UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Entergy New Orleans, Inc.	)))	**Docket No. EC17-______**

APPLICATION OF ENTERGY NEW ORLEANS, INC., FOR APPROVAL PURSUANT TO SECTION 203 OF THE FEDERAL POWER ACT

Entergy New Orleans, Inc. ("ENOI"),[1] respectfully requests approval by the Federal Energy Regulatory Commission ("FERC" or the "Commission") under Section 203(a)(1) of the Federal Power Act ("FPA") for a proposed internal restructuring transaction ("Internal Restructuring") that will change the immediate ownership of ENOI's public utility business, but not its ultimate ownership, by Entergy Corporation. As explained in this application, the proposed Internal Restructuring will not have an effect on competition, rates, or regulation and will not cause cross-subsidization of any non-utility associate company or any pledge or encumbrance of utility assets for the benefit of an associate company. The proposed Internal Restructuring therefore is consistent with the public interest.

This application does not involve a merger, is consistent with Commission precedent, and does not require an Appendix A competitive impact screen analysis.[2] ENOI respectfully requests the Commission to establish a public comment period not to exceed twenty-one (21) days.

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1. Entergy Services, Inc. ("Entergy Services"), submits this application on behalf of ENOI. Entergy Services is a service company that provides regulatory and other support services to its associate companies, including several associate companies that are public utilities. Entergy Services serves as agent for ENOI but is not an applicant itself.

2. 18 C.F.R. § 33.11(b).

I. INTRODUCTION

ENOI is a public utility that owns FERC-jurisdictional facilities located primarily in Louisiana and provides FERC-jurisdictional services. ENOI also provides retail services in Louisiana.

ENOI is a corporation organized under Louisiana law and a direct subsidiary of Entergy Corporation. Following the proposed Internal Restructuring, substantially all of ENOI's assets and liabilities will be owned by a newly-formed, majority-owned indirect subsidiary of Entergy Corporation named Entergy New Orleans, LLC ("ENOL"). ENOL will be organized as a limited liability company under Texas law, and its limited liability company membership interests will be owned by Entergy Utility Holding Company, LLC ("EUH"), a subsidiary of Entergy Corporation. The effect of the proposed Internal Restructuring will be to cause ENOI's public utility business to be owned by ENOL as an indirect subsidiary of Entergy Corporation.

ENOL will continue to operate the public utility business operated by ENOI prior to the proposed Internal Restructuring without change. The proposed Internal Restructuring will not have any effect on ENOI's customers nor any effect on competition, rates, or regulation. Similarly, the proposed Internal Restructuring will not cause cross-subsidization of any non-utility associate company or any pledge or encumbrance of utility assets for the benefit of an associate company.

In 2015, the Commission authorized an internal restructuring transaction in which two associate companies of ENOI, Entergy Gulf States Louisiana, L.L.C. ("EGSL"), and Entergy Louisiana, LLC ("ELL"), combined substantially all of their respective assets and liabilities into a single successor public utility operating company, Entergy Louisiana Power, LLC ("ELP"), which subsequently was renamed as Entergy Louisiana, LLC ("Entergy Louisiana") (the

"Louisiana Business Combination").[3] Entergy Louisiana's limited liability company membership interests were contributed to EUH, the same majority-owned subsidiary of Entergy Corporation that will own ENOL's limited liability company membership interests following the proposed Internal Restructuring.

Unlike the Louisiana Business Combination, the proposed Internal Restructuring will not entail the combination of ENOI's assets and liabilities with those of another public utility. But similar to the Louisiana Business Combination, the proposed Internal Restructuring will result in ENOI's public utility business being owned by a direct subsidiary of EUH, in this case ENOL. Just as the Commission determined the Louisiana Business Combination to be consistent with the public interest, the Commission should determine the proposed Internal Restructuring to be consistent with the public interest and authorize the transaction.

II. DESCRIPTION OF ENOI AND ENOL

ENOI is a direct subsidiary of Entergy Corporation, a holding company.[4] ENOI is a traditional franchised public utility that provides electric service to retail customers in Orleans Parish, Louisiana. ENOI also engages in the local distribution of natural gas to residential, commercial, municipal, and other customers in Orleans Parish. ENOI owns an interest in a generating facility located in Arkansas and sells electric capacity, energy, and ancillary services at wholesale under rate schedules on file with the Commission.

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3. The Commission authorized the Louisiana Business Combination pursuant to FPA § 203. *Entergy Gulf States Louisiana, L.L.C., and Entergy Louisiana, LLC*, 151 FERC ¶ 62,018 (2015).

4. Entergy Corporation owns all of the issued and outstanding shares of ENOI common stock. In addition, a limited number of unaffiliated shareholders own shares of ENOI preferred stock.

ENOI is associated with the Entergy Operating Companies,[5] each of which is a traditional franchised public utility. ENOI also is associated with several market-regulated power sales associate companies.[6] Under a wholesale tariff and service agreements on file with the Commission, the Entergy Operating Companies make unit power purchases and/or sales of power to each other pursuant to a cost-based formula rate.[7] The Entergy Operating Companies also maintain market-based rate authority granted by the Commission[8] and make wholesale sales of capacity and energy in the markets administered by Midcontinent Independent System Operator, Inc. ("MISO").

Each of the Entergy Operating Companies is a transmission-owning member of MISO, which provides open access transmission service over the transmission facilities of the Entergy Operating Companies pursuant to MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff ("MISO Tariff"). The Entergy Operating Companies are market participants in the wholesale energy markets administered by MISO.

ENOI owns approximately 500 MW of generating capacity[9] and makes purchases under the Entergy Operating Companies' Unit Power Sales and Designated Power Purchases Tariff. ENOI owns approximately 143 circuit miles of 69 kV, 115 kV, and 230 kV transmission lines

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5. The Entergy Operating Companies are Entergy Arkansas, Inc.; Entergy Louisiana; Entergy Mississippi, Inc.; and Entergy Texas, Inc. ENOI is also an Entergy Operating Company.

6. All of ENOI's energy associated companies are identified in Exhibit B.

7. The Entergy Operating Companies' Unit Power Sales and Designated Power Purchases Tariff is on file with the Commission in Docket No. ER13-1508. *Entergy Arkansas, Inc., et al.*, 145 FERC ¶ 61,216 (2013).

8. *Entergy Arkansas, Inc., et al.*, 145 FERC ¶ 61,243 (2013).

9. ENOI owns Unit 1 of the Union Power Station, a generating facility located in Arkansas. Other Entergy Operating Companies own the other units of Union Power Station.

and associated substations,[10] all of which are under MISO's functional control pursuant to the MISO Tariff. ENOI recovers the costs of owning and maintaining its transmission facilities pursuant to a transmission formula rate on file with FERC and the MISO Tariff. [11]

ENOL will be formed as a Texas limited liability company. At the conclusion of the proposed Internal Restructuring, it will be a public utility that will own substantially all of the assets and liabilities formerly owned by ENOI. In separate filings with the Commission, ENOL will request market-based rate authority and will succeed to the wholesale tariffs and rate schedules of ENOI that currently are on file with the Commission. ENOL will carry on the public utility business currently conducted by ENOI without change.

III. THE PROPOSED INTERNAL RESTRUCTURING

The proposed Internal Restructuring will be undertaken through a multi-step process. The material steps in the process are described below.[12] In the first step, ENOI will convert to a Texas corporation from a Louisiana corporation. Using the merger provisions of the Texas Business Organizations Code,[13] ENOI will transfer (or "allocate," as the term is used in the Texas Business Organizations Code) substantially all of its assets and liabilities to a newly-created subsidiary, Entergy New Orleans Power, LLC ("ENO Power"), a Texas limited liability

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10. ENOI Annual Report to FERC on FERC Form 1 as of December 31, 2015.

11. The transmission formula rates of the Entergy Operating Companies are on file with FERC in Docket No. ER13-948-000. *ITC Holdings Corp.*, et al., 143 FERC ¶ 61,257 (2013).

12. As part of the proposed Internal Restructuring, ENOI will redeem all shares of its preferred stock, which are owned by unaffiliated shareholders.

13. Texas Business Organizations Code, §§ 1.002(55) and 10.001 et seq.

company.[14] Thereafter, ENOI will contribute its membership interests in ENO Power to EUH, the intermediate holding company that is a subsidiary of Entergy Corporation. As a result of the contribution, ENO Power will become a subsidiary of EUH. Once under EUH, ENO Power will be renamed Entergy New Orleans, LLC.

The steps of the proposed Internal Restructuring are depicted in the organizational charts provided as Exhibit C. The exact order and timing of any particular step may vary from the description, but the end state will not change.

At the conclusion of the proposed Internal Restructuring, ENOL will be a public utility that will own substantially all of the assets and liabilities formerly owned by ENOI.[15] ENOL will not gain ownership or control of any FERC-jurisdictional facilities other than those transferred to ENOL from ENOI.

On July 22, 2016, ENOI applied to the Council of the City New Orleans ("CNO") for approval of the proposed Internal Restructuring and related relief. *Application of Entergy New Orleans, Inc. for Approval of Proposed Internal Restructuring and for Related Relief*, CNO Docket No. UD-16-03 (July 22, 2016) ("CNO Application"). The CNO Application is pending.

Substantially all of the public utility facilities owned by ENOI currently are subject to mortgages granted by ENOI that secure ENOI's outstanding bonds. Following the proposed Internal Restructuring, substantially all of the public utility facilities owned by ENOL will continue to be subject to the ENOI mortgage.

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14. Prior to the conclusion of the Internal Restructuring, ENO Power will change its name to Entergy New Orleans, LLC.

15. At the conclusion of the Internal Restructuring, ENOI will remain in existence but no longer will be a public utility.

IV. THE PROPOSED INTERNAL RESTRUCTURING IS CONSISTENT WITH THE PUBLIC INTEREST

ENOI requests authorization for the proposed Internal Restructuring pursuant to FPA § 203(a)(1)(A). ENOL will not be a public utility prior to the completion of the proposed Internal Restructuring, so it will not require authorization pursuant to FPA § 203(a)(1)(B) for its role in the transaction. The entities other than ENOI and ENOL involved in the steps of the proposed Internal Restructuring are not and will not become public utilities, so they also do not require authorizations pursuant to FPA § 203.

FPA § 203(a)(4) provides that "the Commission shall approve the proposed disposition . . . if it finds that the proposed transaction will be consistent with the public interest." Applicants must demonstrate that the transaction is "consistent with the public interest," *i.e.*, that the transaction does not harm the public interest.[16] In reviewing proposed transactions under FPA § 203, the Commission considers three primary factors: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation.[17] In addition, the Commission considers whether the proposed transaction will cause cross-subsidization of an associate company or any pledge or encumbrance of utility assets for the benefit of an associate company at the time of the transaction or in the future.[18]

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16. *See e.g., Texas-New Mexico Power Co.*, 105 FERC ¶ 61,028 at P 23 & n.14 (2003) (citing *Pacific Power & Light Co. v. FPC*, 111 F.2d 1014, 1016-17 (9th Cir. 1940)). The Federal Power Act requires only "a showing that a [transaction] is consistent with the public interest, not that the proposed [transaction] positively benefits the public interest." *Id*. at P 23.

17. *See Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, 61 FR 68,595 (Dec. 30, 1996), FERC Stats. and Regs. ¶ 31,044 (1996), *reconsideration denied*, Order No. 592-A, 62 FR 33,340 (June 19, 1997), 79 FERC ¶ 61,321 (1997) ("Merger Policy Statement"); *see also FPA Section 203 Supplemental Policy Statement*, 72 FR 42277 (August 2, 2007) ("Supplemental Merger Policy Statement"); *see also* Order No. 642.

18. 18 C.F.R. § 2.26(f).

As explained below, the proposed Internal Restructuring will not have any adverse effect on competition, rates, or regulation, nor result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company at the time of the completion of the proposed Internal Restructuring or in the future. Accordingly, the proposed Internal Restructuring warrants FERC's approval as being consistent with the public interest.

The proposed Internal Restructuring satisfies the factors the Commission considers in reviewing proposed transactions under FPA § 203.

A. **<u>The Proposed Internal Restructuring Will Have No Adverse Effect on Competition</u>.** The sole effect of the proposed Internal Restructuring will be to cause ENOI's public utility business to be indirectly owned by Entergy Corporation through EUH's ownership of ENOL, rather than directly by Entergy Corporation as ENOI's ownership currently is structured. The proposed Internal Restructuring therefore will not result in a change in the ultimate ownership or control of ENOI's public utility facilities.

Following completion of the proposed Internal Restructuring, all the public utility facilities that will experience a change in direct ownership through the transaction will remain under the ultimate indirect ownership of Entergy Corporation. ENOL will continue to operate and control its resources in the same manner as ENOI operates and controls them currently to serve retail customers, make wholesale sales, and make transmission service available. MISO will continue to functionally control ENOL's transmission facilities to provide open access transmission service pursuant to the MISO Tariff.

1. <u>No Horizontal Market Power Concerns</u>. The proposed Internal Restructuring will not involve ENOL's acquisition of additional generating or transmission

facilities not currently owned by ENOI. Rather, it will only result in the transfer of ownership of ENOI's existing generating and transmission facilities from ENOI to ENOL, both of which are and will be ultimately owned by Entergy Corporation. The proposed Internal Restructuring therefore will not result in any change in market concentration for generation or transmission for ENOI and its associate companies.[19] Accordingly, the proposed Internal Restructuring does not raise any horizontal market power concerns. Under these circumstances, ENOI is not required to provide a horizontal market power analysis in connection with the proposed Internal Restructuring pursuant to Section 33.3(a) of FERC's regulations.

2. No Vertical Market Power Concerns. Similarly, the proposed Internal Restructuring will not have an adverse effect on competition in transmission or on vertical market power.

Open access transmission service currently is available from MISO on the transmission facilities owned by ENOI, and MISO will continue to provide open access transmission service over them pursuant to the MISO Tariff after ENOL is transferred ownership of them through the proposed Internal Restructuring.

The proposed Internal Restructuring will not involve or affect natural gas assets used in electric power generation, other than natural gas facilities that interconnect the generating facility to be transferred by ENOI to ENOL with the natural gas transmission system. The proposed Internal Restructuring also will not involve any other inputs to electricity production and will not

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19. FERC has recognized that internal corporate reorganizations do not result in changes in market concentration and therefore do not have adverse effects on competition. *See, e.g., Ameren Corporation, et al.*, 131 FERC ¶ 61,240 at P 18 (2010) ("The Reorganization Transaction involves an internal corporate reorganization, with no transfer of any generation assets outside the Ameren corporate family; therefore, the Reorganization Transaction will result in no change in market concentration.")

cause ENOL to gain the ability or incentive to affect prices or outputs in the downstream electricity markets or to discourage entry by new generators.

Consistent with the foregoing, the proposed Internal Restructuring does not raise any vertical market power concerns, and ENOI is not required to provide a vertical market power analysis pursuant to Section 33.4(a) of FERC's regulations.[20]

B. The Proposed Internal Restructuring Will Have No Adverse Effect on Rates. In assessing whether a proposed transaction may have an adverse effect on rates, the Commission looks primarily at effects on transmission rates and on rates for long-term wholesale requirements customers.[21] The proposed Internal Restructuring will not have an adverse effect on either category of rates.

Following the proposed Internal Restructuring, the costs of the transmission facilities that ENOL will acquire will be reflected in ENOL's transmission revenue requirements, rather than ENOI's transmission revenue requirements. ENOI has a transmission formula rate schedule on file with the Commission in Docket No. ER13-948-000 under which it develops annual transmission revenue requirements that are used to develop transmission service rates for the ENOI pricing zone, which MISO recovers from transmission service customers. ENOL will assume and utilize ENOI's transmission rate template. While ownership of the transmission facilities currently owned by ENOI will be with ENOL, ENOL's transmission formula rate template under MISO Tariff Attachment O and the costs of its transmission facilities will remain unchanged in the development of the ENOI transmission pricing zone rates, so the proposed Internal Restructuring will not have an adverse effect on rates for transmission service.

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20. 18 C.F.R. § 33.4(a)(2).

21. *See Merger Policy Statement,* 61 FR at 68,603.

ENOI does not have any long-term wholesale partial requirements customers, so no such customers can be affected by the proposed Internal Restructuring.

Although the proposed Internal Restructuring will not result in a change in rates for wholesale customers and transmission customers, ENOI nevertheless makes a "hold harmless" commitment in connection with the proposed Internal Restructuring. Consistent with the Hold Harmless Policy Statement and Commission precedent,[22] ENOL, as successor to ENOI, will not seek to include any transaction-related costs in excess of transaction savings in its FERC-jurisdictional wholesale cost-based energy and/or capacity wholesale requirements rates (if any) or transmission revenue requirements used to establish rates for FERC-jurisdictional transmission services for a period of five years after the proposed Internal Restructuring is consummated. If ENOL thereafter would seek to recover through FERC-jurisdictional rates any transaction-related costs incurred prior to the consummation of the proposed Internal Restructuring or in the five years after the consummation of the Internal Restructuring, then ENOL would make that filing in a new FPA § 205 docket and submit that same filing as a concurrent informational filing in this FPA § 203 docket.[23]

C. <u>The Proposed Internal Restructuring Will Have No Adverse Effect on Regulation</u>. The proposed Internal Restructuring will not have any adverse effect on the effectiveness of federal or retail regulation. ENOI's utility facilities will continue to be subject to regulation by retail and federal regulators under ENOL's ownership in the same manner as

22. ENOI's "hold harmless" commitment is consistent with the policy and guidance on hold harmless commitments provided by the Commission it its Policy Statement on Hold Harmless Commitments. *Policy Statement* in Docket No. PL15-3-000, 155 FERC ¶ 61,189 (2016), 81 FR 33,502 (May 26, 2016) ("Hold Harmless Policy Statement"). *See also Atlas Power Finance, LLC, et al.*, 157 FERC ¶ 61,237 at PP 62-65 (2016).

23. *Hold Harmless Policy Statement* at P 14, n. 22; *Exelon Corp.*, 149 FERC ¶ 61,148, at PP 106-09 (2014).

they currently are subject to retail and federal regulation under ENOI's ownership. Accordingly, the proposed Internal Restructuring will not impair the ability of the Commission to regulate rates for wholesale sales or the ability of retail regulators to regulate retail sales.

D. The Proposed Internal Restructuring Will Not Result in Proscribed Cross-Subsidization or the Pledge or Encumbrance of Utility Assets. Pursuant to FPA § 203(a)(4) and § 2.26(f) of FERC's regulations,[24] FERC evaluates whether a proposed transaction will result in the cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company. The proposed Internal Restructuring involves a single, traditional franchised public utility and does not involve, and will not benefit, any non-utility associate company and will not entail the encumbrance of utility assets for the benefit of an associate company. As such, the proposed Internal Restructuring will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company.

Moreover, the proposed Internal Restructuring is subject to review and approval by the CNO.[25] In its *Section 203 Supplemental Policy Statement*, the Commission recognized three classes of transactions that are unlikely to present cross-subsidization concerns and adopted three "safe harbors" for meeting the Section 203 cross-subsidization demonstration, absent concerns identified by FERC or evidence from interveners that there is a cross-subsidy problem based on the particular circumstances presented.[26] The Commission's safe harbors includes those transactions that are subject to review by a state commission where the state commission has

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24. 18 C.F.R. § 2.26(f).

25. As noted, the CNO Application currently is pending.

26. *Supplemental Merger Policy Statement* at P 16.

authority to adopt cross-subsidization protections.[27] The CNO has the authority to approve the proposed Internal Restructuring, the effect of which will be to cause ENOI's public utility business to be indirectly owned by Entergy Corporation through EUH's ownership of ENOL, rather than directly by Entergy Corporation an ENOI's ownership currently is structured. As ENOI explained to the CNO in the CNO Application, the use of an intermediate holding company structure will enhance the separation between ENOI's regulated utility operations and Entergy Corporation's unregulated businesses, including its merchant generation business, helping to further insulate each so that their respective risks and requirements are more properly supported by the applicable business.[28]

Consistent with its determination that the Louisiana Business Combination was consistent with the public interest,[29] the Commission should determine that the proposed Internal Restructuring is consistent with the public interest and authorize the transaction.

V. INFORMATION REQUIRED BY PART 33 OF FERC'S REGULATIONS

ENOI submits the following information required under Section 33.2 of FERC's regulations. As noted below, ENOI requests certain limited waivers of the Part 33 filing requirements.

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27. *Id*. at P 18. The CNO is a "state commission" within the meaning of FPA § 3(14), which defines the term "State commission" as "the regulatory body of the State or municipality having jurisdiction to regulate rates and charges for the sale of electric energy to consumers with the State or municipality."

28. CNO Application at 7.

29. *Entergy Gulf States Louisiana, L.L.C., and Entergy Louisiana, LLC*, 151 FERC ¶ 62,018 (2015).

A. Section 33.2(a): Exact Name of Applicant and Principal Business Address

Entergy New Orleans, Inc.
1600 Perdido Street
New Orleans, LA 70112

B. Section 33.2(b): Names and Addresses of Persons Authorized to Receive Notices and Communications in Respect to the Application

Andrea J. Weinstein Vice Pres., Federal Regulatory Affairs Entergy Services, Inc. 101 Constitution Ave., NW Suite 200-E Washington, DC 20001 (202) 530-7342 aweinst@entergy.com	Michael C. Griffen Assistant General Counsel Entergy Services, Inc. 101 Constitution Ave., NW Suite 200-E Washington, DC 20001 (202) 530-7323 mgriffe@entergy.com

C. Section 33.2(c): Description of the Applicants, etc.

1. Business Activities of the Applicants. ENOI's business activities are described in Section II. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit A.

2. Energy Subsidiaries and Affiliates. ENOI's energy affiliates are identified in Section II and Exhibit B.

3. Organizational Charts. The proposed Internal Restructuring will effect a change to the organizational structure of ENOI, EUH and ENOL. Organizational charts depicting the organization of those entities before and after the proposed Internal Restructuring, and also depicting the steps of the proposed Internal Restructuring, are provided as Exhibit C.

4. Description of Joint Ventures, etc. The proposed Internal Restructuring is described in Section III. There are no joint ventures, strategic alliances, tolling arrangements, or other business arrangements to which ENOI or its energy affiliates are a party that will be

affected by the proposed Internal Restructuring. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit D.

5. Common Officers or Directors. ENOI's officers and directors at the consummation of the proposed Internal Restructuring are expected to continue to serve as officers and directors of ENOL following the proposed Internal Restructuring. ENOI respectfully requests a waiver of any requirement to identify its officers and directors as Exhibit E.

6. Wholesale Power Sales Customers and Unbundled Transmission Customers. ENOI does not have any wholesale requirements customers or unbundled transmission customers. ENOI respectfully requests a waiver of the requirement to provide as Exhibit F the description and location of wholesale transmission service customers served by ENOI's affiliates and associate companies because the description and location of such customers are not relevant to the Commission's evaluation of this application. Transmission service customers taking service on the Entergy Operating Companies' transmission system are served by MISO.

D. Section 33.2(d): Description of Jurisdictional Facilities Owned, Operated, or Controlled by Applicants or Parent Companies, Affiliates, and Associated Companies.

ENOI and its public utility associated companies own extensive FERC-jurisdictional facilities comprised of transmission systems and tariffs, generator-related jurisdictional interconnection facilities, wholesale power sales tariffs, rate schedules, and service agreements, and various books and records. ENOI's and its associated companies' jurisdictional facilities that are relevant to the Commission's evaluation of this Application are described in Parts I, II, and III. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit G.

E. Section 33.2(e): Narrative Description of the Proposed Transaction

The proposed Internal Restructuring is described in Section III. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit H.

F. Section 33.2(f): Contracts Related to Proposed Transaction

There currently are no contracts that will govern the proposed Internal Restructuring. ENOI therefore does not provide an Exhibit I.

G. Section 33.2(g): Facts Showing that the Transaction Will be Consistent with the Public Interest

The facts relied upon to show that the proposed Internal Restructuring is consistent with the public interest are set forth in Section IV. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit J.

H. Section 33.2(h): Maps

ENOI provides as Exhibit K a map that shows its service area boundaries.

I. Section 32.2(i): Licenses and Other Approvals

As noted, ENOI has requested the CNO to approve the proposed Internal Restructuring.[30] Consistent with the procedural schedules in the proceeding initiated by the CNO, ENOI anticipates action from the CNO in time to permit the proposed Internal Restructuring to be

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30. It is not anticipated that Nuclear Regulatory Commission ("NRC") approval will be needed to engage in the proposed Internal Restructuring. ELL, however, through Entergy Corporation's nuclear operations organization, Entergy Operations, Inc., has made a filing with the NRC notifying it of the Internal Restructuring. Entergy Operations, Inc., *Notice of Corporate Name Changes, and of Proposed Internal Reorganization Relating to the Ownership Structure of Entergy Utility Holding Company, LLC*, NRC Notification in Docket Nos. 50-458, et al. (January 2017).

completed in the fourth quarter of 2017. The CNO has not issued an order on the CNO Application, so ENOI does not provide an Exhibit L.

J: Section 32.2(j): Cross-Subsidization or Pledge or Encumbrance of Utility Assets

As explained in Section IV.D and Exhibit M, the proposed Internal Restructuring will not cause cross-subsidization or any encumbrances of utility assets for the benefit of an associate company at the time of completion of the proposed Internal Restructuring.

K. Proposed Accounting Entries

ENOI provides proposed accounting entries for the proposed Internal Restructuring as an attachment to this application. As required under the Commission's regulations, ENOI will submit proposed final accounting entries within six months of the consummation of the Internal Restructuring.

VI. VERIFICATION

ENOI provides a verification of the application executed by its authorized representative.

VII. REQUEST FOR SHORTENED NOTICE PERIOD

This application does not involve a merger and does not require a competitive impact screen analysis. ENOI respectfully requests the Commission to establish a public comment period not to exceed twenty-one (21) days. Applications for transactions that do not require a competitive screen analysis are eligible for expedited review and approval.[31]

31. 18 C.F.R. § 33.11(c)(2).

VIII. CONCLUSION

For the foregoing reasons, ENOI respectfully requests Commission approval under FPA § 203 for the proposed Internal Restructuring. ENOI also requests a shortened public comment period not to exceed twenty-one (21) days.

Respectfully submitted,

Michael C. Griffen
Entergy Services, Inc.
101 Constitution Avenue, NW
Suite 200-E
Washington, DC 20001

Attorney for Entergy New Orleans, Inc.

February 24, 2017

Verification

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Entergy New Orleans, Inc.	)))	**Docket No. EC17-______**

DISTRICT OF COLUMBIA)
CITY OF WASHINGTON) ss:

Verification Pursuant To 18 C.F.R. § 33.7

Andrea J. Weinstein, being duly sworn, deposes and states that she is Vice President for Entergy Services, Inc.; she has the authority to verify the foregoing application pursuant to Section 203 of the Federal Power Act ("Application"); that she has read the Application; and that the facts and representations set forth in the Application are true and correct to the best of her knowledge, information, and belief.

Andrea J. Weinstein
Vice President, Federal Regulatory Affairs
Entergy Services, Inc.

Subscribed and sworn to before me
this 23rd day of February, 2017.

Rashidah Ali
Notary Public

My Commission expires: 8/14/17

RASHIDAH H ALI
NOTARY PUBLIC
MY COMMISSION EXPIRES 8/14/2017
DISTRICT OF COLUMBIA

Proposed Accounting Entries

Proposed Accounting Entries for the Proposed Internal Restructuring

based on balances as of September 30, 2016 ($ in millions)

		Balance Sheet entries to reflect the restructuring:						
ASSETS	Entergy New Orleans, Inc. (ENOI) before restructuring	ENOI redeems outstanding preferred stock	ENOI transfers assets and liabilities to ENOL (2)	ENOI contributes interest in ENOL to EUH	Entergy New Orleans, Inc. (ENOI) after restructuring	Entergy New Orleans, LLC (ENOL) before restructuring	Balance Sheet entries to reflect the transfer of assets and liabilities from ENOI	Entergy New Orleans, LLC (ENOL) after restructuring
Cash and cash equivalents	$38	($20)	($18)		$ -	$ -	$18	$18
Accounts receivable	66	-	(66)		-	-	66	66
Other current assets	39	-	(39)		-	-	39	39
Other property and investments	92	-	(92)		-	-	92	92
Utility plant, net (1)	947	-	(947)		-	-	947	947
Deferred debits	252	-	102		354	-	252	252
Investment in ENOL	-	-	430	(430)	-	-	-	-
Investment in EUH	-	-	-	430	430	-	-	-
Total Assets	$1,434	($20)	($630)	$ -	$784	$ -	$1,414	$1,414
LIABILITIES AND EQUITY								
Current and accrued liabilities	$166	$ -	($162)	$ -	$4	$ -	$166	$166
Long-term debt	370	-	(20)	-	350	-	370	370
Deferred credits	381	-	(381)	-	-	-	381	381
Other noncurrent liabilities	67	-	(67)	-	-	-	67	67
Total Liabilities	984	-	(630)	-	354	-	984	984
Proprietary Capital								
Common stock issued	34	-	-	-	34	-	34	34
Preferred stock issued	20	(20)	-	-	-	-	-	-
Other paid-in capital	171	-	-	-	171	-	171	171
Retained earnings	225	-	-	-	225	-	225	225
Total Proprietary Capital	450	(20)	-	-	430	-	430	430
Total Liabilities and Equity	$1,434	($20)	($630)	$ -	$784	$ -	$1,414	$1,414

(1) ENOI will utilize account 102 to account for the transaction in accordance with Electric Plant Instruction No. 5 and Account 102, Electric Plant Purchased or Sold, of the Uniform System of Accounts.

(2) Although ENOL is assuming the liabilities of ENOI, this assumption of the liabilities by ENOL will not release ENOI of its bond indebtedness to the debtholders for certain debt. The accounting entries include re-recording that liability on ENOI's books with a corresponding debt assumption deferred asset.

Exhibit A

Business Activities of the Applicants

ENOI's business activities are described in Section II. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit A.

Exhibit B

Energy Subsidiaries and Affiliates

Current energy affiliates of the Applicant:

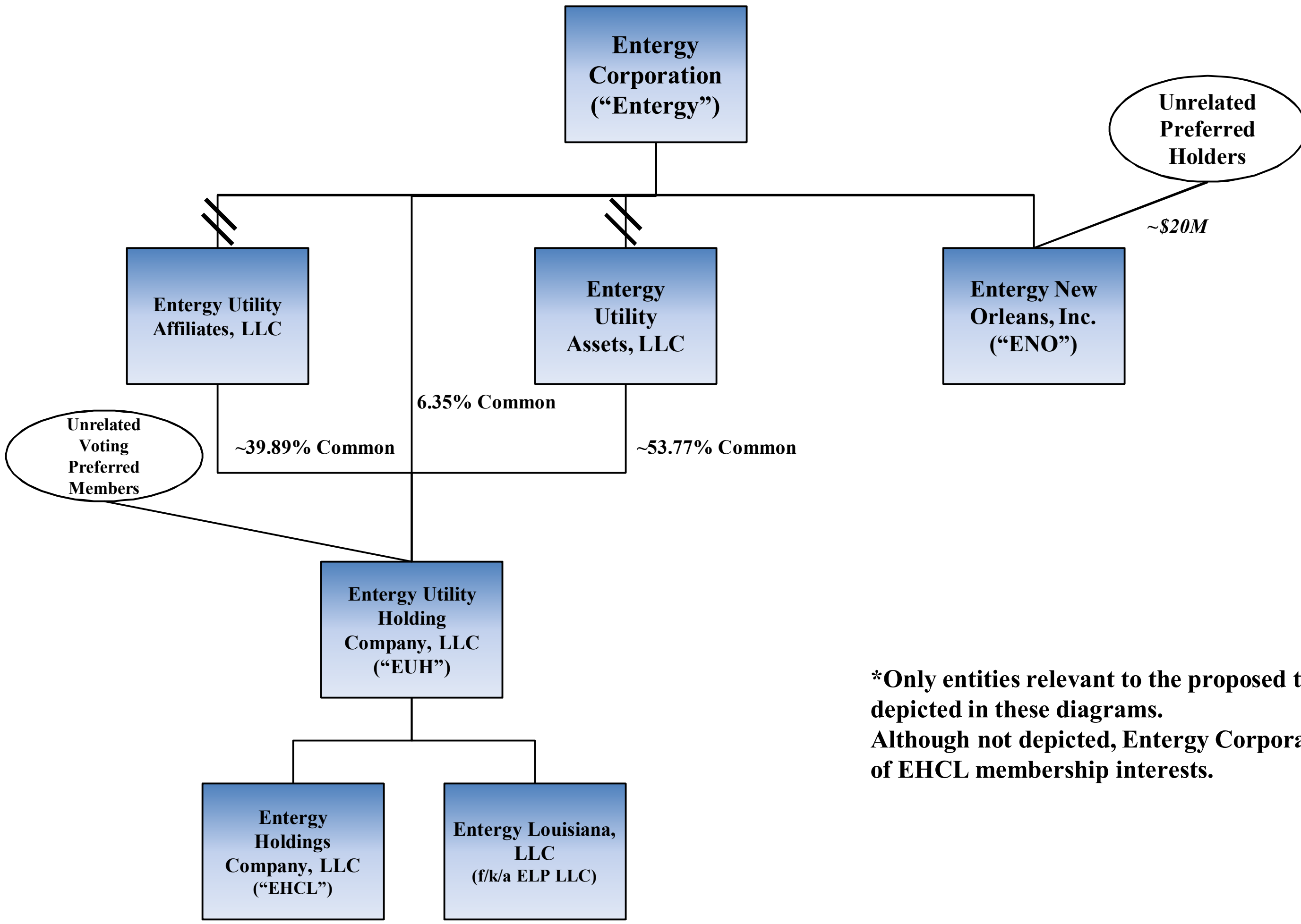
Affiliate	Business
EAM Nelson Holding, LLC	Generator, wholesale power seller
Entergy Corporation	Public Utility Holding Company
Entergy Arkansas, Inc.	Public Utility
Entergy Louisiana, LLC	Public Utility
Entergy Mississippi, Inc.	Public Utility
Entergy New Orleans, Inc.	Public Utility
Entergy Nuclear Fitzpatrick, LLC	Generator, wholesale power seller
Entergy Nuclear Generation Company	Generator, wholesale power seller
Entergy Nuclear Indian Point 2, LLC	Generator, wholesale power seller
Entergy Nuclear Indian Point 3, LLC	Generator, wholesale power seller
Entergy Nuclear Palisades, LLC	Generator, wholesale power seller
Entergy Nuclear Power Marketing, LLC	Wholesale power seller
Entergy Power, LLC	Generator, wholesale power seller
Entergy Texas, Inc.	Public Utility
EWO Marketing, LLC	Wholesale power seller
R.S. Cogen, L.L.C.	Generator, wholesale power seller
System Energy Resources, Inc.	Generator, wholesale power seller
Varibus, L.L.C.	Owner of intrastate pipeline that provides intrastate natural gas service to generation facilities located in Louisiana

Exhibit C

Organizational Charts

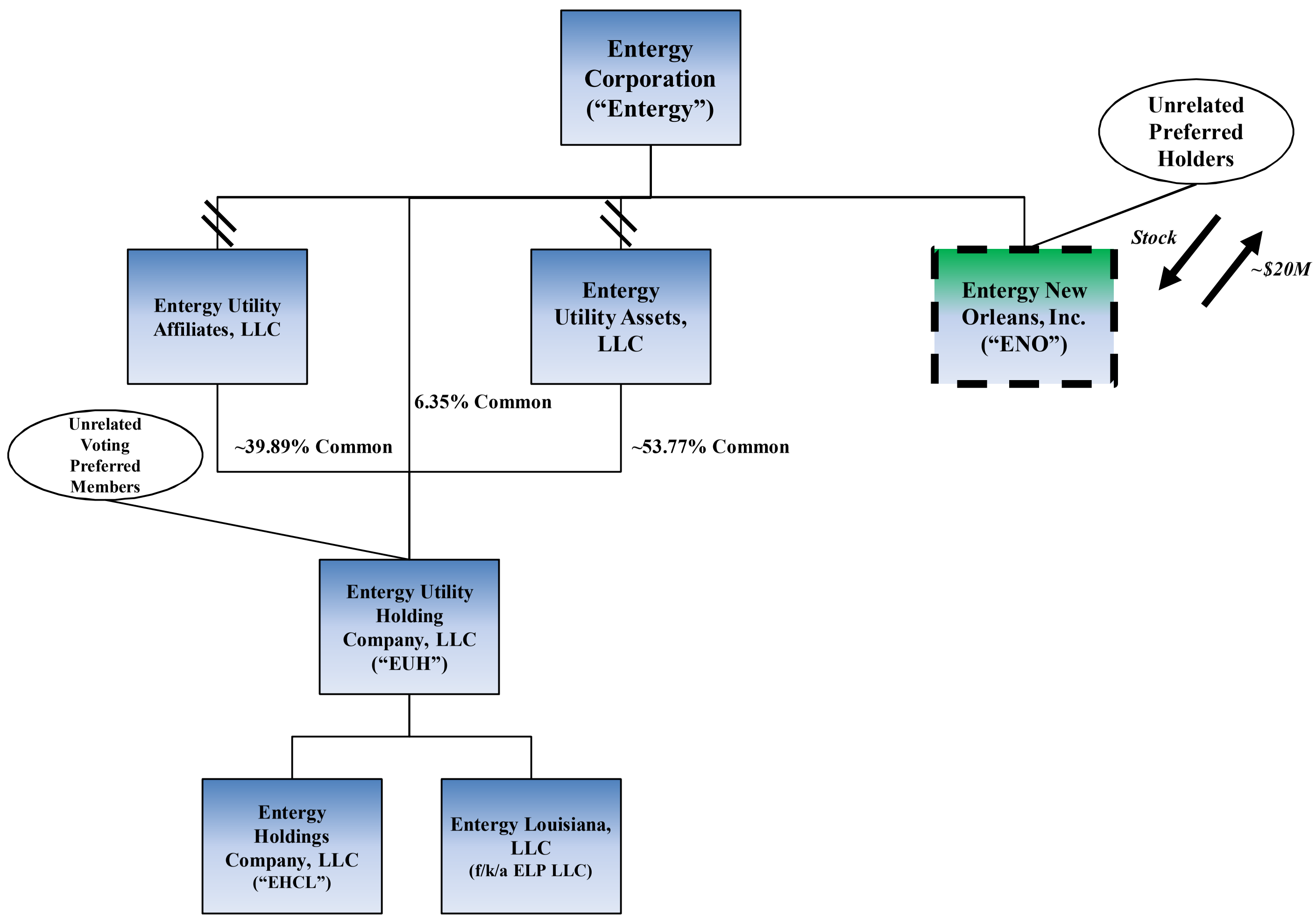
The proposed Internal Restructuring will effect a change to the organizational structure of ENOI, EUH and ENOL. Organizational charts depicting the organization of those entities before and after the proposed Internal Restructuring, and also depicting the steps of the proposed Internal Restructuring, are provided as Exhibit C.

INITIAL STRUCTURE*

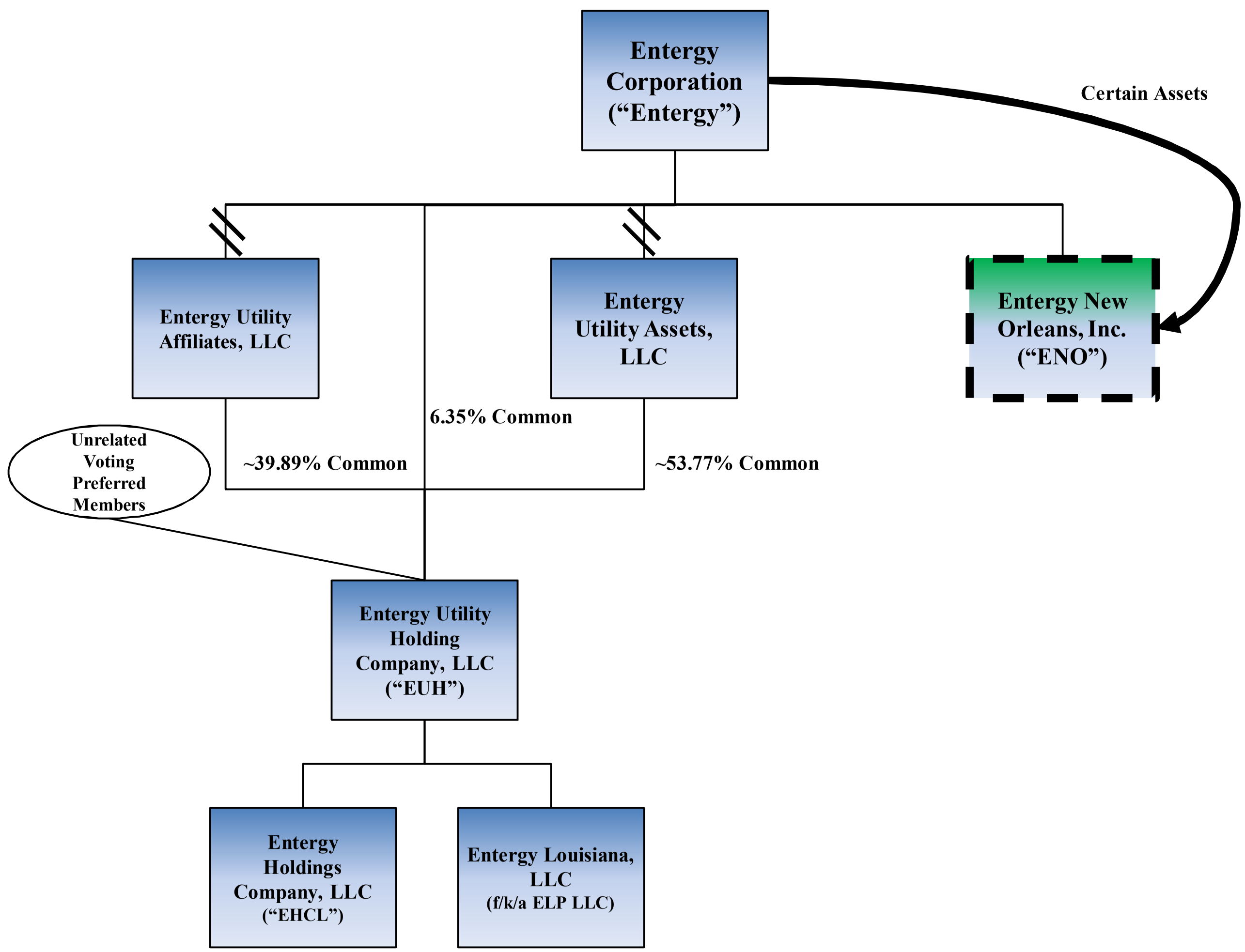


***Only entities relevant to the proposed transaction are depicted in these diagrams.**
Although not depicted, Entergy Corporation is also an owner of EHCL membership interests.

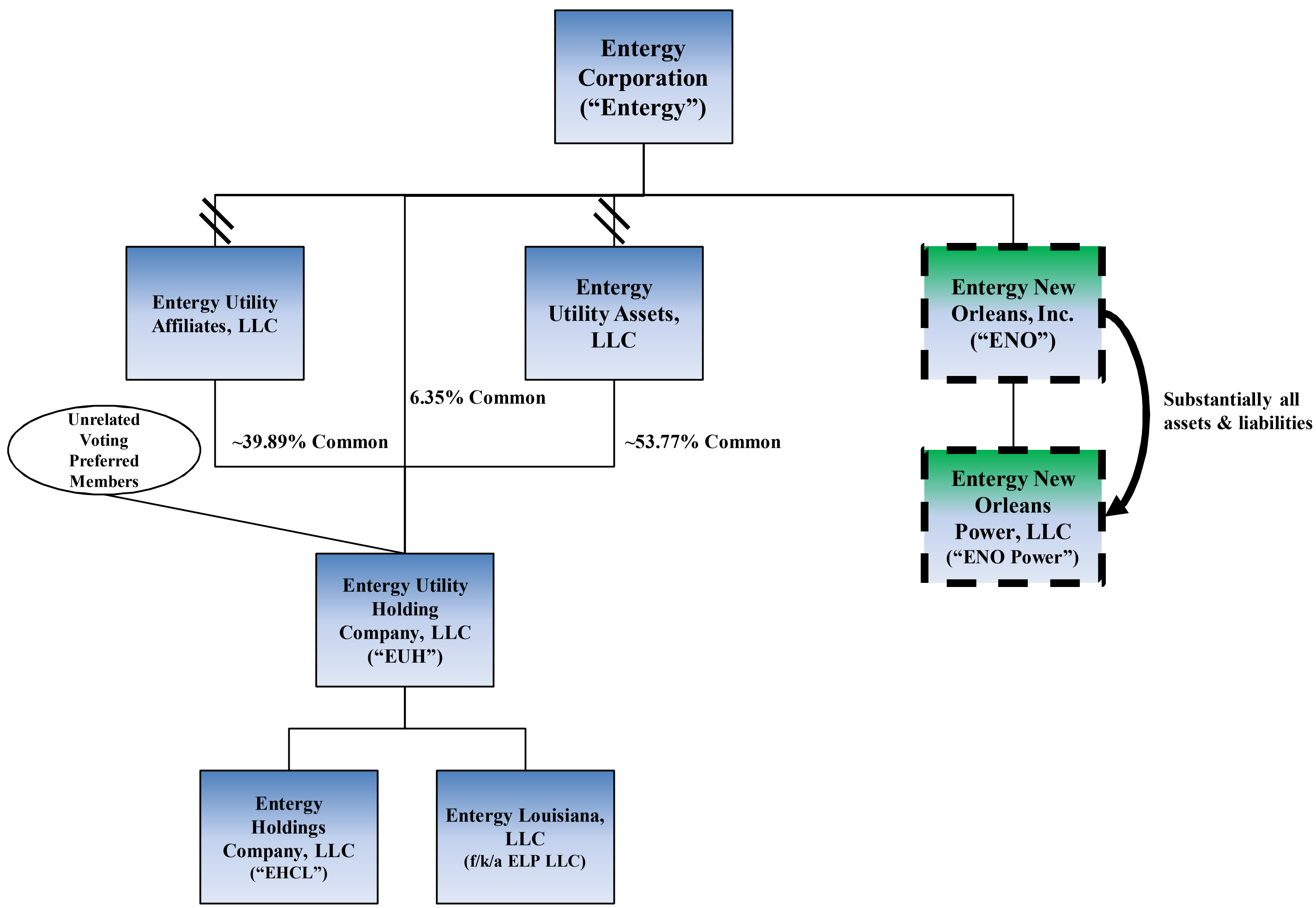
Step 1: ENO redeems any outstanding preferred stock.



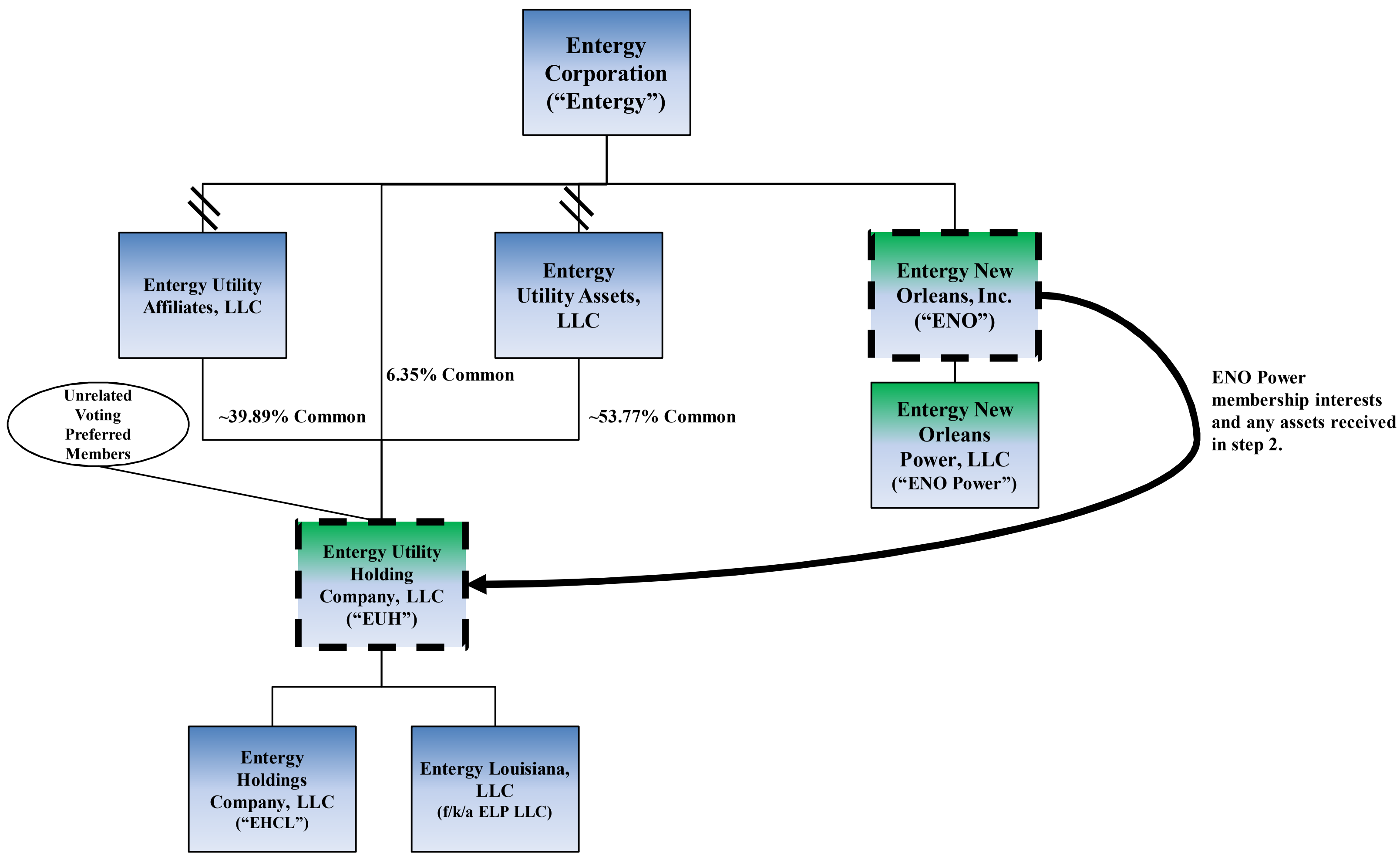
Step 2: Entergy may contribute certain assets to ENO.



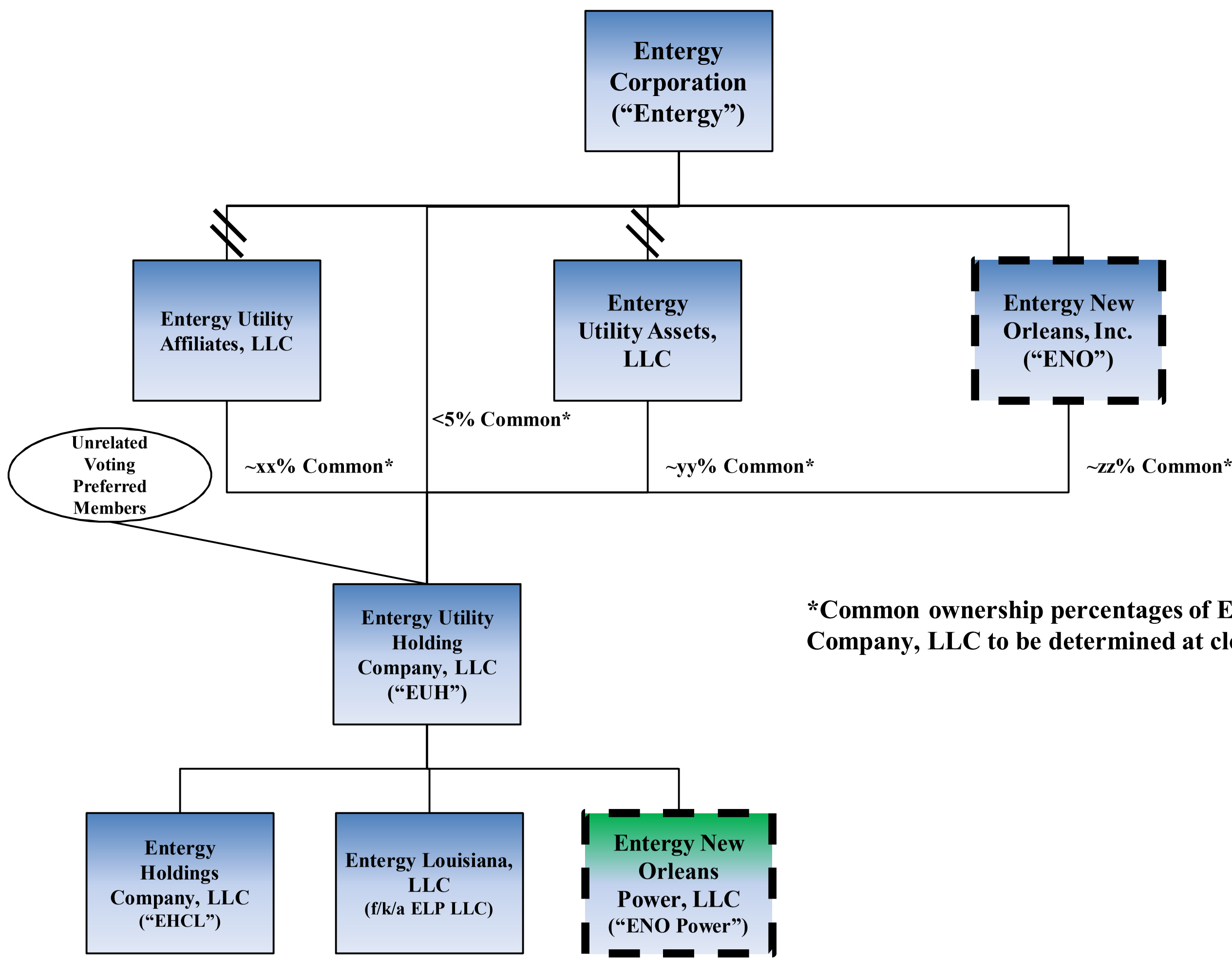
Step 3: ENO converts to a Texas corporation and, using the merger provisions of the Texas Business Organizations Code (sometimes referred to as the Texas merger-by-division statute), transfers substantially all of its assets and liabilities (other than any assets received in Step 2) to a newly-formed, wholly-owned subsidiary, Entergy New Orleans Power, LLC (“ENO Power”).



Step 4: ENO contributes its ENO Power membership interests and any assets received in Step 2 to Entergy Utility Holding Company LLC ("EUH") in exchange for common membership interests in EUH. EUH will simultaneously issue additional voting preferred membership interests.

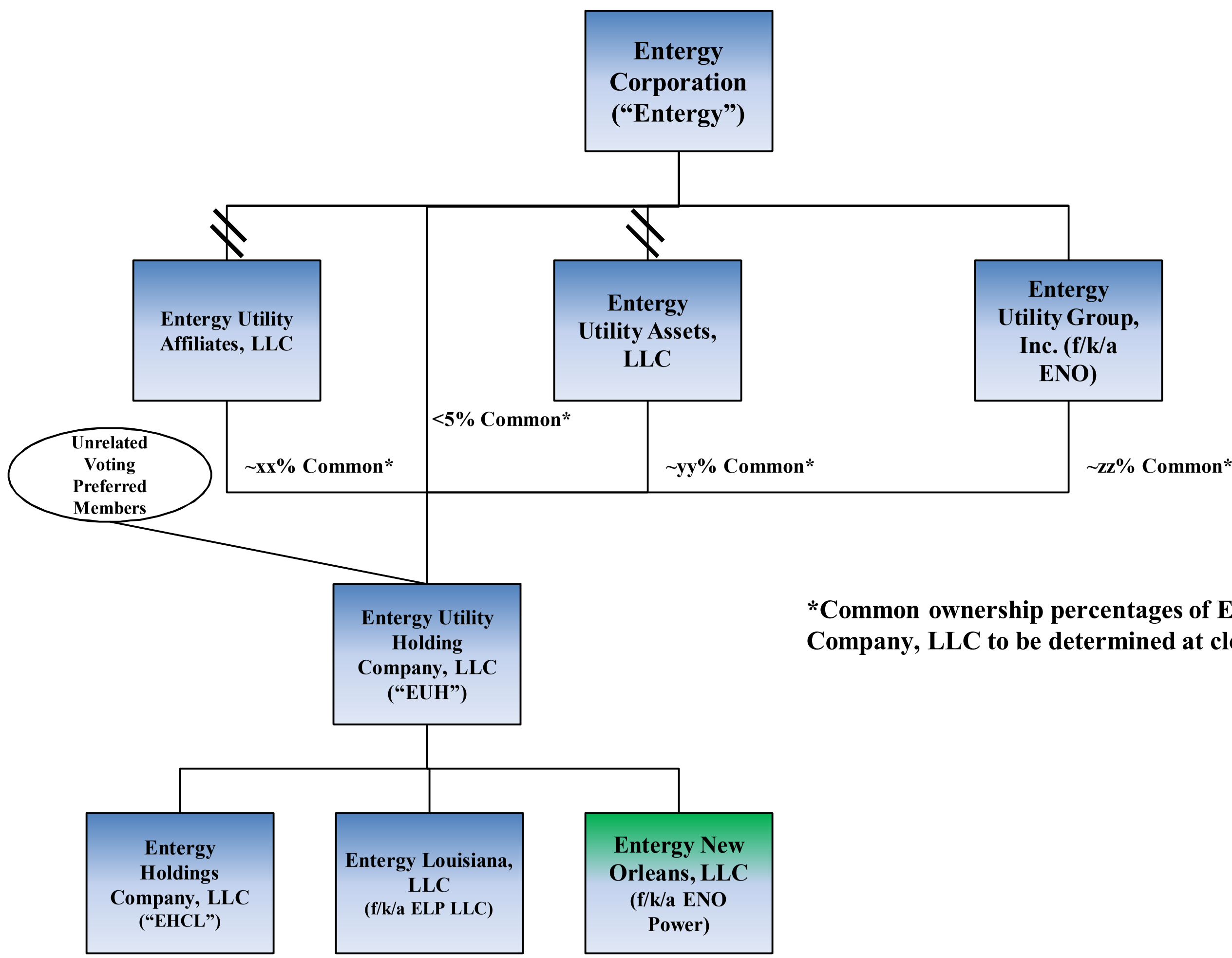


Step 5: ENO changes its name to Entergy Utility Group, Inc., and ENO Power changes its name to Entergy New Orleans, LLC.



***Common ownership percentages of Entergy Utility Holding Company, LLC to be determined at closing time.**

FINAL STRUCTURE



***Common ownership percentages of Entergy Utility Holding Company, LLC to be determined at closing time.**

Exhibit D

Description of Joint Ventures, etc.

The proposed Internal Restructuring is described in Section III. There are no joint ventures, strategic alliances, tolling arrangements, or other business arrangements to which ENOI or its energy affiliates are a party that will be affected by the proposed Internal Restructuring. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit D.

Exhibit E

Common Officers or Directors

ENOI's officers and directors at the consummation of the proposed Internal Restructuring are expected to continue to serve as officers and directors of ENOL following the proposed Internal Restructuring. ENOI respectfully requests a waiver of any requirement to identify its officers and directors as Exhibit E.

Exhibit F

Wholesale Power Sales Customers and Unbundled Transmission Customers

ENOI does not have any wholesale requirements customers or unbundled transmission customers. ENOI respectfully requests a waiver of the requirement to provide as Exhibit F the description and location of wholesale transmission service customers served by ENOI's affiliates and associate companies because the description and location of such customers are not relevant to the Commission's evaluation of this application. Transmission service customers taking service on the Entergy Operating Companies' transmission system are served by MISO.

Exhibit G

Description of Jurisdictional Facilities Owned, Operated, or Controlled by Applicants or Parent Companies, Affiliates, and Associated Companies.

ENOI and its public utility associated companies own extensive FERC-jurisdictional facilities comprised of transmission systems and tariffs, generator-related jurisdictional interconnection facilities, wholesale power sales tariffs, rate schedules, and service agreements, and various books and records. ENOI's and its associated companies' jurisdictional facilities that are relevant to the Commission's evaluation of this Application are described in Parts I, II, and III. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit G.

Exhibit H

Narrative Description of the Proposed Transactions

The proposed Internal Restructuring is described in Section III. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit H.

Exhibit I

Contracts Related to Transaction

There currently are no contracts that will govern the proposed Internal Restructuring. ENOI therefore does not provide an Exhibit I.

Exhibit J

Facts Showing that the Transaction Will be Consistent with the Public Interest

The facts relied upon to show that the proposed Internal Restructuring is consistent with the public interest are set forth in Section IV. ENOI respectfully requests a waiver of any requirement to provide additional information as Exhibit J.

Exhibit K

Maps

ENOI provides the following map that shows its service area boundaries.

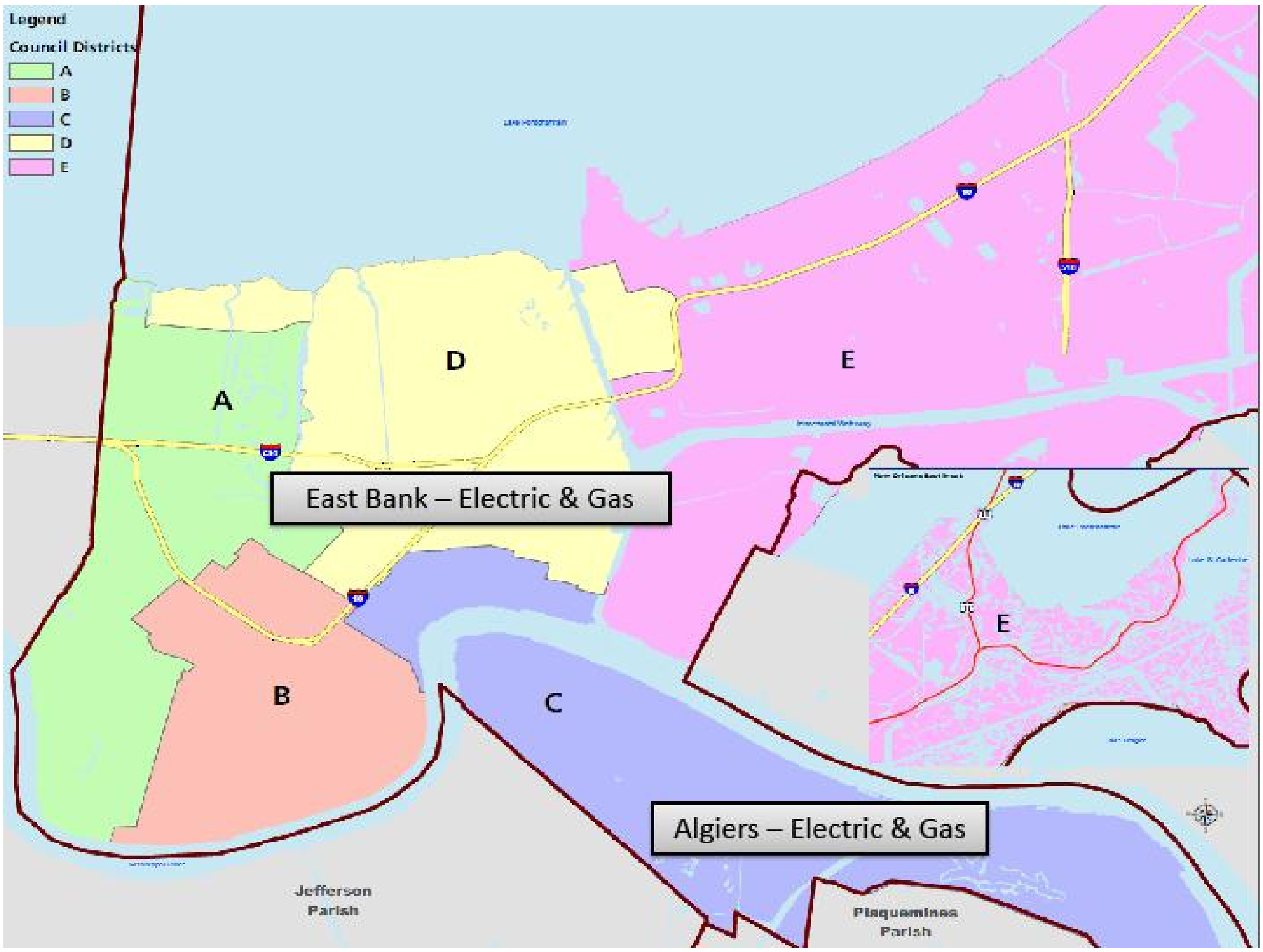


Exhibit L

Licenses and Other Approvals

On July 22, 2016, ENOI applied to the CNO for approval of the proposed Internal Restructuring and related relief. *Application of Entergy New Orleans, Inc. for Approval of Proposed Internal Restructuring and for Related Relief*, CNO Docket No. UD-16-03 (July 22, 2016) ("CNO Application"). The CNO Application is pending. Consistent with the procedural schedules in the proceeding initiated by the CNO, ENOI anticipates action from the CNO in time to permit the proposed Internal Restructuring to be completed in the fourth quarter of 2017. The CNO has not issued an order on the CNO Application, so ENOI does not provide an Exhibit L.

Exhibit M

Cross-Subsidization or Pledge or Encumbrance of Utility Assets

The proposed Internal Restructuring involves a single, traditional franchised public utility and does not involve, and will not benefit, any non-utility associate company and will not entail the encumbrance of utility assets for the benefit of an associate company. As such, the proposed Internal Restructuring will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company.

Moreover, the proposed Internal Restructuring is subject to review and approval by the CNO. In its *Section 203 Supplemental Policy Statement*, the Commission recognized three classes of transactions that are unlikely to present cross-subsidization concerns and adopted three "safe harbors" for meeting the Section 203 cross-subsidization demonstration, absent concerns identified by FERC or evidence from interveners that there is a cross-subsidy problem based on the particular circumstances presented.[1] The Commission's safe harbors includes those transactions that are subject to review by a state commission where the state commission has authority to adopt cross-subsidization protections.[2] The CNO has the authority to approve the proposed Internal Restructuring, the effect of which will be to cause ENOI's public utility business to be indirectly owned by Entergy Corporation through EUH's ownership of ENOL, rather than directly by Entergy Corporation an ENOI's ownership currently is structured. As ENOI explained to the CNO in the CNO Application, the use of an intermediate holding company structure will enhance the separation between ENOI's regulated utility operations and Entergy Corporation's unregulated businesses, including its merchant generation business, helping to further insulate each so that their respective risks and requirements are more properly supported by the applicable business.

As noted, substantially all of the utility facilities owned by ENOI currently are subject to a mortgage granted by ENOI that secures ENOI's outstanding bonds. Following the proposed Internal Restructuring, substantially all of the utility facilities owned by ENOL will continue to be subject to the same mortgage.

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1. *Supplemental Merger Policy Statement* at P 16.

2. *Id.* at P 18. The CNO is a "state commission" within the meaning of FPA § 3(14), which defines the term "State commission" as "the regulatory body of the State or municipality having jurisdiction to regulate rates and charges for the sale of electric energy to consumers with the State or municipality."