year for which results are available. Given the intense weather experienced in New Orleans as well as many other areas of the country in just the last two years, as well as other factors affecting utilities and their customers, including, but not limited to, increasing supply chain issues, higher levels of inflation, and other financial strains, ENO opposes the use of the 2016-2020 period in calculating the standard metrics for ENO and instead

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<sup>7</sup> *See, e.g.*, LPSC Reliability Order at 6 (“The utility may determine that actions on its part are unwarranted. In those cases, its report shall provide adequate justification for such a conclusion.”).

recommends using the average 3<sup>rd</sup> quartile SAIFI and SAIDI scores of small and medium utilities for 2020 and 2021. This approach is more in line with the 1.79 SAIFI and 196 minute SAIDI scores mentioned above. With the caveat that ENO's time to evaluate the ESDRS has been limited, ENO believes that these metrics may be more appropriate benchmarks to help assess the Company's reliability performance moving forward.

3. *The proposed methods for evaluating the Company's "poor performing feeders" (and related potential penalties) need additional clarity and should be adjusted.*

The Company further submits that the ESDRS's approach to "poor performing feeders" requires additional clarity and should be brought in line with the approach used by the LPSC. Under the ESDRS, the "poor performing feeders" would be evaluated solely on the annual feeder-specific SAIFI scores, and the Company would be penalized up to \$500,000 annually for failing to "measurably improve" any of the identified five percent "poor performing feeders."<sup>8</sup> With respect to these feeders, the Company submits that the method for identifying those feeders should be more holistic than simply an evaluation of a feeder's SAIFI score, and there should be no separate penalty for the Company's efforts with respect to the "poor performing feeders."

*First*, a feeder-specific SAIFI should not be used to determine "worst-performing feeders." Because customer counts on feeders can change significantly throughout the year due to field switching, the SAIFI for a feeder may not accurately represent the performance of the feeder. A more appropriate representation of feeder performance would be based on customer interruptions,

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<sup>8</sup> While the ESDRS does not clearly indicate whether this additional \$500,000 penalty is to be applied on a per-feeder basis or as to the Company's entire approach to the "poor performing feeders," the ESDRS cannot be reasonably read to apply that penalty on a per feeder basis without reaching absurd results. Based on a current total of 237 feeders, the worst-performing feeder list would be expected to include approximately 10 feeders. Accordingly, if the penalty is applied on a per-feeder basis, the "maximum" fine for failing to "measurably improve" the "poor performing feeders" would increase from \$500,000 to approximately \$5,500,000. Such a penalty would be entirely out of line and could result in forcing the Company to focus a significantly larger portion of limited budget dollars on the listed "poor performing feeders" to the detriment of the system at large.

but which would exclude the following: Major Event Days (“MED”); any outages associated with a named tropical storm, hurricane, or tornado (even if such outages do not technically result in an MED exclusion for purposes of calculating system SAIFI under the IEEE 1366-2012 Standard); any outages associated with public inflicted damage (*i.e.*, vehicle accident, vandalism, etc.); scheduled interruptions; foreign objects in lines (*e.g.*, wind-blown debris, trees outside of the right-of-way; and any other outage that can be demonstrated to be beyond the reasonable control of ENO). By excluding customer interruptions associated with causes beyond the reasonable control of the Company and scheduled outages to perform work to repair or improve reliability on a feeder, the Council will be provided with the list of feeders whose performance can reasonably be improved through targeted repairs. In addition to customer interruptions, the list of worst-performing feeders should be evaluated also based on number of outages that occur at the substation breaker. For example, if a feeder serves 1,000 customers and suffers a single outage and another feeder serves 100 customers, but has 10 outages, both feeders have experienced 1,000 customer interruptions, but, depending on the cause of the outages, it is likely that the second feeder is more in need of targeted work.

*Second*, ENO should be granted the leeway to provide the Council information that shows that, although a feeder appears to be a “worst-performer” due to the number of customer interruptions, targeted work on the feeder is not necessary and would not be expected to improve performance beyond the work that has already been done. For example, a feeder may have had a problematic device that caused several large outages during the year, but the device was replaced during the year such that no additional work should be needed to correct the issue that resulted in that feeder showing up as a “worst performer.” Again, the LPSC Reliability Order provides for such flexibility.

*Third*, there should be no separate penalty with respect to the “poor performing feeders.” As the foregoing demonstrates, identifying the “poor performing feeders” is a complex exercise, and simply requiring the Company to demonstrate “measurable” improvement<sup>9</sup> or be penalized with no consideration of the particular facts of a feeder is an inappropriate approach to the collaborative effort needed to address challenging areas of the Company’s distribution system. While the LPSC Reliability Order has a provision similar to the proposed ESDRS that calls for the identification of the top five percent worst performing feeders and charges the utilities with developing a plan to improve their performance, the LPSC Reliability Order does not impose an additional penalty for failing to “measurably” improve those feeders. The Council’s approach should be the same. There should be no additional penalty associated with the “poor performing feeders” or, alternatively, any penalty associated with a particular feeder should be *de minimus* and no more than \$5,000.

4. *The timing of the compliance filing should be adjusted.*

The ESDRS contemplates an annual filing that includes all requisite reliability information for the operational year by March 1 of the following year. The Company requests that the deadline for the annual reliability compliance filing required by the ESDRS be changed from March 1 to April 15 to allow time for ENO to prepare and submit its reliability information to IEEE by the March deadline for doing so and then to prepare the necessary information to comply with the Council’s annual reliability filing requirements. In order to ensure that the proper IEEE SAIFI and SAIDI scores are submitted to the Council, as well as to allow sufficient time for review of

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<sup>9</sup> To be sure, “measurable improvement” is unnecessarily vague and potentially problematic as a violation of the Company’s constitutional rights to know exactly what conduct could lead to a penalty. More fundamentally, however, “measurable improvement” fails to help the Company understand the Council’s expectations with respect to addressing issues surrounding a particular feeder and fails to consider the particular facts and circumstances that may be necessary to correct those issues.

the significant detail contained in the reporting requirements, including the development of strategies, projects, and budgets to address any SAIDI violation and the worst performing feeders, ENO requests this additional time.

Additionally, with respect to the “poor performing feeders,” the Company submits that additional time may be needed to properly identify the worst five percent of “poor performing feeders.” Again, such a process is complex, and will take at least a month following the close of the year to review closely the data and identify those feeders; additional time will then be required to evaluate the issues affecting that feeder and to formulate an effective plan for improvement. This process, and other factors, may result in the remedial work that may be performed on a specific feeder extending beyond the reporting year and into the next year. Accordingly, any remedial efforts and subsequent evaluation of those efforts in the ESDRS should provide for sufficient time to implement any necessary work and determine if that work is effective beyond a single calendar year. Additionally, ENO recommends that the worst performing feeder list be based on performance through the 3<sup>rd</sup> quarter of the operations year. This will allow ENO to review the data, finalize the list of worst performing feeders, and formulate its strategy for improvement during the 4<sup>th</sup> quarter of the operations year and the 1<sup>st</sup> quarter of the reporting year such that it will be able to present the finalized list and improvement strategy in its annual filing.

### **III. CONCLUSION**

While ENO is encouraged that the Council has decided to formally establish reliability standards, the Company believes that additional time and discussions are needed to assess reasonable and prudent reliability standards and penalties. The Company respectfully requests the Council establish a procedural schedule allowing additional time for comments (at least sixty days) to more fully develop clear and reasonable reliability standards. In the alternative, the Company



requests that the Council amend the ESDRS in accordance with its recommendations above, including, but not limited to: limiting the maximum annual penalty for failing to meet the established standards to \$500,000; setting the minimum annual performance level for the distribution system SAIFI, calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, at no less than 1.79, and the minimum annual performance level for the distribution system SAIDI, calculated using the IEEE Standard and excluding major event days and other traditionally excluded cause codes, at no less than 196 minutes; and removing any separate or additional penalty for failing to meet the established SAIDI score or failing to “measurably improve” the identified “poor performing feeders.”

Respectfully submitted,

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**ATTORNEYS FOR  
ENERGY NEW ORLEANS, LLC**

**CERTIFICATE OF SERVICE**

**Docket No. UD-17-04**

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 19th day of September 2022.

  
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Timothy S. Cragin