



February 17, 2022

Via Electronic Mail

New Orleans City Council
1300 Perdido Street, Second Floor West
New Orleans, Louisiana 70112

RE: Management Audit of Entergy New Orleans, LLC

Dear Council Members,

We, the undersigned members of the Energy Future New Orleans Coalition, urge the new Council to fulfill its commitment to take up in earnest a management audit of Entergy New Orleans, LLC. In the wake of Hurricane Ida, which rendered much of the city powerless for a week-and-a-half, the Council voted on September 23, 2021 to adopt motion M-21-342. That motion directed the Council Utility Regulatory Office (“CURO”) to develop a request for qualifications (“RFQ”) for a firm to conduct the audit. CURO issued the RFQ on December 8, 2021, and it has now been two months with no further action. We understand now that the RFQ has failed to garner a single response, a worrisome confirmation that the audit services market does not believe the Council has shown serious commitment to this effort.

The record before the Council documents the multiple Entergy failures and misplaced priorities that warrant prompt action on the audit. These failures include:

- The catastrophic failure of eight transmission lines during Hurricane Ida which were purportedly graded to withstand winds of 140 mph;
- The failure of the New Orleans Power Station (“NOPS”) to perform as promised by Entergy in the days following Hurricane Ida;
- The use of paid actors to sell NOPS to the Council;
- Unannounced power outages on Mardi Gras Day in excess of four times the required load in below-freezing temperatures that also shut off electric service to the city’s essential water services; and

- Intentional safety violations and routine reliability issues at the Grand Gulf nuclear plant with exorbitant costs passed onto customers.

Entergy continues to find new ways to demonstrate its contempt for the people of New Orleans and the Council as its regulator by following a philosophy of profit over people. Entergy's actions are seldom based in innovation and resilience, but rather in avoiding the clear direction of the Council at the expense of the people of New Orleans. Most recently, Entergy has crawfished on a much-ballyhooded commitment to the City to construct an electrical substation to power the Sewerage and Water Board, potentially delaying or stranding a critical infrastructure project. While the Council has communicated its intent to make this project whole through other means, the fact remains that Entergy Corporation distributed \$202 million in shareholder dividends mere days after Entergy New Orleans announced its withdrawal. Quite simply, Entergy has serious problems with its management priorities and execution. New Orleanians deserve better.

The lack of any response to the RFQ is unacceptable, and responsibility rests with the Council. It will take courage and competence to undertake the audit and confront the toxic management environment at Entergy. The Council must reissue the RFQ and proclaim unanimously its support for the process and its intention to use the audit results to create real change. Entergy's long history of bad behavior and deeply-rooted problems warrant a healthy budget and a commitment of assistance from CURO and the Council, including data production assistance.

The prior Council took decisive action in the wake of Hurricane Ida, acting as a prudent and determined regulator, including making the commitment to a management audit of Entergy. Many of you who now occupy seats on the Council ran your campaigns on pledges to hold Entergy accountable. We urge you to keep your word, and to take up where the prior Council left off in the best interest of New Orleans' overburdened ratepayers.

Sincerely,

Greater New Orleans Housing Alliance

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