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Alyssa Maurice-Anderson
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August 1, 2017

VIA HAND DELIVERY

Ms. Lora W. Johnson, CMC
Clerk of Council
Council of the City of New Orleans
Room 1E09, City Hall
1300 Perdido Street
New Orleans, Louisiana 70112

Re: Supplemental and Amending Application of Entergy New Orleans, Inc. for Approval to Purchase Power Block 1 of the Union Power Station, for Cost Recovery and Request for Timely Relief – Council Docket No.UD-15-01(Phase II)

Dear Ms. Johnson:

Pursuant to Paragraph (V)(B)(1) of the Purchased Power and Capacity Acquisition Cost Recovery Rider (“PPCACR Rider”), enclosed for your further handling are an original and three (3) copies of the Mid-Year Report on Actual Revenue Requirement Associated with the Union Power Station Power Block 1 by Entergy New Orleans, Inc. (“ENO”). I would appreciate your filing the Report in the above-referenced docket and returning a date-stamped copy to our courier.

Paragraph (V)(B)(1) of the PPCACR Rider requires ENO to report to the Council the actual revenue requirement associated with the Union Power Station Power Block 1 for the first six months of the calendar year. Accompanying the Report is a CD containing information that is designated as Highly Sensitive Protected Materials (“HSPM”). The HSPM CD is being produced only to the appropriate Reviewing Representatives under the terms of the provisions of the Official Protective Order adopted pursuant to Council Resolution R-07-432 relative to the disclosure of Protected Materials.

Please note the Report is not a request to change the PPCACR Rider Rate. Accordingly, no other materials are enclosed with this cover letter. Should you have any questions regarding any of the above, please don’t hesitate to contact me.

JUL m 8 45

Ms. Lora W. Johnson
August 1, 2017
Page 2 of 2

Thanking you for your attention to this matter, I am

Sincerely,

A handwritten signature in black ink, appearing to read "Alyssa Maurice-Anderson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Alyssa Maurice-Anderson

cc: Official Service List

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

**EX PARTE: APPLICATION OF)
ENERGY NEW ORLEANS, INC.)
FOR AUTHORIZATION TO ENTER)
INTO A CONTRACT FOR THE)
PURCHASE OF CAPACITY AND)
ENERGY FROM POWER BLOCKS 3)
AND 4 AT UNION POWER STATION,)
FOR COST RECOVERY AND)
REQUEST FOR TIMELY RELIEF)**

DOCKET NO. UD-15-01

**MID-YEAR REPORT ON
ACTUAL REVENUE REQUIREMENT ASSOCIATED WITH THE
UNION POWER STATION POWER BLOCK 1 BY ENERGY NEW ORLEANS, INC.**

NOW BEFORE THE COUNCIL OF THE CITY OF NEW ORLEANS comes
Entergy New Orleans, Inc. (“ENO”), through undersigned counsel, and submits this Mid-Year Report on Actual Revenue Requirement Associated with the Union Power Station Power Block 1 (“Report”). Accompanying the Report is the attached CD, which ENO has designated as Highly Sensitive Protected Materials pursuant to the Official Protective Order in Council Resolution No. 07-432, dated September 20, 2007. Exhibit “A” on the CD is the actual monthly non-fuel costs associated with Union Power Station Power Block 1, including allocated non-fuel costs associated with common station plant, for the period January through June 2017 (“Actual Cost Data”) and supporting workpapers.

The Mid-Year Report is required by the Purchased Power and Capacity Acquisition Cost Recovery Rider (“Rider PPCACR”). Rider PPCACR is the exact cost recovery mechanism through which ENO contemporaneously recovers the annual non-fuel revenue requirement, that is, costs, associated with Power Block 1. The Rider PPCACR provides for the billing of a rate that takes into account the estimated monthly non-fuel costs associated with Power Block 1 for

the upcoming year. The estimated monthly non-fuel costs are derived by dividing the estimated annual non-fuel revenue requirement by twelve. The current estimated annual non-fuel revenue requirement used for billing in the Rider PPCACR is \$47.492 million, which became effective January 1, 2017. This amount is referred to herein as the “Current Billing Estimate.” The Rider PPCACR further provides for an annual true-up of the Current Billing Estimate to the actual non-fuel revenue requirement.

As a check on the Current Billing Estimate, the Rider PPCACR requires ENO to provide the Council the Mid-Year Report reporting the actual non-fuel revenue requirement associated with Power Block 1 for the first six months of the calendar year. This reporting process is not intended to see how well ENO can predict the future because, indeed, ENO cannot predict the future. Rather, the reporting process is intended to give the Council a defined opportunity to determine whether the Current Billing Estimate should be modified prior to the next annual update.

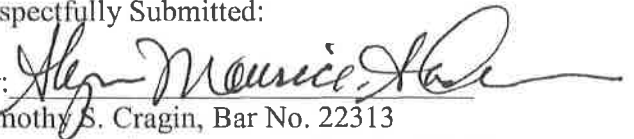
The Actual Cost Data in Exhibit A reflects two noteworthy developments. The Actual Cost Data shows that accumulated deferred income taxes (“ADIT”) is now a liability balance, which decreases the monthly return on rate base borne by customers. Also, the Actual Cost Data shows that the actual monthly property tax expense accrual is not equal to the estimated property tax expense accrual underlying the Current Billing Estimate. This difference has implications not only for operating expenses but also the property tax working capital adjustment, which was incorporated in the Current Billing Estimate. ENO is continuing to evaluate this accrual.

Additionally, during the preparation of the Actual Cost Data, ENO determined that, in the past, ENO inadvertently omitted an immaterial amount of costs recorded to retirement work in progress (“RWIP”), which are recorded in Account 108 Accumulated Provision for Depreciation

of Electric Utility Plant. Exhibit "A" shows the RWIP amounts on WP2, line 8. Going forward, ENO will include these costs in its reporting related to Power Block 1.

Most importantly, ENO does not recommend modifying the current estimated non-fuel revenue requirement used in the Rider PPCACR ("Current Billing Estimate") because the Actual Cost Data indicates the continued use of the estimate is reasonable. Attached as Exhibit "B" is a comparison of the Current Billing Estimate to an updated non-fuel revenue requirement estimate ("Updated Estimate"). The Updated Estimate takes into account the Actual Cost Data shown in Exhibit "A" and expected capital project closings to plant in service and operating expenses for the remainder of calendar year 2017. The notes in Exhibit "B" identify the differences between the Current Billing Estimate and the Updated Estimate. These differences in underlying estimates, which offset to some extent, when considered together, demonstrate that the Current Billing Estimate continues to be representative of the ongoing costs associated with Power Block 1. Accordingly, ENO does not recommend modifying the Current Billing Estimate based on the Actual Cost Data shown in Exhibit "A."

Respectfully Submitted:

By: 

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**ATTORNEYS FOR
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CERTIFICATE OF SERVICE

CNO Docket No. UD-15-01

I, the undersigned counsel, hereby certify that a copy of the above and foregoing has been served on the persons listed below by facsimile, by hand delivery, by electronic mail, or by depositing a copy of same with the United States Postal Service, postage prepaid, addressed as follows:

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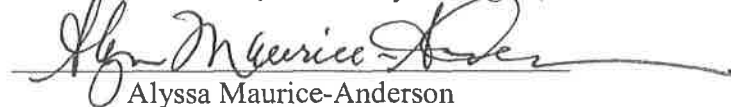
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New Orleans, Louisiana, this 1st day of August, 2017.


Alyssa Maurice-Anderson