**BEFORE THE**

**COUNCIL OF THE CITY OF NEW ORLEANS**

**IN RE: Application of Entergy New Orleans, Inc. for Approval to Construct New Orleans Power Station and Request for Cost Recovery and Timely Relief**

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**) DOCKET NO. UD-16-02**

**) August 23, 2016**

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**The Alliance for Affordable Energy’s**

**Second Set of Requests for Information**

The Alliance for Affordable Energy (“Alliance”) hereby serves upon Entergy New Orleans, Inc. (ENO) this Second Set of Requests for Information in connection with the above captioned docket and pursuant to New Orleans City Council Resolution R-16-332 as well as the Louisiana Code of Civil Procedure.

**Definitions and Instructions**

1. “ENO” or “the Company” shall mean Entergy New Orleans, Inc.;
2. “NOPS” shall mean New Orleans Power Station;
3. “Document(s)” shall mean any written, typed, printed, computer produced, recorded or graphic matter, however produced or reproduced, of any kind, character, type or description, regardless of origin or location, including, without limitation, all correspondence, records, tables, charts, analyses, graphs, maps, schedule, summaries, reports, memoranda, notes (handwritten or otherwise), notations, drafts, lists, calendar and diary entries, letters (sent or received), telegrams, telexes, telecopies, faxes, Photostats, messages (including, but not limited to reports or notes of telephone conversations and conferences), studies, books, periodicals, magazines, booklets, circulars, bulletins, pamphlets, instructions, papers, files, minutes, Communications, other communications (including, but not limited to, inter and intra-office communications), questionnaires, contracts, memoranda or agreements, assignments, licenses, ledgers, books or account, financial statements, work sheets, work papers, spreadsheets, databases, orders, invoices, statements, bills, checks, check registers, vouchers, notebooks, receipts, acknowledgements, data processing cards, word processing documents, computer generated matter, computer printouts, electronically maintained or stored information, microfilm, contact manager information, internet usage files, network access information, photographs, photographic negatives, phonograph records, tape or audio recording, compact discs, video tapes or dvds, wirer recordings, voicemail recordings, other mechanical recordings, transcripts or log of any such recordings, all other data compilations from which information can be obtained, or translated if necessary, and any other tangible thing of a similar nature. “Document(s)” shall include originals (or copies if originals are not available) and non-identical copies (whether difference from the original because of handwritten notes or underlining or otherwise) and any translation of any Document. Without limiting the generality of the foregoing, “Document(s)” specifically include telephone billing records, written or audio telephone messages, E-mail, evidence of facsimile transmissions, expense accounts, and other information not necessarily contained in files pertaining exclusively or directly to this matter; “Document(s)” also include, without limitation, materials maintained in magnetic or other storage media, including those maintained in computers, magnetic tapes or disks, and any onsite or offsite backup or so-called “erased” or “deleted” computer information that may be susceptible of retrieval.

**Requests for Information**

**Long-term Planning**

AAE 2-1: Page 3 of the Application asserts that “the Company has a remaining overall long-term capacity need of approximately 123 MW in 2016”. The next sentence states that “current projections show that ENO has an existing long-term need for approximately 288 MW of peaking and 118 MW of reserve capacity resources (Total: 406 MW) in 2016…”. Please provide all supporting workpapers, data, analysis, and/or documents relied upon to reach the 123 MW overall capacity for 2016, the 288 MW peaking in 2035 and the 118 MW reserve capacity need figures.

AAE 2-2: Describe the process by which ENO determined it would utilize a 12% reserve margin in its long term capacity planning. Include all documents, workpapers, data and analysis relied upon in making this determination.

AAE 2-3: Please provide all documents, workpapers, data and analysis used in reaching the conclusion contained on page 15 that: “additional [demand side management] DSM and energy efficiency (EE) programs are costly to administer and results therefrom continue to be uncertain”.

AAE 2-4: Page 18 of the application states that “MISO has projected equilibrium by 2022…[a]ccordingly, it is unreasonable for ENO to rely on the market for capacity, exposing customers to such price risks.”

1. Is it reasonable to expect that in light of constricting supply in the MISO service region that investors (other than ENO) will build new generating capacity in anticipation of a potentially unmet demand?;
2. Is it reasonable to rely on the capacity market until MISO reaches equilibrium?;
3. MISO adjusted its projection to 2022 in MISO south. Is it reasonable and prudent to build new generation when the market can provide the capacity credits needed?; and
4. Please provide the rationale used in answering this question and any documents used in formulating the rationale.

AAE 2-4: Mr. Rice, Jr. states: “NOPS will provide a modern, cost-effective, and local source of generating capacity capable of meeting ENO’s long-term overall capacity needs as well as a significant portion of its peaking and reserve supply role needs.”

1. Explain the difference between “overall capacity needs” and peaking and reserve needs;
2. NOPS will meet ENO’s “overall capacity needs”; and
3. Provide any data and/or documents utilized in answering subparts (a) and (b).

AAE 2-5: On pages 4 and 5 of his testimony, Seth Cureington states: “While the acquisition of Power Block 1 of the Union Power Station (“Power Block 1”) help to offset a substantial portion of ENO’s overall capacity needs (including baseload and load-following needs), the Company has overall remaining long-term capacity need of approximately 124 MW in 2016 and up to 205 MW by 2030. Moreover, current projection show that ENO has an existing long-term need for approximately 288 MW of peaking and 118 MW of reserve capacity resources in 2016, which need is expected to persist through the planning horizon absent the addition of new resources capable of meeting those needs.” On PDF page 52 of ENO’s final 2015 IRP Table 13 identifies a 50 MW surplus capacity for Base and load following (LF) needs, and a 391 MW deficit for peaking and reserve by 2034.

1. Explain why there is a difference of 15 MW of identified peaking and reserve needs between the Industrial Renaissance scenario utilized in the IRP and the identified 406 MW of total peaking and reserve need identified in the application;
2. Explain the existence of a 50 MW surplus of Base and (LF) needs Table 13, and how that aligns with a 205 MW overall long-term capacity need; and
3. Provide any data and/or documents relied upon in explaining these inconsistencies.

AAE 2-6: Please provide any data and/or documents relied on reaching the assumption that MISO will reach market equilibrium by 2022.

AAE 2-7: On page 7 of his testimony, Seth Cureington, referring to the MISO market, asserts: “As market equilibrium approaches, capacity prices will reflect new build prices, which are significantly higher than today’s capacity prices.” Please provide any and all data and/or documents relied on in making this statement.

AAE 2-8: In Table 2 of Seth Cureington’s testimony, there appears to be a loss of 44 MW of capacity between 2020 and 2030, from 1,175 MW to 1,131. Which resources were no longer included as resources in assessing the capacity need for 2030?

AAE 2-9: In reference to footnote 9 on page 18 of Seth Cureington’s testimony.

1. Explain why the company treats its load modifying resources as “Reserve capacity” in its supply role analysis;
2. How many MW of capacity does the company have from load modifying resources?;
3. What would happen to capacity need modeling if load modifying resources were treated as Base Capacity?;
4. Load Following?;
5. Peaking?; and
6. Provide all workpapers, data, analysis, and documents relied on in answering this question.

AAE 2-10: On page 29 of his testimony, Seth Cureington states: “...industry experience has shown that customer subscription to demand response programs must significantly exceed the target demand reduction (i.e. oversubscribe participations to the program) in order to achieve the desired results due in large part to the inability to pass penalties on to the customer when they override the request to curtail.” Provide all data and/or documents relied on by Mr. Cureington in making this statement.

AAE 2-11: On page 32 of his testimony, Seth Cureington states: “...as recent industry trends have shown, current and projected prices for natural gas coupled with increasing pressures to move away from carbon-intense fuel sources are leading to an increase in the demand for lower carbon alternatives such as modern natural gas-fired CT technologies. As demand for these types of resources increase, the cost for labor and materials necessary to construct and install new CT resources would be expected to increase.” Provide all data and/or documents relied on by Mr. Cureington in making this statement.

**Overview of the Resource**

AAE 2-12: Please describe how a base elevation of three and a half (3.5) feet above sea level was selected for the unit. Include all documents and data relied on to make this determination.

AAE 2-13: Page ii of the application’s Exhibit CLR-22 indicates that $153.3 million of the construction costs will be spent in-state. As ENO has stated the projected costs of the project are $216 million, what will the out-of-state $62.7 million be spent on?

AAE 2-14: Page ii of the application’s Exhibit CLR-22 states that an average of 92 jobs a year will be created in Orleans Parish between 2015 and 2020. During that same period, the report indicates there will be an average of 351 jobs created each year in the state. Are the 92 jobs created in Orleans parish included in the 351 jobs created at the state level, or is it 351 jobs created outside of Orleans parish?

AAE 2-15: Page 4 of Exhibit CLR-22 indicates construction on NOPS will occur in the 6 year period of 2015 and 2020.

1. Has construction of NOPS already begun?; and
2. If the answer to subpart (a) is “no”, please explain what is meant in the statement that “NOPS will be constructed over the 6 year period between 2015 and 2020”.

AAE 2-16: Table 1 of Exhibit CLR-22 indicates construction costs of $1.6 million in 2015.

1. Did ENO expend $1.6 million in construction costs in 2015 in relation to NOPS?;
2. If the answer to subpart (a) is “no”, what construction costs did ENO expend in 2015 in relation to NOPS?;
3. What were the itemized expenditures made by ENO that resulted in any amount of construction costs in 2015?; and
4. Provide any data and/or documents relied upon in answering subparts (a)-(c).

AAE 2-17: Table 1 Exhibit CLR-22 indicates construction costs of $3 million in 2016.

1. What portion of this $3 million has been expended by ENO on construction costs related to NOPS thus far in 2016?;
2. Does ENO anticipate expending more than the projected $3 million in 2016 on construction costs?;
3. What are the itemized expenditures made by ENO that has resulted in any amount of construction costs thus far in 2016?;
4. What, if any, are the itemized anticipated expenditures on construction costs for the remainder of 2016?; and
5. Provide any data and/or documents relied on in answering subparts (a)-(d).

AAE 2-18: Provide the Input/Output tables created by the Bureau of Economic Analysis and utilized in the economic impact report prepared by Loren C. Scott & Associates.

AAE 2-19: Table 1 of Exhibit CLR-22 indicates construction costs of $1.6 million in 2015, and $3 million in 2016. If the City Council of New Orleans finds the construction of NOPS is not a prudent investment, will ENO attempt to recover the $4.6 million in construction costs this table indicates will have occurred before the close of 2016?

AAE 2-20: Page 8 of Exhibit CLR-22 states that in the year 2018, the peak year of construction spending: “over 300 jobs will be supported in the parish”.

1. Define “supported”; and
2. Provide any data and/or documentation relied on to reach that conclusion.

AAE 2-21: Where does the Company anticipate purchasing the fuel required to run the facility?

**Description of the Facility**

AAE 2-22: Please provide all data and/or documentation of groundwater usage by the deactivated Michoud units for the last 15 years.

AAE 2-23: There are two measurements in the filing that refer to groundwater use: “maximum expected” and a “maximum possible” usage. What is the “absolute maximum possible groundwater usage” for NOPS that is referred to on page 9 of the application? Please provide documents and/or data relied upon in reaching that figure.

AAE 2-24: Please provide any data and/or documents relied upon in the assertion on page 9 that based on the maximum possible groundwater usage of NOPS: “there is expected to be a reduction [in groundwater usage] of 90% in comparison to the deactivated Michoud units”.

AAE 2-25: There are two measurements in the filing that refer to groundwater use: “maximum expected” and a “maximum possible” usage.

1. What is the “maximum expected groundwater usage” for NOPS referred to on page 9 of the application?;
2. What is the maximum possible usage if NOPS runs 1314 hours in a year?;
3. What is the maximum possible usage if NOPS runs 4000 hours in a year, as is state in the LDEQ permit modification application submitted by the Company?; and
4. Please provide any workpapers, data, analyses, and documents relied on in answering this question.

AAE 2-26: Please provide any data and/or documents not already provided that were relied upon for the assertion on page 9 that based on the maximum expected groundwater usage for NOPS “there is expected to be a reduction of approximately 99%” compared to the deactivated Michoud units.

AAE 2-27: Page 17 references “environmental challenges” associated with transmission line construction in the greater New Orleans region. What environmental challenges does ENO anticipate with NOPS? Please provide documents and/or data relied upon in reaching that determination.

AAE 2-28: Page 6 of Charles L. Rice, Jr. provides five factors that contributed to the selection of the Michoud site for the construction NOPS: (1) fuel supply; (2) transmission; (3) existing infrastructure; (4) site suitability; and (5) environmental regulations.

1. Explain what makes the Michoud site more suitable than AB Paterson;
2. Explain any differences in applicable environmental regulations between the Michoud site and AB Paterson;
3. Explain any differences in applicable environmental regulations between the Michoud site and a site that has not been previously been utilized by ENO for the generation of electricity; and
4. Please provide any data and/or documents relied upon in answering subparts (a)-(c).

AAE 2-29: What is ENO’s gas pressure requirement?

**Project Execution and Management**

AAE 2-30: Page 11 of the application states that the EPC Agreement will require CB&I “to provide opportunities to small and disadvantaged businesses for participation in any subcontracts and purchase orders let in the performance of its obligations as the EPC contractor.”

1. Does the EPC Agreement require that any portion of these small and disadvantaged businesses be based in Orleans Parish?; and
2. If yes to subpart (a), what portion?

AAE 2-31: On page 5 of Orlando Todd’s testimony, he asserts that the company assumed its capital structure would be no more than 50% equity. Please provide any data and/or documents that allowed the company to reach this assumption.

AAE 2-32: On page 6 of his testimony, Mr. Jonathan Long states that he has led the Project since the decision to develop NOPS was made. What was the date of that decision? Please provide dated communications that indicate the finality of the decision to build NOPS.

AAE 2-33: On page 6 of his testimony, Mr. Jonathan Long states that he is the primary person in charge of development of NOPS, including negotiating the terms of the contracts to construct. What was the date on which negotiations for the construction of NOPS began? Please include any communication or documentation that indicate the beginning of construction contract negotiations.

AAE 2-34: Please provide records and all documents associated with the “Competitive Solicitation Process” referred to on page 10 of Mr. Jonathan Long’s testimony.

AAE 2-35: On pages 12 and 13 of his testimony, Mr. Jonathan Long asserts: “It is also important to note the risk of increased costs for craft labor and per diem on the project resulting from the anticipated labor shortage in the Gulf Coast region due to ongoing and proposed industrial capital investments over the next decade.”

1. Provide a description of the on-going and proposed industrial capital investments that ENO identified as potentially resulting in an increased cost of skilled labor; and
2. Provide all data and/or documents relied on by Mr. Long in making this statement.

AAE 2-36: Describe the incentives awarded to CB&I for early completion of the project.

AAE 2-37: Page 16 of Jonathan Long’s testimony presents a table of milestones, the first of which is “EPC Contract Execution” in June 2016.

1. Was this milestone achieved?;
2. If the answer to subpart (a) is “yes”, what was the exact date of execution?; and
3. If “no” has the contract been executed at the time of responding to this request for information?

AAE 2-38: Provide a copy of Entergy’s Project Delivery System Policy, Standards, and Guidelines.

AAE 2-39: Beyond delays in receiving regulatory approvals, what are the potential risks referred to in Jonathan Long’s testimony that ENO has identified with the construction of NOPS?

AAE 2-40: What are the “allowable emissions” of NOPS referred to in Jonathan Long’s testimony?

AAE 2-41: On page 39 Jonathan Long’s testimony he states that the figure reported to the U.S. Geological Survey of 10.87 million gallons per day of groundwater “did not reflect actual groundwater usage at the deactivated units (a smaller number) as groundwater usage for those units was not measured”.

1. How did ENO reach the determination that 10.87 million gallons per day was the maximum possible usage of groundwater by Michoud?;
2. If groundwater usage of Michoud was not measured, can ENO definitively state that the actual groundwater usage of Michoud was less than the reported amount;
3. If the answer to subpart (b) is “yes’, please provide an explanation as to why;
4. If possible, please estimate the daily average of groundwater usage by Michoud; and
5. Provide any data and/or documents relied upon in answering this question.

**Transmission**

AAE 2-42: Page 17 of the application states: “the exclusion of NOPS would likely involve the construction of multiple new transmission facilities in the greater New Orleans area, each of which would be difficult and costly to construct given the limited land availability and the environmental challenges associated with transmission line construction in that region.”

1. Describe the type of new transmission facilities referenced in this statement and approximately how many would be needed and where;
2. Explain the relationship between difficulty and cost to limited land availability; and
3. Explain the environmental challenges associated with transmission line construction in the greater New Orleans area; and
4. Provide all data and documents relied upon in answering subparts (a)-(c).

AAE 2-43: Please provide ENO’s current plan to comply NERC reliability standards.

AAE 2-44: Page 19 of the application’s introduction indicates there is a potential need for transmission line upgrades in order for NOPS to be designated a MISO Network Resource.

1. What is the likelihood that ENO would contract a portion of NOPS capacity to a MISO member?;
2. What percentage of capacity would ENO consider contracting to a MISO member?; and
3. At the time of this application, does ENO intend to make NOPS capacity available on the MISO market beyond the stated 15% per year?

AAE 2-45: Both testimonies by Mr. Cureington and Mr. Charles Long assert that if NOPS is not constructed, there will be a need for large-scale transmission upgrades in order to maintain reliability over the next 10 years.

1. Besides the potential transmission line upgrades necessary to designate NOPS a MISO Network Resource identified on page 19 of the application introduction and the estimated $2.3 million in upgrades needed at the Michoud switchyard, indicate what other transmission upgrades may be necessary regardless of whether NOPS is constructed;
2. Identify what transmission upgrades will no longer be necessary if NOPS is constructed;
3. Is it reasonable and prudent to forgo transmission upgrades due to the construction of a new generating facility?; and
4. Please provide all documents, data, workbooks, and analyses relied on in answering this question.

AAE 2-46: In regards to transmission lines that serve the Greater New Orleans area please identify for the last 15 years:

1. Which transmission lines have been damaged due to storms;
2. Whether the ability of those transmission lines to import power was impaired due to the storm damage;
3. How long did it take for the transmission lines to be repaired; and
4. Provide any and all documents relied on in answering this question.

AAE 2-47: On pages 13 and 14 of his testimony, Charles Long states that after Hurricane Gustav: “...the greater New Orleans metropolitan area and the industrial corridor southeast of Baton Rouge, Louisiana had dis-integrated from the rest of the country’s electrical system, thus operating as an island for 33 hours. Without local generation, every customer in the area would have experienced complete outage for those 33 hours.”

1. What was the local generation source or sources that provided energy to customers during those 33 hours?;
2. Is the recently acquired ninemile 6 in that industrial corridor?;
3. If a similar dis-integration were to occur today, would ninemile 6 be able to provide power to customers in the greater New Orleans area? Why or why not?;
4. How likely is it that New Orleans customers would lose access to the generating capacity at ninemile?;
5. Is Waterford 3 in that industrial corridor?;
6. If a similar dis-integration were to occur today, would Waterford 3 be able to provide power to customers in the greater New Orleans area? Why or why not?;
7. Is Little Gypsy in that industrial corridor?;
8. If a similar dis-integration were to occur today, would Little Gypsy be able to provide power to customers in the greater New Orleans area? Why or why not?;
9. Is the Co-generation unit located at Occidental’s Taft plant in that industrial corridor?;
10. If a similar dis-integration were to occur today, would Oxy-Taft be able to provide power to customers in the greater New Orleans area? Why or why not?;
11. Are Waterford 1 and 2 in that industrial corridor?;
12. If a similar dis-integration were to occur today, would Waterford 1 and 2 be able to provide power to customers in the greater New Orleans area? Why or why not?; and
13. Provide all data and/or documents relied on in answering subparts (a)-(l).

AAE 2-48: In reference to the MISO DPP study:

1. When did the initial Feasibility Study occur?;
2. How long did it take for the Feasibility Study to be prepared?;
3. When did the Company submit its generator interconnection request to MISO?; and
4. Provide a copy of the Feasibility Study.

**Regulatory Approvals**

AAE 2-49: Describe the process by which ENO determined the October 2019 target for NOPS to come into commercial operation. Include all documents and data relied upon in making this determination.

AAE 2-50: The projected cost of NOPS is $216 million. Based on this projected cost:

AAE 2-51: In reference to consumer rates:

1. What will be the rate impact after NOPS is brought into commercial operation?;
2. What is ENO’s current return on equity (ROE) that is used in calculating rate impact in subpart (a)?;
3. What is the monetary return anticipated by ENO for its investment in NOPS?;
4. What are the operation and maintenance costs of NOPS?;
5. What are the anticipated fuel costs of NOPS?; and
6. Please provide all data and analysis that ENO used to answer subparts (a) - (e).

AAE 2-52: Has ENO ever applied to the City Council to build a generating resource? If yes, please provide the docket number of the application(s).

AAE 2-53: On page 4 of his testimony, Finance Director Orlando Todd asserts there will be a depreciation rate at 3.3% a year that will amount to $72 million accrued during the first year and later proposes it will be used until the first rate case. Please provide any data and/or documents that were relied upon in reaching this depreciation rate.

AAE 2-54: What does the Company anticipate as its Weighted Average Cost of Capital in NOPS’ first year of commercial operation, assuming that is October 2019? Provide any data and/or documents relied upon in reaching this assumption.

AAE 2-55: Why does the company propose that in the first year of FRP realignment of the non-fuel revenue requirement, that the recovery happens outside of the FRP bandwidth formula? See page 8 of Orlando Todd’s testimony.

AAE 2-56: On page 9 of Orlando Todd’s testimony, he asserts that to delay recovery of and on costs until a future rate case would have an adverse effect on the company’s financial conditions. Please explain how this assumption was reached, as well as any data and/or documents relied upon to reach it.