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May 23, 2019

By Hand Delivery

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

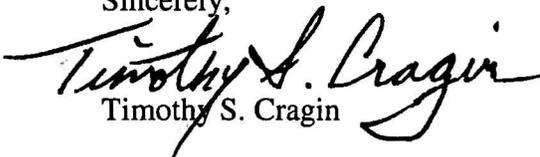
Re: Monthly Progress Report on Entergy New Orleans, LLC's Collaboration with Sewerage & Water Board of New Orleans re: Reliability of Electric Service, Submitted Pursuant to Council Resolution R-19-78

Dear Ms. Johnson:

Please find enclosed for your further handling an original and three copies of Entergy New Orleans, LLC's ("ENO") May 2019 Monthly Progress Report on Its Collaboration with the Sewerage and Water Board of New Orleans to Improve Reliability of Electric Service and Expedite a Long-Term Solution, which is submitted pursuant to Council Resolution R-19-78. 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

TSC\rdm

Enclosures

RECEIVED
MAY 23 2019
BY: 

MAY 23 2019

cc (via electronic mail): Council President Jason Rogers Williams
Council Vice President Helena Moreno
Councilmember Joseph I. Giarrusso, III
Councilmember Jay H. Banks
Councilmember Kristin Gisleson Palmer
Councilmember Jared C. Brossett
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Philip J. Movish, P. E.

Entergy New Orleans, LLC's May 2019 Monthly Progress Report on Its Collaboration with the Sewerage and Water Board of New Orleans To Improve Reliability of Electric Service and Expedite a Long-Term Solution

Pursuant to Council Resolution R-19-78, Entergy New Orleans, LLC (“ENO” or the “Company”) submits this monthly progress report regarding its collaboration with the Sewerage and Water Board of New Orleans (“SWBNO”) to develop solutions to help ensure the reliability of electric service to SWBNO facilities, and to facilitate the transition of SWBNO to ENO as the primary source of reliable and economic power. As previously reported to the Council, the Company has already completed short-term mitigation measures to improve reliability to SWBNO until a long-term solution is in place, which have resulted in tangible results as discussed below. The Company has also identified certain improvements previously classified as mid-term that can be acted upon now to further improve reliability in the near-term as the collaboration with SWBNO continues. Importantly, the remaining mid-term options under consideration do not represent a long-term solution, and further engineering analysis is necessary to identify what, if any, of the mid-term options would be reasonable to pursue prior to implementing the long-term solution. This report provides a status update on these efforts.

Short-term Risk Mitigation Measures

In its March 2019 report to the Council, the Company summarized the short-term measures undertaken to improve reliability in the near-term, including distribution feeder inspection and repair, substation maintenance and upgrades, as well as steps taken to improve communication between SWBNO and Entergy operations personnel. These improvements have resulted in improved reliability to SWBNO by reducing the risk of outages related to equipment failure. As an example, bi-annual inspections of the service vaults at the Carrollton plant were recently completed, which identified an issue with the switches and fuses within one of those vaults that increased the potential for failure leading to an outage. The Company proactively replaced the switches and fuses and cleaned the associated transformers, helping further reduce the risk of outages related to equipment failure.

In addition to the short-term measures completed to date, as previously reported to the Council the Company has identified certain improvements previously classified as mid-term improvements that can be acted upon now to further improve reliability in the near-term as the collaboration with SWBNO continues. The Claiborne and Sycamore vaults are critical points of delivery to power SWBNO’s potable water pumps. The improvements will further reduce the exposure of distribution feeders 2016 and 2022 that serve the Claiborne and Sycamore Vaults, and include the installation of new reclosers, relocation of an existing recloser, and moving an open point on the network that serves SWBNO. Engineering for these projects is underway and the Company anticipates completing them in July 2019.

Mid-Term Options

As previously reported to the Council, ENO and SWBNO formed a Joint Reliability Team (“JRT”) to collaborate in developing mid-term options and a long-term solution to help ensure the reliability of electric service to SWB facilities. The JRT meets at least once per

month having previously met on the following dates prior to this report: December 5, 2018; and January 16, January 31, February 13, March 13, April 17, 2019, and May 15, 2019.

As previously reported to the Council, the mid-term options relate solely to improvements that can be made to improve reliability of the distribution system that serves SWBNO's Carrollton plant today and are not a long-term solution. The JRT has identified two mid-term options that could provide additional capacity and enhance reliability on the distribution system that currently serves SWBNO's potable water system at its Carrollton plant; however, both options require further study to determine feasibility, cost, and time to construct. Additional details on the mid-term options are included in the April 2019 report.

Long-Term Solution

As previously reported to the Council, while the mid-term options will improve reliability of the distribution system that powers the potable water system today, neither of those options can provide the increased capacity necessary to power SWBNO's drainage pumping system served by the aging inefficient generation at the Carrollton plant. The long-term solution must provide both increased reliability and the additional capacity necessary to transition to ENO as SWBNO's primary source of power, including power for the drainage pumping system. The JRT has agreed that the long-term solution is to construct a new transmission substation adjacent to SWBNO's Carrollton plant. The new substation would provide increased reliability by routing power directly from the transmission system which is inherently less susceptible to outages, while also providing the increased capacity necessary to serve drainage pumps currently powered by aging and inefficient SWBNO generation. The additional capacity necessary to transition to ENO as the primary source of power simply would not be feasible using the distribution system that serves the Carrollton plant today.

Resolution R-19-78 also directs ENO to expedite the development of a long-term solution and to provide a timeframe in which such a solution could be presented to the Council. Because the mid-term options and long-term solution will require significant time and resources to design, engineer and construct, to avoid a situation where a mid-term option has been constructed only to be replaced soon after by the long-term solution, ENO and SWBNO have agreed to retain Power and Control Systems International, Inc. ("PCS"), an independent 3rd party engineering firm, to:

- i) Conduct an independent and impartial audit of the electrical facilities that serve the Carrollton plant;
- ii) Jointly evaluate the mid-term options and long-term solution; and
- iii) Provide a written report that makes recommendations for an optimized solution set.

The JRT previously agreed that PCS would be provided all necessary information and access to both ENO and SWBNO facilities that PCS requires to conduct an independent and impartial evaluation and make recommendations. To comply with the Council's directive to expedite the long-term solution, ENO has put a contract in place with PCS to begin the study in earnest and held a kick-off meeting with PCS and SWBNO on May 22nd to begin the process of gathering the necessary information. The Company will continue to update the Council on the progress of the study in future reports.