

February 20, 2019

VIA HAND DELIVERY

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

RE: *Public Application of Entergy New Orleans, Inc.
for Approval to Construct New Orleans Power Station
and Request for Cost Recover and Timely Relief
CNO Docket UD-16-02*

Dear Ms. Johnson:

Please find enclosed the original and three copies of correspondence on behalf of Air Products and Chemicals, Inc., to Councilmembers regarding The New Orleans Power Station which we request you file into the record in the above-referenced matter. Please file an original and two copies into the record and return a date-stamped copy to my office in accordance with normal procedures.

Should you have any questions regarding the above, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,



Carrie R. Tournillon

CRT/mpk

Enclosures

cc: Official Service List UD-16-02 (via electronic mail)

FEB 21 2019

February 20, 2019

Via Hand Delivery and Electronic Mail

Council President Jason Rogers Williams
Councilmember-At-Large
1300 Perdido Street, Room 2W50
New Orleans, LA 70112
jasonwilliams@nola.gov

Council Vice-President Helena Moreno
Councilmember-At-Large
1300 Perdido Street, Room 2W40
New Orleans, LA 70112
morenocouncil@nola.gov

Councilmember Joseph I. Giarrusso
District "A"
1300 Perdido Street, Room 2W80
New Orleans, LA 70112
Joseph.Giarrusso@nola.gov

Councilmember Jay H. Banks
District "B"
1300 Perdido Street, Room 2W10
New Orleans, LA 70112
Jay.Banks@nola.gov

Councilmember Kristin Gisleson Palmer
District "C"
1300 Perdido Street, Room 2W70
New Orleans, LA 70112
Kristin.Palmer@nola.gov

Councilmember Jared C. Brossett
District "D"
1300 Perdido Street, Room 2W20
New Orleans, LA 70112
councildistrictd@nola.gov

Councilmember Cyndi Nguyen
District "E"
1300 Perdido Street, Room 2W60
New Orleans, LA 70112
Cyndi.Nguyen@nola.gov

Re: Entergy New Orleans, LLC, New Orleans Power Station
CNO Docket No. UD-16-02
City Council Regular Meeting, February 21, 2019 – Agenda
Items 34a-e (Resolutions R-19-17, R-19-18, R-19-19, R-19-20,
and R-19-78)
File No. 7717-46

Dear Councilmembers:

On behalf of Air Products and Chemicals, Inc. ("Air Products"), I write to reaffirm Air Products' support of the construction of the New Orleans Power Station ("NOPS") and to raise

February 20, 2019

Page 2

concern with the potential recovery of costs associated with improvements to facilities of the New Orleans Sewerage and Water Board (“S&WB”) from customers of Entergy New Orleans, LLC (“ENO”). Air Products requests that the Council not rescind its vote approving NOPS. Further, Air Products urges the Council not to allow or require recovery from ENO ratepayers of any costs associated with improvements to S&WB-owned facilities or construction of ENO facilities to serve the SW&B that do not provide system-wide benefits to ENO ratepayers.

As I indicated in public comment during the Utility Cable, Telecommunications and Technology Committee (“UCTTC”) meeting on Thursday, February 14, 2019, Air Products fully participated in Docket UD-16-02 and submitted the testimony of its expert consultant, Mr. Maurice Brubaker. Mr. Brubaker evaluated ENO’s Revised NOPS Application, testimony, and discovery in the proceeding to determine that ENO has a capacity need and that the Rice units have many beneficial operational characteristics that will add reliability to ENO’s system.¹ Mr. Brubaker’s associate also evaluated ENO’s analysis of the transmission system in its Revised NOPS Application and the need for the Rice Units being located in the city - - versus having capacity imported through Entergy’s transmission system - - and concurred with ENO’s analysis on the Rice Units. Air Products respectfully requests the Council to rely on the opinion of the many expert consultants in this docket who testified in support of NOPS and not rescind its vote approving construction of the Rice units.

With respect to ENO’s Settlement Offer and Resolution and Order Imposing Sanction; Directing Cost Protections and Other Modifications to New Orleans Power Station (“NOPS Resolution”), however, Air Products is very concerned that costs that should be shouldered by S&WB customers could be shifted to ENO customers. ENO’s letter dated January 30, 2019, indicates, “ENO will construct any mutually agreeable solution identified by ENO and S&WB as necessary for the reliable provision of power to S&WB and shall recover the costs of such solution through an appropriate rider or other cost recovery mechanism to be determined by the Council.”² Further, on page 10 of the NOPS Resolution, Item 3 relating to the S&WB commitment, likewise directs ENO to work with the Council and its Advisors regarding appropriate cost recovery mechanism as determined by the Council.

¹ Mr. Brubaker is President of Brubaker & Associates, has more than 40 years as a consultant in the field of public utility regulation and has regularly testified in matters before the Council, the Louisiana Public Service Commission and other utility regulatory commissions in 40 states.

² See Footnote 2 on page 2 of the ENO’s letter dated January 30, 2019, which is attached as Exhibit B to the NOPS Resolution.

From remarks of Councilmember Moreno at the UCTTC meeting last week, it is clear that the Council is considering using the \$5 million fine to pay for certain projects that may be undertaken by ENO's in connection with its Settlement Offer to improve power to the S&WB. It is also clear from discussions at last week's meeting that some such projects would be improvements to S&WB facilities. To the extent such costs exceed the \$5 million fine, Air Products would object to any additional costs associated with improvements to S&WB facilities being recovered from ENO ratepayers. Such costs are not the responsibility of ENO ratepayers.

Regarding other potential long-term projects of ENO to provide power to the S&WB, costs associated with such projects should only be recovered from ENO customers to the extent ENO can demonstrate that the project provides system-wide benefits. The projects and costs should be fully evaluated in a public proceeding once such additional details are known and there should be no pre-determination that such costs will be recovered from all ENO ratepayers (versus only from the S&WB).³

Air Products appreciates your consideration and welcomes any questions you may have regarding its position on NOPS and concern on cost recovery of S&WB improvements, as set forth above.

Very truly yours,



Carrie R. Tournillon

CRT/

cc: All Councilmembers
Official Service List, Council Docket No. UD-16-02

³ To the extent the Council determines that the future projects to provide power to the S&WB provide benefits to the entire ENO system, Air Products also strongly objects to any recovery of such capital costs on a kWh basis.