

**RESOLUTION
R-17-330**

CITY HALL: July 13, 2017

BY: COUNCILMEMBERS WILLIAMS, HEAD, GUIDRY, BROSSETT AND GRAY

**APPLICATION OF ENTERGY NEW ORLEANS, INC.
FOR APPROVAL REGARDING
CONTINUED PARTICIPATION IN THE MIDCONTINENT INDEPENDENT
SYSTEM OPERATOR, INC. REGIONAL TRANSMISSION ORGANIZATION**

**RESOLUTION AND ORDER ESTABLISHING A PERIOD OF INTERVENTION
AND OTHER PROCEDURAL REQUIREMENTS FOR THE CONSIDERATION OF
THE APPLICATION OF ENTERGY NEW ORLEANS, INC. REGARDING
CONTINUED PARTICIPATION IN THE MIDCONTINENT INDEPENDENT SYSTEM
OPERATOR, INC. REGIONAL TRANSMISSION ORGANIZATION**

DOCKET NO. UD-17___

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, pursuant to its powers of supervision, regulation and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

WHEREAS, Entergy New Orleans, Inc. (“ENO” or “Company”), effective September 1, 2015, is a public utility providing electric and natural gas service to all of New Orleans; and

WHEREAS, ENO is a wholly-owned operating company subsidiary of Entergy Corporation (“Entergy”). The other four operating companies are Entergy Arkansas, Inc. (“EAI”), Entergy Louisiana, LLC (“ELL”), Entergy Mississippi, Inc. (“EMI”), and Entergy

Texas, Inc. (“ETI”). These five operating companies are referred to collectively as the (“Operating Companies”); and

Background

WHEREAS, on April 25, 2011, Entergy formally announced its decision that the entire Entergy System would join the Midcontinent Independent System Operator, Inc. (“MISO”) (formerly named as the Midwest Independent System Operator, Inc.) regional transmission organization (“RTO”); and

WHEREAS, on May 12, 2011, ENO and ELL submitted an Evaluation of Alternative Transmission Arrangements Available to the Entergy Operating Companies and Support for Proposal to Join MISO (“Evaluation Report”) and supporting testimony to the Council containing information and analyses that they contend formed the basis for Entergy’s recommendation to join MISO; and

WHEREAS, according to Entergy, based on comprehensive review and analysis, it concluded that joining MISO will provide meaningful long-term benefits for the customers of the Entergy operating companies; and

WHEREAS, on November 14, 2011, ENO and ELL filed their *Joint Application of Entergy New Orleans, Inc. and Entergy Louisiana, LLC Regarding Transfer of Functional Control of Certain Transmission Assets to the Midwest Independent Transmission System Operator, Inc. Regional Transmission Organization, for an Accounting Order Deferring Related Implementation Costs and Request for Timely Treatment* (“Joint MISO Application”); and

WHEREAS, the Joint MISO Application requested that the Council find that the transfer of functional control of the Companies’ electric transmission assets to MISO to facilitate the Companies’ membership therein is in the public interest; and

WHEREAS, the Joint MISO Application estimated that, with Entergy and CLECO Power, LLC joining the MISO RTO, ENO would have an approximate total of \$32 million to \$46 million in net benefits, in terms of net present value, over a ten-year period; and

WHEREAS, the Joint MISO Application estimated that ELL-Algiers' portion of ELL's estimated net benefits would be approximately \$7 million to \$9 million over the same timeframe; and

WHEREAS, on November 15, 2012, the Council, in Docket No. UD-11-01, adopted Resolution No. R-12-439 that approved the Stipulation and Settlement Agreement ("Settlement Agreement") entered between ENO, ELL, the Council Advisors, and MISO agreeing to the transfer of functional control of ENO's and ELL's transmission assets to MISO. In doing so, the Council found that ENO and ELL joining MISO was in the public interest, subject to certain conditions and contingencies; and

WHEREAS, on December 19, 2013, ENO, along with the other Entergy Operating Companies, joined MISO; and

WHEREAS, the Settlement Agreement was subject to several conditions. One condition was for the Council to conduct a supplemental review of ENO's continued membership in MISO prior to the end of the five-year transition period (*i.e.*, December 18, 2018). For purposes of this supplemental review, ENO is required to submit an application with the Council on or before December 18, 2017, seeking to extend, modify, or terminate MISO participation; and

ENO's Application

WHEREAS, on May 24, 2017, ENO filed its *Application of Entergy New Orleans, Inc. Regarding Continued Participation in the Midcontinent Independent System Operator, Inc. Regional Transmission Organization* (“Application”); and

WHEREAS, ENO's Application seeks an extension, beyond December 19, 2018, of the Council's finding that ENO's continued membership in MISO is in the public interest; and

WHEREAS, ENO asserts in its Application that the purpose of this proceeding is to ensure that MISO is delivering the expected benefits to ENO's customers and to determine the effects of continued MISO participation; and

WHEREAS, in support of its Application, the Company submitted the Direct Testimonies of Charles L. Rice, Jr., Matthew T. Brown, Michael J. Goin, Anthony Walz, Kenneth F. Gallagher, and Charles E. DeGeorge; and

WHEREAS, consistent with the terms of the Settlement Agreement, ENO's Application contains both a backwards analysis of the costs and benefits of ENO's participation in MISO to date and a forward-looking analysis of the costs and benefits of continued MISO membership. The Application contends that ENO's participation in MISO has resulted in both quantitative and qualitative benefits for the City's ratepayers and that, in ENO's view, the City's ratepayers will receive benefits from continued MISO membership after the transition period (*i.e.*, December 2018), as opposed to ENO exiting MISO and establishing a stand-alone balancing area; and

WHEREAS, ENO's application includes a historical cost-benefit analysis of both energy- and capacity-related benefits. For energy benefits, ENO argues that the reduction in the implied heat rate for non-baseload resources and increased efficiency from MISO participation resulted in \$27 million in savings from 2014-2016. For capacity benefits, ENO argues that its

reduced annual planning reserve requirement from MISO participation resulted in \$13 million in savings from 2014-2016. ENO notes that these savings are offset by \$4 million in MISO's administrative costs for 2014-2016. Accordingly, ENO's quantitative cost/benefit analysis shows that ENO's customers have received a net benefit of \$36 million from 2014-2016; and

WHEREAS, ENO's application includes a forward-looking analysis on capacity-related benefits that looks at the cost difference in the reserve requirement between ENO staying in MISO and ENO exiting MISO and forming a stand-alone Balancing Authority. ENO argues that staying in MISO will result in \$317 million, on a present value basis (in 2016 dollars), in net benefits from 2019-2028. This includes \$261 million in capacity-related savings and \$56 million in avoided exit costs and obligations from leaving MISO; and

WHEREAS, ENO has not completed its forward-looking analysis on energy-related benefits (*i.e.*, AURORA results) and will supplement its application when those results are available; and

WHEREAS, ENO's application also lists several qualitative benefits from MISO participation, *e.g.*, increased price transparency, increased transmission planning processes and coordination, seams management, market oversight, congestion management, access to ancillary service providers; and

WHEREAS, ENO contends the quantitative costs of exiting MISO are projected to total \$56 million. This includes ENO's exit obligations under MISO's tariff and Transmission Owners Agreement and ENO's internal costs of transitioning to a stand-alone Balancing Authority; and

WHEREAS, ENO also argues there are qualitative risks from exiting MISO and continued MISO participation; and

WHEREAS, ENO clarifies that it is not seeking a “long-term” commitment for participation in MISO, just a finding that it is currently in the public interest for ENO to continue in MISO. ENO notes that going forward, ENO’s participation in MISO is subject to a 1-2 year exit notice requirement; and

WHEREAS, ENO proposes to continue providing the Council with annual reports giving an overview of ENO’s experience in MISO for the year and an analysis of the total benefits (*i.e.*, energy- and capacity-related) that customers realized during the year; and

WHEREAS, in addition to a finding that its continued membership in MISO beyond December 19, 2018, is in the public interest, ENO also requests approval of a procedural schedule to permit Council approval by December 31, 2017, so as to allow for sufficient time for ENO to provide notice that it planned to exit MISO. Under the terms of the MISO Transmission Owners Agreement, ENO is required to give notice of its exit by no later than December 31, 2017, if the Council determines that ENO should not continue in MISO beyond December 31, 2018; and

WHEREAS, ENO specifically requests that the Council grant the following approvals and relief:

1. Find that ENO’s continued participation in MISO is in the public interest, in accordance with Resolution No. R-06-88;
2. Find that, with respect to the matters raised in its Application, ENO has complied with, or is not in conflict with, the conditions and other provisions of all applicable Council resolutions, including but not limited to Resolution No. R-12-439;
3. Authorize that any confidential testimony, exhibits, and other materials referenced in the Application shall be exempt from public disclosure, consistent with Resolution No. R-07-432;
4. Authorize ENO to submit, on an annual basis, a more streamlined report containing a general overview of its experience in MISO throughout the year, as

well as an analysis of the total benefits that its customers have realized during the year as a result of ENO's continued participation in MISO; and

5. Grant ENO all general and equitable relief that the law and the nature of the case may permit; and

WHEREAS, the Council's desire to establish a procedural schedule that will allow the parties to this proceeding to rigorously investigate the Application, conduct discovery, file comments and otherwise establish a record upon which the Council may use to render a decision regarding ENO's Application; **NOW THEREFORE**

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

THAT:

1. The Company's Application shall be reviewed in a new docket designated as Docket No. UD-17-xx.
2. Notice of all matters in these proceedings directed to ENO shall be sent to Gary E. Huntley, Timothy S. Cragin, Brian L. Guillot, and Harry M. Barton as representatives of the Company.
3. The Honorable Jeffrey Gulin is appointed as Hearing Officer to preside over the proceedings in this docket and shall rule on procedural disputes, including motions and discovery.
4. ENO and the Council's Advisors are designated as parties to this proceeding. Additionally, a period of 30 days from the adoption of this Resolution is established for interventions in this docket. Persons desiring to intervene shall do so by filing an intervention request and the applicable fee with the Clerk of Council, with a copy submitted to Director, Council Utilities Regulatory Office ("CURO"), Room 6E07 City Hall, 1300 Perdido Street, New Orleans, LA 70112. The Council's requirements

for motions to intervene may be found in the City Code (which is available on the Council's website) at sections 158-236, 158-240, 158-286, 158-287, 158-322, and 158-324. Objections to intervention requests shall be filed within five days of such requests. Timely-filed intervention requests not objected to within that time period shall be deemed GRANTED.

5. A period of discovery is established herein, and it shall extend from the date of the adoption of this Resolution through eight days prior to the date of the Company's Reply Comments. Discovery requests must be made in time that responses may be received prior to the close of the discovery period. Responses to data requests shall be made on a rolling basis and shall be due in hand within 10 calendar days of receipt. Parties are encouraged to submit their data requests and responses electronically, where appropriate. Objections to data requests shall be filed within five days of receipt. 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.
6. To the extent technical conferences or settlement negotiations are required, they are to be arranged by the parties with the assistance of the Hearing Officer, if necessary.
7. It is anticipated that during discovery, the parties may be required to produce documents or information that is deemed confidential and/or highly sensitive and, accordingly, the Council adopts for use in this docket its Official Protective Order adopted by Resolution No. R-07-432, a copy of which can be obtained from the CURO.

8. To the extent that the City Clerk's office closes before 5:00 pm on the date of any deadline contained therein, the deadline shall be extended to the next business day.
9. Comments of the Advisors and Intervenors shall be filed not later than September 22, 2017.
10. Reply Comments of the Parties shall be filed not later than October 27, 2017.
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 herein.

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

YEAS: Brossett, Cantrell, Gray, Guidry, Head, Ramsey, Williams - 7

NAYS: 0

ABSENT: 0

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

CLERK OF COUNCIL