

December 27, 2018

By Hand Delivery

Ms. Lora W. Johnson, CMC, LMMC
Clerk of Council
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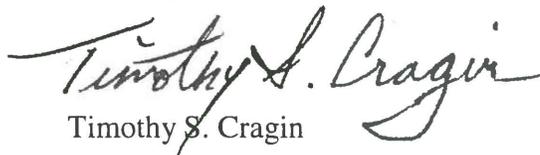
Re: Resolution Directing Entergy New Orleans, Inc. to Investigate and Remediate Electric Service Disruptions and Complaints and to Establish Minimum Electric Reliability Performance Standards and Financial Penalty Mechanisms – CNO Docket No. UD-17-04

Dear Ms. Johnson:

Please find enclosed for your further handling an original and three copies of Entergy New Orleans, LLC's ("ENO") Response to Intervenors' and Advisors' Comments on Quanta Technology Report, which is submitted pursuant to Judge Jeffrey S. Gulin's Order dated November 19, 2018, and is being filed in the above-referenced docket. Please file an original and two copies into the record and return a date-stamped copy to our courier.

Thank you for your assistance with this matter.

Sincerely,


Timothy S. Cragin

TSCrdm

Enclosures

cc: Official Service List (UD-17-04 via electronic mail)



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

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

**ENTERGY NEW ORLEANS, LLC’S RESPONSE
TO INTERVENORS’ AND ADVISORS’ COMMENTS
ON QUANTA TECHNOLOGY REPORT**

Entergy New Orleans, LLC (“ENO” or the “Company”) respectfully submits this Response to the Comments filed by Intervenors, the Alliance for Affordable Energy (“Alliance”) and the Sewerage & Water Board of New Orleans (“SWBNO”), and by the Advisors to the Council of the City of New Orleans (the “Council”) related to the Quanta Technology, LLC’s (“Quanta”) Assessment of ENO’s Distribution Reliability Improvement Initiatives, which was filed with the Council on October 31, 2018.

I. Background

In August 2018, ENO engaged Quanta, an independent nationally-recognized expert in electric utility distribution system reliability to consult with ENO’s distribution reliability team to provide third-party expertise and a national perspective on ENO’s 2018 Revised Reliability Plan and on ENO’s reliability performance generally. After being engaged by ENO, Quanta’s team of distribution reliability experts spent several weeks reviewing pertinent ENO reliability information, discussing reliability practices and procedures with ENO’s team, examining portions of ENO’s physical distribution system, and conducting a benchmarking survey on

distribution reliability to compare ENO's reliability practices and performance with select high-performing peer utilities. Quanta issued an extensive and detailed report on its findings with recommendations and, as noted above, that report was filed with the Council on October 31, 2018.

ENO is generally supportive of the Quanta Report and its recommendations and believes that it provides exactly what ENO was looking for in engaging Quanta, i.e., an independent and national perspective on reliability practices, procedures and performance. ENO currently is working on finalizing its 2019 Reliability Plan ("2019 Plan") and, in doing so, is reviewing each of the Quanta recommendations and assessing whether, how, and when those recommendations will be or can be implemented. ENO anticipates that its 2019 Reliability Plan will incorporate certain of the Quanta recommendations and that the implementation of other recommendations will be more appropriately implemented after the advanced metering infrastructure is deployed and the outage management system and distribution management system are upgraded over the next couple of years. ENO is scheduled to file its 2019 Plan on January 18, 2019, and expects to address its response to the specific Quanta recommendations in conjunction with that filing. Accordingly, this Response pleading focuses on responding to the Comments on the Quanta Report filed by the Advisors and Intervenors.

II. Response to Comments of the Alliance for Affordable Energy

The Alliance filed its Comments on the Quanta Report on November 29, 2018. The Alliance's Comments appear to be generally supportive of the Quanta Report and its recommendations. The Alliance does express a general concern that the need to address current outages will result in "quick fixes" or short-term patches to the "old system" that will not take into account coming grid modernization projects and resource planning. ENO acknowledges that coordinating maintenance and repairs of the legacy distribution system with upcoming grid

modernization projects in an effort to minimize duplication or overlap is a complex task; however, the ENO reliability team is coordinating regularly with the grid modernization team to take into account expected grid mod projects when developing its 2019 Reliability Plan and when executing the reliability plan and the specific reliability projects that will be contained therein, as well as other projects that are developed over the coming year. Of course, there will be repairs that will be needed on the legacy distribution system to ensure reliable power as we transition to a more modern distribution grid. As individual grid modernization projects are engineered, designed, and constructed, the grid modernization team will continue its coordination with the reliability team to ensure that recent reliability-related improvements are considered, and duplicative work is avoided, during the design of grid modernization projects. In this and in other ways, grid modernization will build upon the reliability improvements being executed today and will facilitate the connection of additional distributed energy resources by upgrading the distribution grid and the control and communications systems to allow two-way power flow.

In its filing, the Alliance indicates that it supports Quanta's recommendation that ENO begin calculating the Momentary Average Interruption Frequency Index ("MAIFI") to "account for some of the concerns expressed by the [SWBNO] about dips and spikes in service." It should be noted that ENO has installed power quality meters on certain feeders serving the SWBNO Carrollton Plant to assist in identifying any voltage dips and spikes. ENO is not opposed to beginning to use MAIFI as an additional reliability metric; however, it currently believes that this will not be practical or feasible with its current system and it will need to determine if the advanced meters that are being deployed will provide the information necessary to develop the MAIFI metric.

The Alliance also suggests that the Council and ENO consider converting unspecified “key lines” from overhead service to underground service. Although ENO is not theoretically opposed to targeted undergrounding of distribution feeders, ENO’s past consideration of such targeting measures suggests that it is very difficult to transition from overhead to underground lines for existing customers. ENO believes, generally, that the physical disruption to customers’ property, sidewalks, trees and their root systems, garages, swimming pools, etc., not to mention certain additional costs that would be borne by the customer, will make even targeted undergrounding a very difficult and, ultimately, a highly unpopular option with customers.

The Alliance also raises an issue relating to Quanta’s discussion of transmission view outages, some of which were substation outages. Due to an internal miscommunication, early reports of outages at the start of this Docket did not include the transmission view outages. That has since been corrected going forward and the current reporting now includes transmission view outages. In 2018, there have been a total of 14 transmission view outages, some of which were substation-related outages.

III. Response to Comments of the Sewerage and Water Board of New Orleans

It should be noted at the outset that SWBNO’s Comments to the Quanta Report often go well beyond any response to the content of the Quanta Report. Specifically, SWBNO seemingly tries to use its Comments to the Quanta Report to blame ENO and its distribution system for all of the SWBNO’s past boil water advisories. ENO does not believe it appropriate or necessary to address these unsupported claims in this pleading. Suffice it to say that the deficiencies in the SWBNO’s past operations and the problems with its antiquated physical plant have been widely

reported and are well-documented and well-known by New Orleans citizens.¹ The “blame game” was a strategy sometimes used by previous SWBNO administrations, but ENO has been encouraged by the “work-together-to-solve-problems” attitude and improved transparency of the new SWBNO administration and ENO is committed to working with SWBNO to evaluate its electrical service needs and working within regulatory constraints to allow it to better serve the citizens of New Orleans. ENO hopes that SWBNO’s recent filing by its attorneys is an aberration and does not represent a return to old tactics.

In its Comments to the Quanta Report, the SWBNO takes issue with the fact that it receives its electric service via what its attorneys refer to as “residential distribution lines.” However, neither ENO nor any of the other Entergy operating companies classifies distribution lines as “residential.” Rather, electric feeders are classified as either transmission feeders or distribution feeders based on their operating voltage. ENO serves a combination of residential, commercial and industrial customers, including the SWBNO and other critical customers,² from distribution lines (*i.e.*, at distribution voltage). In fact, the SWBNO’s main Carrollton Plant on Claiborne Avenue is currently fed by five different distribution feeders. If a commercial or industrial customer’s load is large enough, it may request a dedicated feeder at distribution or transmission level voltage, but in those cases, the customer specifically requests, contracts for, and pays for, such dedicated service.

¹ For instance, it has been reported that the SWBNO estimates that approximately 40% of the water it produces is lost underground, amounting to the loss of over 50 million gallons daily and over 18 billion gallons per year. “We Can’t Even Let Water Drip in New Orleans?,” Times-Picayune Editorial, January 5, 2018. (“How can the system that by its own estimate loses about 40 percent of the water it produces every day because of leaks in underground pipes be undone by dripping faucets? The typical losses have been estimated at 50 million gallons a day or more.”)

² It should be noted here that although SWBNO states in its Comments that “Unfortunately, the [SWBNO] does not appear to have made the cut as a Critical Customer,” in fact, SWBNO is and has been designated by ENO as a Critical Customer. Representations made to the contrary are inaccurate. As a Critical Customer, SWBNO receives priority during power restoration. This means that following a major storm, power to the facilities of Critical Customers is prioritized with other critical services that are necessary to the health and safety of our community. Other critical customers include hospitals, fire, police, and communication systems.

Historically, the SWBNO often generated much of its own power to serve its facilities. This was due in part to the fact that much of SWBNO's antiquated pumping facilities utilized power at 25 cycles per second (25 Hz), rather than the 60 Hz power that U.S. utilities typically provide to customers and that ENO Service Regulations specifically provide for. SWBNO apparently now believes that it is entitled to dedicated transmission service, however, whereas ENO and SWBNO are currently in discussions regarding that possibility and the detailed specifications that would be required to bring such a project to fruition, to date, SWBNO has never requested, contracted for, and indicated a willingness to pay for any such dedicated service.

The SWBNO's Comments also focus on the fact that the Quanta Report did not address service quality issues, such as voltage sags, dips and spikes. However, as the Advisors point out in their Comments, voltage quality has not historically been a system issue for ENO and the Quanta Report was never intended to address such customer-specific issues. Additionally, as the SWBNO well knows, ENO has installed power quality meters on certain feeders serving the SWBNO Carrollton Plant in an attempt to gain additional information regarding SWBNO's voltage concerns. However, for years, ENO has maintained, and has advised the SWBNO, that SWBNO needs to have the necessary equipment to be able to "ride through" momentary voltage sags and the like that can be experienced from time to time on distribution feeders, as well as the need to have a backup plan in the event of total loss of power on the feeders that serve its facilities. This "ride through" capability is similar to what some office buildings in New Orleans' Central Business District have to allow them to switch to their backup system in the event of an electrical disruption and allows their elevators, air conditioning systems, and other electrical equipment to continue to operate without interruption.

The SWBNO also takes issue with the fact that the Quanta Report did not include “a detailed study of the vintage of various components of ENO’s distribution system.” As ENO has previously noted, there are millions of pieces of equipment that comprise its distribution system and, historically, industry practice and asset management systems, including ENO’s system, have not provided for detailed identification and tracking of the age of many of those facilities. Nevertheless, within the limited time that Quanta had to conduct its review, it did review and consider the age of facilities that are tracked by ENO’s current asset management system. It is anticipated that the upgraded asset management system that is to be implemented in the next couple of years will allow for more detailed tracking of facilities going forward, although ENO does not believe that it is cost-effective to age-track every nut, bolt and screw in the system.

SWBNO, like the Alliance, also discusses the possibility of targeted undergrounding of distribution facilities. As noted above in ENO’s Comments regarding the Alliance’s filing, ENO is not theoretically opposed to targeted undergrounding of distribution feeders, however, based in part on ENO’s past consideration of targeted undergrounding projects, ENO is highly skeptical that converting existing overhead feeders to underground feeders, even in targeted situations, would be cost-beneficial or realistically feasible.

SWBNO also raises the question of whether ENO should shorten its current trim cycle of approximately 1.4 years, which is considerably shorter than average industry trim cycles. ENO believes that its current trim cycle is adequate given the constraints imposed by the City’s Parks and Parkways Department regulations, which limit trim clearance to 4 feet. Additionally, SWBNO raises the issue of Basic Insulation Level and suggests that ENO conduct a comprehensive inspection of its system to ensure that all of its distribution equipment includes BIL ratings that meet current standards. ENO has adjusted its internal BIL standards and is

implementing those standards on new construction and in its ongoing reliability work. ENO believes that its approach of improving BIL ratings on its distribution facilities, where necessary, as it performs other work on its system is the proper way to address this issue and it has had good success in improving the BIL of its facilities in this manner.

IV. Response to Comments of the Council Advisors

ENO agrees with the Council Advisors' assessment that the Quanta Report provides a comprehensive assessment of ENO's distribution reliability improvement initiatives and that implementation of Quanta's recommendations, where feasible, in addition to the reliability work and storm hardening work that has been performed in recent years, provide the potential for significant distribution system reliability improvement in the coming years. Additionally, ENO agrees with the Council Advisors and other Intervenors comments that are supportive of ENO moving to IBM Maximo for its new Asset Management System.

In their Comments, the Advisors note that the Quanta Report does not contain an estimate of the costs required to implement the recommendations or the resulting impact to ENO's customers. ENO believes that certain of Quanta's recommendations can be implemented at little or no additional cost to customers and that some recommendations are in the process of being implemented now or over the next couple of years and that the cost of that implementation has already been considered in past proceedings or will be considered in the current rate case. Nevertheless, ENO agrees to work with the Advisors and other parties to discuss the recommendations individually and to assess whether additional cost is involved and, if so, to estimate the magnitude of such additional cost.

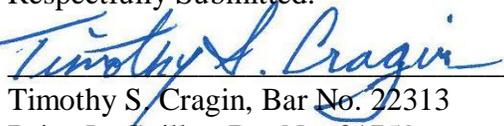
V. Conclusion

ENO looks forward to working with the Advisors and the other parties to address

Quanta's recommendations, where feasible and cost-effective, and ENO intends to address Quanta's specific recommendations in its 2019 Reliability Plan to be filed on January 18, 2019.

Respectfully Submitted:

By:



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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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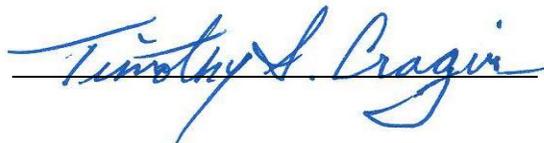
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New Orleans, Louisiana, this 27th day of December 2018.

A handwritten signature in blue ink that reads "Timothy S. Cragin". The signature is written in a cursive style and is positioned above a horizontal line.