

**RESOLUTION
(AS CORRECTED)
NO. R-17-427**

City Hall: August 10, 2017

BY: COUNCILMEMBERS BROSSETT, WILLIAMS, AND GRAY

**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**

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 or charging of rates and charges of public utilities as well as considering all petitions and complaints relating to any matter pertaining to the regulation of public utilities; and

WHEREAS, Entergy New Orleans, Inc. (“ENO”) provides electric service within the City of New Orleans; and

WHEREAS, on June 8, 2017 Councilmember Jared Brossett submitted a letter to ENO voicing his concerns over ongoing customer complaints related to ongoing outages and reliability issues and directing ENO to provide: (1) detailed information explaining the specific problems and causes of outages that have affected blocks of customers in excess of individual isolated customer problems for the past 12 months, identifies the specific feeders involved, specific

equipment which has failed, and locations of each outage, date and time of such outages, weather conditions at the time of each outage, number of affected customers for each outage, and the duration of each outage where unplanned outages have occurred during the past 12 months; (2) specific information regarding remediation activities that ENO has taken or plans to take in response to said problems, complete with documentation on ENO's response times from the time of initial notification to ENO by the customer, or group of customers, affected to the time service was successfully restored; (3) ENO's future short-term plans and costs to remediate these problems and the time frame in which the problems will be resolved; and (4) ENO's 2017 System Average Interruption Frequency Index ("SAIFI") and System Average Interruption Duration Index ("SAIDI") reliability indices for each distribution feeder which has experienced unplanned outages; and

WHEREAS, at the June 28, 2017 Council Utility Cable Telecommunications and Technology Committee ("UCTTC") meeting, the Committee voiced its concerns to ENO regarding ongoing outages and reliability issues, and posed numerous questions to ENO concerning such issues; and

WHEREAS, at the June 28, 2017 UCTTC meeting, ENO made a presentation which provided high level information regarding ENO's reliability performance, outage causes and ENO's current reliability programs; and

WHEREAS, on July 10, 2017, ENO responded to Councilman Brossett's June 8, 2017 letter, providing detailed information on its outages by cause occurring during the June 1, 2016 – May 31, 2017 period, and 2017 year to date SAIFI and SAIDI statistics by individual distribution feeder and prevailing weather conditions for ENO's entire distribution system; and

WHEREAS, at the direction of the Councilman Brossett, the Council's Technical Advisors performed an initial analysis of ENO's statistical reliability and outage data; and

WHEREAS, the Technical Advisors' initial analysis indicates that a total of 2599 outages from all causes occurred in ENO's distribution system during the June 1, 2016 – May 31, 2017 period taking into account all weather conditions, of which a total of 1462 outages from all causes occurred during fair weather conditions, and the Technical Advisors note that many of the outages reported by ENO are of significantly long duration; and

WHEREAS, the Technical Advisors' initial analysis indicates that of ENO's total outages during the June 1, 2016 – May 31, 2017 period, 287 outages (approximately 11 percent) occurred in Council District A, 483 outages (approximately 19 percent) occurred in Council District B, 348 outages (approximately 13 percent) occurred in Council District C, 729 outages (approximately 28 percent) occurred in Council District D, and 732 outages (approximately 28 percent) occurred in Council District E; and

WHEREAS, the Technical Advisors' initial analysis indicates that of the 2599 total outages which occurred during the June 1, 2016 – May 31, 2017 period, approximately fifty-six percent occurred during normal business hours between 8 AM and 5 PM, and approximately forty-four percent occurred outside normal business hours starting 5 PM and ending 8 AM, and

WHEREAS, approximately forty-eight percent of all outages which occurred between 8 AM and 5 PM were greater than two hours in duration, and approximately thirty-one percent of outages during this time period were greater than three hours in duration; and

WHEREAS, fifty-four percent of all outages which occurred between 5 PM and 8 AM were greater than two hours in duration, and thirty-eight percent of outages during this time period were greater than three hours in duration; and

WHEREAS, given the significant number of long duration outages which have occurred during the past twelve months, the Council's investigation of ENO's distribution O&M staffing and practices is warranted; and

WHEREAS, it is the Council's opinion that given the number of customer outage complaints related to reliability that have occurred during the past twelve months, ENO's submission of monthly reports to the Council and the Advisors going forward listing the number, location, and nature of all unplanned electric service disruptions or reported reliability problems in Orleans Parish, as well as the duration of each outage and the status of ENO's remediation efforts to mitigate the occurrence of such outages in the future is warranted; and

WHEREAS, the safety and reliability of electric service in the City of New Orleans remains a primary concern for the Council; and

WHEREAS, as a result of ongoing customer complaints and ongoing outages, the Council is concerned with the overall level of ENO's distribution system reliability throughout ENO's service territory; and

WHEREAS, a significant number of state utility regulatory commissions have established minimum reliability performance standards for the utilities in their respective jurisdictions; and

WHEREAS, in conjunction with establishing minimum reliability performance standards for the utilities under their jurisdiction, a significant number of state utility regulatory commissions have also established financial penalty mechanisms for failure to meet the reliability performance standards so established; and

WHEREAS, a significant number of state utility regulatory commissions have developed reliability performance standards measuring the annual SAIFI, SAIDI, and Customer Average Interruption Duration Index ("CAIDI") for utilities under the respective jurisdictions measured against adopted minimum reliability performance standards; and

WHEREAS, the Louisiana Public Service Commission ("LPSC") has established in its General Order of April 30, 1998 in Docket No. U-22389 that all utilities under its jurisdiction

design and maintain a program to improve the reliability of electric distribution systems to within a minimum performance standard consisting of an annual maximum SAIFI of 2.28 and an annual maximum SAIDI of 2.87 for the utility's service distribution area; and

WHEREAS, the LPSC's minimum reliability performance standards apply to both rural and urban geographic areas, and ENO's reliability performance must be measured against minimum reliability performance standards that relate to the specific nature of ENO's urban service territory; and

WHEREAS, as a method of ensuring that ENO provides acceptable levels of reliability to its customers prospectively, it is prudent for the Council to consider the establishment of minimum reliability performance standards for ENO; and

WHEREAS, the establishment of financial penalty mechanisms for failure to meet minimum reliability performance standards as established by the Council will provide consequences to ENO for noncompliance with such standards; and

WHEREAS, the Council's Technical Advisors' initial review of ENO's data as a general measure of ENO's city-wide distribution feeders' reliability performance during the June 1, 2016 – May 31, 2017 period indicates that of a total of 261 distribution feeders, 20 ENO distribution feeders experienced SAIFIs that are in excess of the LPSC-established SAIFI reliability standard, and 121 ENO distribution feeders experienced SAIDIs that are in excess of the LPSC-established SAIDI reliability standard; and

WHEREAS, the reliability performance of ENO's distribution feeders does not indicate acceptable levels of reliability generally consistent with urban SAIFI and SAIDI standards as evidenced from a review of other regulatory jurisdictions that have regulations governing same; now therefore:

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

THAT:

1. The Council hereby establishes Docket No. UD-17-04, for the Council's investigation into outages, and reliability issues in Orleans Parish in general, ENO's level of distribution O&M staffing and scheduling, and to consider the establishment of minimum reliability performance standards for all of the utilities under the Council's jurisdiction including the establishment of financial penalty mechanisms for failure to meet such minimum reliability performance standards as established by the Council in this docket.
2. A period of 15 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 with the Clerk of the Council, with a copy submitted to the Director, Council Utilities Regulatory Office, Room 6E07 City Hall, 1300 Perdido Street, New Orleans, LA 70112; and to persons on the Official Service List of Docket UD-17-04, which may be obtained from the Council Utilities Regulatory Office. Objections to intervention requests shall be filed within 7 days of such requests. Timely-filed intervention requests not objected to within the time period shall be deemed **GRANTED**.
3. Within 30 days of the adoption of this resolution, the Technical Advisors will file with the Council, with copies to all parties to the docket, the results of their analysis of ENO's outages and reliability performance, based upon ENO's information then received to date, along with the Technical Advisors' request for clarifying and additional information for the Technical Advisors further analysis; and

4. Within 60 days of ENO's receipt of the Advisors' analysis, ENO shall provide the Council with its formal plans, budgets, schedules for improving the reliability performance of its distribution system, and recommended minimum SAIFI and SAIDI standards to measure the reliability performance of its distribution system for monitoring and evaluation by the Council and its Technical Advisors.
5. ENO is directed to fully coordinate and cooperate with the Advisors throughout the term of this Docket.
6. ENO is directed to file bi-monthly reports with the Council concerning ongoing outages and reliability issues until otherwise directed by the Council.
7. By January 31, 2018, ENO shall file with the Council a report which provides the annual SAIFI and SAIDI reliability values for each ENO distribution feeder for the prior calendar year.
8. By December 31, 2017, based upon the Technical Advisors' review of ENO's supplemental information, the Technical Advisors will file with the Council, with copies to all parties to the docket, the results of its analysis of ENO outages and reliability performance, along with the Advisors' evaluation and recommendation of appropriate minimum reliability performance standards for ENO taking into consideration the urban nature of ENO's service territory within Orleans Parish, and recommending appropriate financial penalties for non-compliance for consideration by the Council.
9. Within 30 days of the date the Advisors' filing of their findings and recommendations, all intervenors and ENO shall file any comments they deem appropriate relative to the Advisors' findings and recommendations.

10. Thereafter, a public hearing shall be had before the Council's Utility, Cable, Telecommunications and Technology Committee at which time the Committee shall consider appropriate action with regard to the establishment of minimum reliability standards for ENO and the submittal of a formal recommendation to the Council for its consideration.

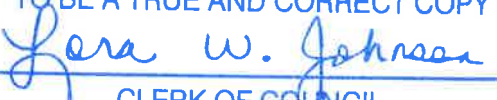
**THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL
WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:**

YEAS: Cantrell, Gray, Guidry, Head, Ramsey, Williams - 6

NAYS: 0

ABSENT: Brossett - 1

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

CLERK OF COUNCIL