

**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

**EX PARTE: IN RE: 2018 TRIENNIAL)
INTEGRATED RESOURCE PLAN OF)
ENERGY NEW ORLEANS, INC.)**

DOCKET NO. UD-17-03

**ENERGY NEW ORLEANS, LLC'S FIRST SET OF REQUESTS FOR
INFORMATION TO THE ADVISORS TO THE COUNCIL OF THE CITY OF
NEW ORLEANS AND OPTIMAL ENERGY**

Entergy New Orleans, LLC ("ENO"), through the undersigned counsel, hereby serves upon the Advisors to the City Council of New Orleans ("Advisors") and Optimal Energy ("Optimal") its First Set of Requests for Information in connection with above-captioned docket and pursuant to New Orleans City Council Resolution R-16-04 as well as Article 1457, *et. seq.* of the Louisiana Code of Civil Procedure.

Definitions and Instructions

a. "Document(s)" shall mean any written, typed, printed, computer produced, recorded or graphic matter, however produced or reproduced, of any kind, character, type or description, regardless of origin or location including, without limitation, all correspondence, records, tables, charts, analyses, graphs, maps, schedule, summaries, reports, memoranda, notes (handwritten or otherwise), notations, drafts, lists, calendar and diary entries, letters (sent or received), telegrams, telexes, telecopies, faxes, photostats, messages (including, but not limited to reports or notes of telephone conversations and conferences), studies, books, periodicals, magazines, booklets, circulars, bulletins, pamphlets, instructions, papers, files, minutes, Communications, other communications (including, but not limited to, inter and intra-office communications), questionnaires, contracts, memoranda or agreements, assignments, licenses, ledgers, books of account, financial statements, work sheets, work papers, spreadsheets, databases, orders, invoices, statements, bills, checks, check registers, vouchers, notebooks, receipts, acknowledgements, data processing cards, word processing documents, computer

generated matter, computer printouts, electronically maintained or stored information, microfilm, contact manager information, internet usage files, network access information, photographs, photographic negatives, phonograph records, tape or audio recording, compact discs, video tapes or dvds, wirer recordings, voice mail recordings, other mechanical recordings, transcripts or log of any such recordings, all other data compilations from which information can be obtained, or translated if necessary, and any other tangible thing of a similar nature. "Document(s)" shall include originals (or copies if originals are not available) and non-identical copies (whether different from the original because of handwritten notes or underlining or otherwise) and any translations of any Document. Without limiting the generality of the foregoing, "Document(s)" include, without limitation, materials maintained in magnetic or other storage media, including those maintained in computers, magnetic tapes or disks, and any onsite or offsite backup or so-called "erased" or "deleted" computer information that may be susceptible of retrieval.

b. The term "each" includes the word "every" and "every" includes the word "each."

c. "Identify," as used herein, shall mean the following:

(i) when referring to a Person, to state his or her full name, present or last known home address, telephone number, title and/or occupation, present or last known employer and relationship, if any, to the responding party and/or the above-captioned proceeding;

(ii) when used with reference to a Document, to state the date and author (and, if different, the signors), the addressees, the identity of Persons who received the Document (or copies thereof), the type of Document (*e.g.*, letter, memorandum, telegram, chart, etc.), the Document's present or last known location and custodian and all other means of identifying the Document with sufficient particularity to satisfy the requirements for its inclusion in a request for its production pursuant to the Louisiana Rules of Civil Procedure and/or a *subpoena duces tecum*; and

(iii) when referring to a meeting, to identify the date, time, and location of the meeting, the Persons present at the meeting, any speakers or presenters that addressed

the meeting, the entity or group that hosted and/or noticed the meeting, the topics discussed, Documents distributed, and presentations made at the meeting, and any Documents referring to or relating to the meeting.

g. The term "including" shall be construed as broadly as possible and shall mean "without limitation."

h. The term "Optimal Potential Study" shall refer to the Study of Potential for Energy Savings in New Orleans, dated August 31, 2018, but filed in the above-caption proceeding on September 4, 2018, prepared by Optimal and the American Council for an Energy-Efficient Economy ("ACEEE").

i. "Person" shall mean an individual, proprietorship, partnership, firm, corporation, association, governmental office, juridical person, or other entity or organization.

j. The phrases "with regard to," "referring or relating to" and "refer, reflect, or relate to," as used herein, shall mean all information and all facts and/or Documents that directly, indirectly or in any other way support, negate, bear upon, touch upon, incorporate, affect, include, pertain to, and/or are otherwise connected with the subject matter about which an Interrogatory is being made.

k. Requests to provide "workpapers," "data," "reports" and/or "analyses" should be construed as requesting the responsive information in operable, executable, native file formats.

l. To the extent that information responsive to any Request does not exist, or the analyses were not performed, please affirmatively state as such and explain why, in the absence of such supporting information or analyses, the Council can or should rely on the AAE Plan for guidance in meeting the immediate and long term needs of ENO customers.

Requests for Information

- ENO 1-1:** Please refer to Table 2 on page 3 of the Optimal Potential Study. Please explain the calibration process that resulted in a 0.5% kWh savings being identified as the “Program Potential” for 2018 given that the Council-approved savings target for Energy Smart PY8 is 0.8%.
- ENO 1-2:** Please refer to page 4 of the Optimal Potential Study. Given that Council Resolution No. R-18-65 approved construction of seven reciprocating internal combustion engine generator sets, with a total capacity of 128 MW, what is the statement “the recently approved 150MW gas turbine plant” intended to reference?
- ENO 1-3:** Please refer to page 4 of the Optimal Potential Study. Figure 1 references Electric Energy Savings Relative to Sales Forecast, but does not provide the quantification of savings in terms of annual MWh achieved by sector or by scenario. Please provide the MWh potential savings values calculated by Optimal that support Figure 1 for each year of the planning horizon by sector and by scenario, along with workpapers supporting the calculations.
- ENO 1-4:** Please refer to page 7 of the Optimal Potential Study and Table 6. Given that the percentage of administrative costs approved by the Council in Resolution R-17-623 for the current Energy Smart programs is roughly 50%, please explain why the proposed budgets start with roughly 25% administrative costs in 2018. Please also provide the point of reference for the program administrative costs for both energy efficiency (“EE”) and demand response (“DR”) and describe in detail how these cost values were determined and what components are, and are not, included in the Optimal Potential Study’s definition of “administrative costs.”
- ENO 1-5:** Please refer to page 74 of the Optimal Potential Study, specifically the statement “Data were sourced from recent program performance in New England, the Mid-Atlantic states, and Minnesota, totaling 8 individual utility or state-wide portfolios. All of these portfolios are generating savings substantially greater than Energy New Orleans’ current programs, and are likely to be a better predicted of the administrative costs needed to achieve the level of savings found by our maximum achievable and program potential analyses. The average administrative costs for the various program types range from 25 percent to 37 percent of total program costs.”
- a. Please state why Optimal relied on estimates from other jurisdictions instead of Council-approved, administrative cost percentages as the starting point in its analysis.
 - b. Please explain why Optimal chose to base its comparison of administrative costs on utilities in geographic regions with weather/climates and population demographics that bear little resemblance to those of New Orleans. Please also state why Optimal did not sample any utilities from the south eastern United States when comparing administrative costs.
 - c. Please describe in detail any adjustments Optimal made to the sourced data, or any analyses Optimal performed, to account for reductions in economies

of scale or other efficiencies associated with the administrative costs in the identified “state-wide portfolios” that would not be possible to achieve with administrative costs for the smaller, City-wide Energy Smart program.

- d. To the extent Optimal did not perform the analyses or make the adjustments described above, please explain why Optimal did not do so.

ENO 1-6: Please refer to page 8 of the Optimal Potential Study and Tables 7 and 8. Please state whether the Residential Direct Load Control reductions assume the implementation of Advanced Metering Infrastructure (“AMI”). If so, in what year did Optimal assume ENO’s implementation of AMI implementation would be completed?

ENO 1-7: Please refer to page 9 of the Optimal Potential Study, specifically the statement, “Importantly, all of these rate options can be implemented in a way that does not change the total revenue collected from customers, which means neither the customers as a whole or the utility are disadvantaged.”

- a. In order to keep “customers as a whole” from being disadvantaged, would costs need to be reallocated within or between customer classes such that some customers would pay a greater share of the overall revenue requirement than they currently do?
- b. If the answer to subpart (a) above is in the affirmative, please provide the cost allocations developed by Optimal or ACEEE designed to achieve this result, including all documents and workpapers used in the development thereof.

ENO 1-8: Please refer to page 56 of the Optimal Potential Study at Table 38. Please also refer to page 58 and the statement “Revenue neutral rate approaches are designed to recover the same level of revenue in the analysis period, which is one year for this analysis.”

- a. Please explain why Optimal and/or ACEEE applied the results of this single-year analysis with the 20-year results of the DSM and DR potential analysis in one table.
- b. Do the rate design approaches analyzed remain “revenue neutral” after year one? If not, please describe the relative changes in rates to customers.

ENO 1-9: Please identify all members of the Delphi panels referenced in Appendix A of the Optimal Potential Study.

ENO 1-10: Please refer to page 14 of the Optimal Potential Study.

- a. Please identify the Program Years associated with the savings that were added back as an adjustment to the sales forecast.
- b. Please identify the level of savings added back to sales forecast for each year of the planning horizon.

ENO 1-11: Please refer to page 16 of the Optimal Potential Study, specifically to the statement, “For summer, on-peak hours are weekdays between 11 AM and 9 PM,” which

differs from the statement in Appendix C, p. 87, “Summer on-peak is April-October, 9 AM-9 PM, weekdays.”

- a. Please confirm what hours were included in the Summer on-peak period.
- b. Please identify the basis for defining a peak period as 10 or 12 hours of the day.
- c. Please describe in detail why this definition of peak periods should be different than the peak periods identified in the New Orleans Technical Reference Manual and/or by the Midcontinent Independent System Operator (“MISO”).

ENO 1-12: Please refer to page 16 of the Optimal Potential Study, specifically the statement, “As indicated earlier, if the net present value of the future stream of benefits (energy and demand, but also other societal benefits such as gas, water, or maintenance savings) exceeds the costs, then the measure is considered cost-effective.”

- a. Please confirm that the definition of the Total Resource Cost (“TRC”) test in the California Practice Manual, which is specified in the Council’s IRP Rules (Sec. 5A) as the cost-effectiveness test to be used in the IRP modeling, does not contemplate inclusion of societal benefits in the cost/benefit calculation.
- b. Please provide the source for the version of a TRC cost/benefit calculation that does allow the inclusion of societal benefits as applied in the Optimal Potential Study.
- c. Please identify the total percentage of the overall TRC benefits for each measure resulting from the inclusion of “other societal benefits” as described above?
- d. Please identify any measures that would not have achieved a TRC value of 1.0 or greater but for the inclusion of the “other societal benefits” as described above.

ENO 1-13: Please refer to page 17 of the Optimal Potential Study. Please identify the methodology for adjusting ENO’s average line loss calculations to marginal line losses and provide the marginal line loss values used in developing the Optimal Potential Study along with supporting workpapers.

ENO 1-14: Please refer to page 17 of the Optimal Potential Study, specifically the statement “we used a discount rate of three percent to better reflect the public policy nature of energy efficiency programs,” and to page 69.

- a. Please identify the public policy statements of the Council that approve the use of a three percent discount rate as related to energy efficiency programs.
- b. Please confirm that the Federal Energy Management Program, which is administered by the U.S. Department of Energy and relies on government funding for projects, uses a discount rate tied to long-term government debt to assess costs and benefits.
- c. Please identify any examples of retail utility-implemented energy efficiency programs where the utility uses a long-term government debt rate as a discount rate for evaluating program costs and benefits.

ENO 1-15: Please refer to page 34 of the Optimal Potential Study and the statement, “Different assumptions regarding free-ridership and spillover.” Please identify all assumptions that Optimal made about free ridership, “spillover,” or Net to Gross values in its analysis.

ENO 1-16: Please refer to page 36 of the Optimal Potential Study, specifically the statement, “Another type of risk relates to the construction of new generation facilities. These facilities may take 10 years or longer to begin producing power...” Please identify the types of generation facilities that require at least 10 years to construct and provide all documents evidencing that a 10 year construction period is likely for any such generation facilities identified.

ENO 1-17: Please refer to page 42 of the Optimal Potential Study. Please describe the rationale for applying a 3% discount rate to evaluate cost effectiveness of DR programs.

ENO 1-18: Please refer to page 54 of the Optimal Potential Study, specifically Figures 18 and 19. Please provide all documents, workpapers, and any other inputs and assumptions that support the annual program costs identified for the DR programs.

ENO 1-19: Please refer to page 58 of the Optimal Potential Study, specifically the statement, “This structure [TOU Rates] more accurately reflects the cost to serve residential customers throughout the day.”

- a. Please provide all documentation, workpapers, and/or other analyses that demonstrate that the TOU rates identified in the Optimal Potential Study reflect the cost to serve ENO’s customers.
- b. Please identify and provide the billing determinants utilized to develop TOU rates that accurately reflect ENO’s cost of serving its customers throughout the day; include the workpapers that support any such billing determinants.
- c. Please state whether the characteristics of a utility’s particular generating portfolio and the utility’s participation in, and reliance on, capacity and energy markets to serve its customers’ load could affect the cost to serve its residential customers throughout the day.
- d. Can data obtained from AMI be beneficial in developing TOU rates that accurately reflect the cost to serve residential customers throughout the day?
- e. If the answer to subpart (d) above is in the affirmative, please describe in detail the type of analysis that would be required to utilize data obtained from AMI in order to develop TOU rates that accurately reflect the cost to serve residential customers throughout the day. Please identify the time period over which AMI data should be collected in order to enable such analyses to be as accurate as possible.

ENO 1-20: Please refer to page 70 of the Optimal Potential Study.

- a. Please describe the method through which Optimal aligned the historical hourly Locational Marginal Prices (“LMPs”) with the annual forecast LMPs and provide any supporting workpapers.

- b. Please identify the source of the loadshapes for each sector and end use and provide all supporting documentation and workpapers.
- c. Please describe the method through which avoided capacity costs were determined and accounted for and provide any supporting workpapers.

ENO 1-21: Please refer to page 72 of the Optimal Potential Study, specifically the statement, “For purposes of the simple payback analysis, only the variable portion of rates was included. For residential customers, we estimated a price of 8.5 cents/kWh.” Please describe in detail the method through which Optimal estimated the variable portion of the retail rate and provide all supporting workpapers.

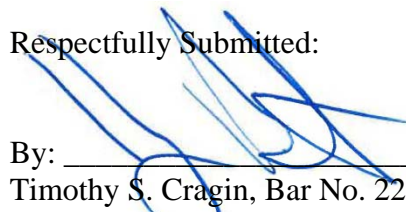
ENO 1-22: Please identify the source of the end use level sales disaggregation data provided in Appendix B of the Optimal Potential Study.

ENO 1-23: Please refer to Appendix D – Measure Characterization

- a. Please state whether the percent savings identified is the percentage savings over the baseline energy of the equipment.
- b. Please state whether the measure costs provided represent cost per kWh saved.
- c. Please provide the applicability and feasibility factors used in developing this Appendix.

ENO 1-24: Please identify the source of, or the analysis employed to develop, the forecasted retail and carbon costs utilized in the Optimal Potential Study. Please provide any supporting documents or workpapers used to develop these costs.

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**ATTORNEYS FOR
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CERTIFICATE OF SERVICE

Docket No. UD-17-03

I hereby certify that I have served the required number of copies of the foregoing report upon all other known parties of this proceeding, by the following: electronic mail, facsimile, overnight mail, hand delivery, and/or United States Postal Service, postage prepaid.

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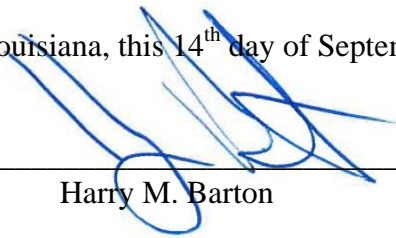
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New Orleans, Louisiana, this 14th day of September, 2018.



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