



August 6, 2018

By Hand Delivery and U.S. Mail

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

**RE: RESOLUTION 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 Docket No. UD-17-04**

Dear Ms. Johnson:

Please find enclosed an original and three (3) copies of the Alliance for Affordable Energy's Comments in the above mentioned docket. Please file the attached communication and this letter in the record of the proceeding and return one timestamped copy to our courier, in accordance with normal procedures. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

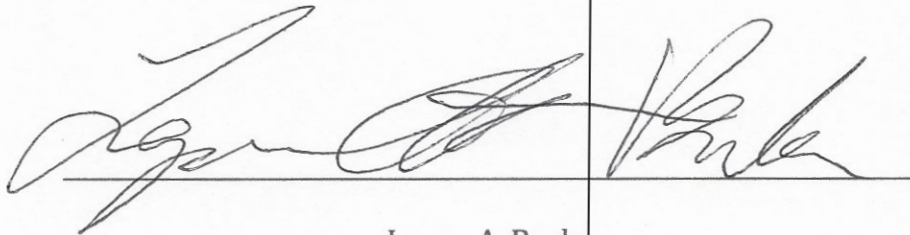
Sincerely,

Logan Burke
Executive Director
Alliance for Affordable Energy

**RE: RESOLUTION 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 Docket No. UD-17-04**

Certificate of Service Docket No. UD-17-04

I hereby certify that I have this 6th Day of August, 2018, served the required number of copies of the foregoing correspondence upon all other known parties of this proceeding, by USPS or electronic mail.

A handwritten signature in black ink, appearing to read "Logan A. Burke", is written over a horizontal line. The signature is cursive and spans across the vertical center line of the page.

Logan A. Burke
Executive Director
Alliance for Affordable Energy

Before the Council of the City of New Orleans

**RE: RESOLUTION DIRECTING
ENERGY NEW ORLEANS, INC. TO
INVESTIGATE AND REMEDIATE
ELECTRIC SERVICE DISRUPTIONS
AND COMPLAINTS AND TO
ESTABLISH MINIMUM ELECTRIC
RELIABILITY PERFORMANCE
STANDARDS AND FINANCIAL
PENALTY MECHANISMS**

Docket No. UD-17-04

**The Alliance for Affordable Energy's Response to
Energy New Orleans Inc, Reliability Plan**

The Alliance appreciates this opportunity to provide comments on Entergy New Orleans Inc, (“ENO”) amended plan for reliability improvements. In particular, these comments are focused on ways in which the City Council may require reliability standards, and how success in meeting such standards should be incentivized or penalized. The Alliance maintains that in order for Council priority goals to be met, that explicit policies must be memorialized. Priorities spoken from the dais cannot be assumed to be followed by a regulated entity without clear direction in ordering paragraphs. Therefore, we recommend this Council make clear their priorities through resolution in order to provide specific guidance to the utility, on reliability matters, and any other issues the Council considers central to the public’s interest in New Orleans.

The use of performance standards, with accompanying incentives and penalties is not unusual, and in fact is a common tool used by regulators to improve utility reliability. Without clear direction from the regulator, a utility may find themselves performing below an unspoken standard. In the case of Entergy New Orleans, no standards have ever been set, leading to frustration from consumers, regulators, and thus the utility. As with every business, uncertainty of expectations can lead to disappointment, but clear targets, rewards, and consequences give a business a way forward to provide the service expected of them.

Based on data and the Company’s filings, there is no doubt the root of our reliability concern is the distribution grid. Further, equipment failure on the distribution system has

consistently been the driver of outages in New Orleans over the last 6 years. Public responses to discovery requests received from Entergy in Council Docket UD-16-01 shows the decline in the reliability of Entergy's equipment since 2011. Unfortunately, current regulatory structure actually provided a disincentive to invest in the New Orleans distribution grid. The costs to maintain the local system were presumably "baked into" the utilities' operations and maintenance costs, which were firmed up the 2008/2009 rate case. While it was clear enough the utility was over-earning based on the rate structure following the 2008/2009 rate case that the Formula Rate Plan reduced the overall revenue requirement for five years in a row, since 2014, the dollars slated to pay for distribution have held steady. With a "rate freeze" in place, an investor-owned utility's profit motive incentivizes savings to be found, and a reduction in operations and maintenance costs is the place to find those savings. This may explain Entergy's self-described decision to reduce distribution system spending by \$1M in 2015. An unintended consequence of a regulatory decision like a rate-freeze may be balanced with service standard requirements to ensure a utility's profit-seeking doesn't come at the expense of reliability.

The Alliance recognizes that the costs of 100% reliability are untenable for New Orleans ratepayers, and is not recommending such an un-reachable and expensive goal. However, as Entergy and the Council are focusing on "modernizing" the grid, like in Docket UD-18-01, the Alliance encourages a coordinated effort to consider how to use the technology that is already being deployed to improve both duration and frequency of disruptions. Entergy and others have pointed out that Advanced Metering Infrastructure ("AMI") will be a valuable tool for monitoring and optimizing the distribution system, and will improve outage duration by allowing the utility to more efficiently pinpoint the cause and location of the outage. In addition, AMI can be used to diagnose developing problems on the system even before an outage occurs so that the utility can focus their attention on reliability efforts ahead of a failure.

According to Entergy's filings in this docket over the last year, two leading causes of equipment related outages are transformer and conductor failures. While ENO filings state that these outages are unpredictable, there may be an opportunity to reduce the strain on the system that results in overloading by using targeted Demand Side Management. Indeed, Entergy's Root Cause Analysis¹, described "Winter Cold Snap, Summer Heat Wave, or Unusual Peak

¹ July 5, 2018, Entergy New Orleans, LLC's. Revised Reliability Plan, Docket UD-17-04, Exhibit 3

Loading” as reasons for equipment failure. This points to value in both management and generation on the customer side of the system, ranging from efficiency, demand response, battery storage, and solar. Reducing strain and overloading on the utility’s aging infrastructure can mitigate outages, while AMI provides better data to predict outages and system weakness, but for improved and maintained reliability clear direction from the regulator is needed as to what level of customer disruption will be tolerated.

In addition to SAIDI and SAIFI, the Alliance recommends ENO be required to report Momentary Average Interruption Frequency Index. The Alliance is aware that momentary outages can be just as disruptive as longer duration outages, especially where these momentary outages cause electronics/equipment failure on the customer side from voltage spikes and dips. HVAC, computers, and other mechanical equipment, owned by residents, businesses, and government agencies are vulnerable to these kinds of brief surges and losses of reliable power, and the costs to replace equipment can be high. For this reason, we suggest MAIFI be considered an important metric and guideline.

Performance Reporting

This docket was opened in response to increasing constituent phone calls to Council offices related to frequent outages. In order for the Council to stay aware of Entergy’s system performance, the Alliance recommends the Council maintain the requirement for bi-monthly reporting on outages including cause of outages, council district data, and fair weather vs. storm metrics. In addition, we recommend the utility be required to file an annual report to include:

- 1) SAIDI/SAIFI/MAIFI for Orleans Parish and each Councilmanic district
- 2) Information on major events (such as hurricanes/floods)
- 3) ENO’s plan for addressing worst-performing feeders, and summary of outage causes.

Performance Standards

When the Louisiana Public Service Commission created reliability standards for major utilities² the Commission required incremental improvement in order for utilities to reach their goals. Over the course of 5 years, utilities were required to improve interruptions metrics by 25%. Entergy New Orleans reported in their July 5, 2018 filing that Customer interruptions in

² General Order of April 30, 1998, Docket No. U-22389

2018 have decreased by 30%³, and that where devices were specifically targeted, interruptions decreased by 64%. This is significant improvement, and suggests that Entergy New Orleans' plan is working. Where outage causes have increased, including equipment failure, the Alliance urges the utility to consider resolving the "root causes" by reducing strain on equipment from the demand side where possible.

At this time, the Alliance does not have a specific recommendation for SAIDI/SAIFI/MAIFI goals at this time, but does encourage the Council to consider average LPSC jurisdictional metrics in deciding on an appropriate target, including

Annual Maximum SAIDI: 2.87 hours

Annual Maximum SAIFI: 2.28 interruptions per year⁴

The Council and advisors may also compare peer-utility performance when deciding on a target for ENO. Utilities with similar weather and infrastructure age should be part of this comparison, including utilities along the Gulf Coast like Entergy Louisiana's LPSC requirements.

In addition, as discussed in the Utility, Technology, Telecommunications Committee meeting on July 19, 2018, Entergy was asked if it has a standard tracking system for its distribution assets. Such a tracking system, alongside regular reporting could provide both the utility and the Council a better understanding of the age, health, and reliability of the distribution grid, and how the utility might plan for future needs.

Incentives and Penalties

Goals tied to utility incentives or penalties can provide the utility a path for both improving service quality and improving their bottom line, especially if the rate structure is performance-based. As described above, the structure of Entergy New Orleans profit model passively incentivizes reduced focus on cost-cutting, rather than performance. On the other hand, the Alliance is not suggesting the utility be incentivized to "throw money" at the problem and incentivize spending on distribution just to spend. Instead, a system that values performance and customer satisfaction over capital investments would send the appropriate signals to provide the service prioritized by both the Council and customers. Penalties do provide the accountability

³ July 5, 2018, Entergy New Orleans, LLC's. Revised Reliability Plan, Docket UD-17-04, p. 7.

⁴ General Order of April 30, 1998, Docket No. U-22389

necessary to ensure goals and targets are met. LPSC rules provide for only penalties, with an annual \$500,000 fine for failure to meet standards. If the council is not interested in broad performance based regulation we recommend a simple penalty structure is applied to maintain accountability.

Thank you for this opportunity to provide our comments on Entergy's reliability reports and for considering appropriate rules and policies to provide New Orleans energy customers the reliability they deserve.

Docket UD-17-04

ENERGY NEW ORLEANS, INC. TO INVESTIGATE AND REMEDIATE ELECTRIC SERVICE DISRUPTIONS AND COMPLAINTS AND TO ESTABLISH MINIMUM ELECTRIC RELIABILITY PERFORMANCE STANDARDS AND FINANCIAL PENALTY MECHANISMS

Lora W. Johnson, lwjohnson@nola.gov

Clerk of Council
City Hall - Room 1E09
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1085 - office
(504) 658-1140 - fax
Service of Discovery not required

Erin Spears, espears@nola.gov

Chief of Staff, Council Utilities Regulatory Office

Connolly A. F. Reed, careed@nola.gov

City Hall - Room 6E07
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1110 - office
(504) 658-1117 – fax

David Gavlinski, 504-658-1101, dsgavlinski@nola.gov

Council Chief of Staff
City Hall - Room 1E06
1300 Perdido Street
New Orleans, LA 70112

Sunni LeBeouf, Sunni.LeBeouf@nola.gov

Bobbie Mason, bfmason1@nola.gov

Law Department
City Hall - 5th Floor
New Orleans, LA 70112
(504) 658-9800 - office
(504) 658-9869 - fax
Service of Discovery not required

Norman White, Norman.White@nola.gov

Department of Finance
City Hall - Room 3E06

1300 Perdido Street
New Orleans, LA 70112
(504) 658-1502- office
(504) 658-1705 – fax

ADMINISTRATIVE HEARING OFFICER

Hon. Jeffrey S. Gulin, judgegulin@gmail.com
3203 Bridle Ridge Lane
Lutherville, MD 21093
(410) 627-5357

NEW ORLEANS CITY COUNCIL CONSULTANTS

Clinton A. Vince, clinton.vince@dentons.com
Presley Reed, presley.reedjr@dentons.com
Emma F. Hand, emma.hand@dentons.com
Herminia Gomez, herminia.gomez@dentons.com
1900 K Street NW
Washington, DC 20006
(202) 408-6400 - office
(202) 408-6399 - fax

Basile J. Uddo (504) 583-8604 cell, buddo@earthlink.net
J. A. “Jay” Beatmann, Jr. (504) 256-6142 cell, (504) 524-5446 office direct,
jay.beatmann@dentons.com
c/o DENTONS US LLP
650 Poydras Street
Suite 2850
New Orleans, LA 70130

Walter J. Wilkerson, wwilkerson@wilkersonplc.com
Kelley Bazile, kbazile@wilkersonplc.com
Wilkerson and Associates, PLC
650 Poydras Street - Suite 1913
New Orleans, LA 70130
(504) 522-4572 - office
(504) 522-0728 - fax

Joseph W. Rogers, jrogers@ergconsulting.com
Philip J. Movish, pmovish@ergconsulting.com
Lauren Oliva, loliva@ergconsulting.com
Legend Consulting Group

8055 East Tufts Ave., Suite 1250
Denver, CO 80237-2835
(303) 843-0351 - office
(303) 843-0529 – fax

Errol Smith, (504) 284-8733, ersmith@btcpas.com
Bruno and Tervalon
4298 Elysian Fields Avenue
New Orleans, LA 70122
(504) 284-8296 – fax

ENTERGY NEW ORLEANS, INC.

Gary E. Huntley, 504-670-3680, ghuntle@entergy.com
Entergy New Orleans, Inc.
Vice-President, Regulatory Affairs
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112
504-670-3615 fax

Polly S. Rosemond, 504-670-3567, prosemo@entergy.com
Entergy New Orleans, Inc.
Manager, Regulatory Affairs
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Derek Mills, 504-670-3527, dmills3@entergy.com
Project Manager
1600 Perdido Street, Bldg. #505
New Orleans, LA 70112

Seth Cureington, 504-670-3602, scurein@entergy.com
Entergy New Orleans, Inc.
Manager, Resource Planning
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Tim Cragin (504) 576-6523 office, tcragin@entergy.com
Brian L. Guillot (504) 576-2603 office, bguill1@entergy.com
Alyssa Maurice-Anderson (504) 576-6523 office, amauric@entergy.com
Harry Barton (504) 576-2984 office, hbarton@entergy.com

Karen Freese (504) 576-4170 office, kfreese@entergy.com
Entergy Services, Inc.
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113
(504) 576-5579 - fax

Joe Romano, III (504) 576-4764, jroman1@entergy.com
Suzanne Fontan (504) 576-7497, sfontan@entergy.com
Therese Perrault (504-576-6950), tperrau@entergy.com
Entergy Services, Inc.
Mail Unit L-ENT-4C
639 Loyola Avenue
New Orleans, LA 70113
(504)576-6029 – fax

MID CITY NEIGHBORHOOD ORGANIZATION

Emily K. Leitzinger, (540) 421-3997, President@MCNO.org
4313 Palmyra St.
New Orleans, LA. 70119

ALLIANCE FOR AFFORDABLE ENERGY

Logan Atkinson Burke, logan@all4energy.org
Forest Bradley-Wright, forest@all4energy.org
Sophie Zaken, regulatory@all4energy.org
4505 S. Claiborne Ave.
New Orleans, LA 70115

CARROLLTON RIVERBEND NEIGHBORHOOD ASSOCIATION

Julianna D. Padgett, (504) 274-8158, juliannapadgett@gmail.com
935 Dante St.
New Orleans, LA.

PARKVIEW NEIGHBORHOOD ASSOCIATION

Ian Dreyer, President, ian@nanollc.net
432 N. Anthony Street Suite 303
New Orleans , LA 70119
504-486-3272

TULANE CANAL NEIGHBORHOOD ASSOCIATION

Jacob Rickoll, (504) 473-6943, Tulane.Canal@gmail.com
2301 Conti St.
New Orleans, LA. 70119

URBAN CONSERVANCY PETITION

Abigail Sebton, (504) 717-6187, abigail@staylocal.org
1307 OC Haley Blvd #307
New Orleans, LA 70113

MAPLE AREA RESIDENTS, INC

Keith Hardie, (504) 522-6222, keithhardie@yahoo.com
618 Audubon St.
New Orleans, LA 70118
Fax: (504) 522-6226

DEEP SOUTH CENTER FOR ENVIRONMENTAL JUSTICE

Monique Harden, (504) 517-2534, MoniqueCovHarden@gmail.com
3157 Gentilly Blvd., #145
New Orleans, LA. 70122

350 LOUISIANA-NEW ORLEANS

Renate Heurich, (504) 473-2710, 350louisiana@gmail.com
1407 Napoleon Ave., #B
New Orleans, LA 70115

SEWERAGE AND WATER BOARD

James E. Thompson III, jthompson@swbno.org
625 St. Joseph Street, Room 201
New Orleans, LA 70165
(504) 529-2837

Luke F. Piontek, (225) 929-7033, Lpiontek@roedelparsons.com
Judith Sulzer, jsulzer@roedelparsons.com
8440 Jefferson Highway, suite 301

Baton Rouge, LA. 70809

ALGIERS NEIGHBORHOOD PRESIDENTS COUNCIL

Eric J. Songy, (504) 394-4039, info@anpcnola.org
P.O. Box 740446
New Orleans, LA 70174

LOWER 9 RESILIENT

Warrenetta C. Banks, (504) 324-8586, Warrenetta@L9Resilient.org
5130 Chartres Street
New Orleans, LA 70117

LOWER 9TH WARD CENTER FOR SUSTAINABLE ENGAGEMENT AND DEVELOPMENT

Arthur J. Johnson, (504) 421-9643, ajohnson@sustainthenine.org
5227 Chartres St.
New Orleans, LA 70117

INDIVIDUALS

David Dalia, (504) 524-5541, davidadalia@gmail.com
609 Dumaine St.
New Orleans, LA 70115

Dawn Hebert, (504)875-0352 or (504)245-9959, Dhebert28@cox.net
6846 Lake Willow Dr.
New Orleans, LA. 70126

Denise T. Turbinton, (504) 309-0400, turbinton@msn.com
931 Mazant St.
New Orleans, LA 70117