

RESOLUTION

NO. R-25-626

CITY HALL: December 18, 2025

BY: COUNCILMEMBERS MORRELL, MORENO, HARRIS, KING, GREEN AND THOMAS

IN RE: 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

RESOLUTION AND ORDER REGARDING ELECTRIC SERVICE DISRUPTIONS AND COMPLAINTS

DOCKET NO. UD-17-04

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WHEREAS, pursuant to 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, including responsibility for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern operations and applications for the fixing and changing of rates and charges of public utilities and; and

WHEREAS, Entergy New Orleans, LLC ("ENO") is a public utility providing electric service to all of New Orleans; and

WHEREAS, ENO is a wholly owned operating company subsidiary of Entergy Corporation ("Entergy"); and

WHEREAS, in Resolution No. R-17-427 the Council established Docket No. UD-17-04, for the Council's investigation into electric outages, electric reliability issues in general, ENO's level of distribution operation and maintenance ("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; and

WHEREAS, that investigation disclosed that ENO's system reliability declined significantly between 2013 and 2017 causing an unacceptable increase in outages; and

WHEREAS, the investigation further disclosed that ENO equipment failures were a major cause of those outages; and

WHEREAS, as a result of the investigation, the Council required ENO to maintain and periodically report on certain system reliability performance data and on ENO's progress in implementing its previously approved reliability-performance improvement plans; and

WHEREAS, subsequently, without notable improvement in distribution reliability performance, in Resolution No. R-18-475, the Council expressed its concern about ENO's continuing pattern of frequent large-scale outages and customer interruptions, which led the Council to establish a prudence investigation; and

WHEREAS, pursuant to that resolution the Council's utility advisors ("Advisors") conducted a thorough investigation, developed an extensive record, and provided comments to the Council recommending a finding that ENO had acted imprudently; and

WHEREAS, after receiving the Advisors' report, the Council adopted Resolution No. R-19-442 finding ENO had acted imprudently in the maintenance and repair of its system; and

WHEREAS, based upon the record of the investigation, the Council imposed on ENO a one-time \$1 million penalty, which order was appealed by ENO to the Civil District Court, Parish of Orleans where the Court ruled that the matter of the penalty was remanded to the Council for further consideration consistent with the Court's ruling; and

WHEREAS, subsequently the Council approved a settlement agreement with respect to the prudence penalty litigation, that provided, among other things, that ENO would spend \$500,000 on “reliability-related matters” subject to consultation with the Advisors and approval of the Council (“Reliability Settlement”); and

WHEREAS, subsequent reporting confirmed notable progress in implementation of ENO’s reliability improvement projects and in distribution reliability performance overall with declines in most outage categories; and

WHEREAS, the Council also adopted Resolution No. R-22-372 (Electric System Distribution Reliability Standards (“ESDRS”)), which included a proposed set of standards and penalties for future poor reliability performance based on an extensive review of the Institute of Electrical and Electronic Engineers (“IEEE”) Standards, the performance of other utilities, and ENO’s past performance; and

WHEREAS, in 2024, a troubling decline in reliability performance began with numerous unplanned, fair-weather outages occurring, usually explained as the result of equipment failures or vegetation-related, and often affecting discreet areas of the city, at times repeatedly; and

WHEREAS, the Council directly, and through the Council Utility Regulatory Office (“CURO”) and the Advisors, sought answers to the troubling trends with little success, often due to opaque reporting content or responses to inquiries; and

WHEREAS, committee chair J.P. Morell has expressed in recent letters to ENO the Council’s extreme concern with these recent reliability shortcomings and emphasized the Council’s commitment to resolving them in the most expeditious and effective manner possible; and

WHEREAS, the Council believes that the matter of system reliability must be revisited comprehensively and evaluated with the best interest of customers to receive consistently reliable electric service as the primary goal; and

WHEREAS, the following non-exclusive list of issues must be addressed:

1. The recent resurgence of service outages, especially those caused by persistent equipment failures and insufficient vegetation management.
2. The apparent lack of adequate asset management and maintenance.
3. The geographical imbalance of outages among neighborhoods/council districts.
4. The current reporting format and content that often lack understandable and useful information about outage causes often substituting excuses for solutions.
5. The current reporting format and content that lacks explanations of precise actions to be taken by ENO, including time frame to complete actions and mitigate future outages.
6. A review of the capital and operations and maintenance budgets.
7. A review of the content and timing of real-time communications when unplanned outages occur.
8. Any other reliability issue or concern that may arise during the review in this docket; and

WHEREAS, the Council also believes that the ESDRS should be revisited to assure that the standards and penalties are an effective method of improving reliability overall and addressing the geographical imbalance of outages noted in the past two years; and

WHEREAS, the Council is aware that in 2018 ENO commissioned an “Assessment of Distribution Reliability Improvement Initiatives” by Quanta Technologies (“Quanta Report”) that made numerous recommendations to ENO to improve reliability, but also noted that “[o]verall,

ENO's distribution reliability practices are similar to other utilities The primary difference is related to the failure rate analysis which is not possible at this time, but is expected to be available in the future as new systems are implemented.... Improvement in overall asset management is an identified need within Entergy at the corporate level;"¹ and

WHEREAS, the Council believes that it would be extremely useful to update the Quanta Report to determine if ENO has implemented the recommendations, and if not, why not, and if so, how have the actions taken by ENO affected reliability; and

WHEREAS, an update of the Quanta Report can be financed within the \$500,000 provided for in the Reliability Settlement without cost recovery from customers; and

WHEREAS, the Council believes the review process should be done on an expedited but cooperative basis among ENO, CURO, and the Advisors to assure sole focus on results for customers with reliability solutions that actually work and can be accomplished in the most expeditious and affordable manner; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That CURO and the Advisors are directed to conduct a thorough examination and evaluation of distribution system reliability issues including, but not limited to, the following issues:

1. The recent resurgence of service outages, especially those caused by persistent equipment failures and insufficient vegetation management.
2. The apparent lack of adequate asset management and maintenance.
3. The geographical imbalance of outages among neighborhoods/council districts.
4. The current reporting format and content that often lack understandable and useful information about outage causes often substituting excuses for solutions.

¹ Quanta Report at 51 and 73.

5. The current reporting format and content that lacks explanations of precise actions to be taken by ENO, including time frame to complete actions and mitigate future outages.
6. A review of the capital and operations and maintenance budgets.
7. A review of the content and timing of real-time communications when unplanned outages occur.
8. Any other reliability issue or concern that may arise during review in this docket.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That ENO is directed to cooperate fully with CURO and the Advisors, including promptly responding to requests for information, providing documents as requested, facilitating meetings as necessary, providing analyses and work papers as requested, and otherwise take all actions necessary and useful to an expedited and thorough examination.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the Advisors, in consultation with CURO and ENO, shall develop a format, scope, and accelerated timeline for Quanta Technologies, or another similar expert consultant, to update the Quanta Report in accordance with the intent of this resolution. The updated report shall be filed with the Council and paid for by ENO with a portion of the Reliability Settlement without recovery of the costs of the report from customers. The Advisors shall provide findings and recommendations to the Council within thirty (30) days of the filing of the updated Quanta report.

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

YEAS: Giarrusso, Green, Harris, King, Moreno, Morrell, Thomas - 7
NAYS: 0
ABSENT: 0
AND THE RESOLUTION WAS ADOPTED.

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THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY
Lera W. Johnson
CLERK OF COUNCIL