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February 4, 2019

**VIA HAND DELIVERY**
Lora W. Johnson
Clerk of Council
1300 Perdido Street
1E09
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 Finance Penalty Mechanisms: UD-17-04*

Dear Lora:

Enclosed please find original and two (2) copies of ***Comments Regarding Entergy New Orleans, LLC's 2019 Reliability*** on behalf of The Sewerage and Water Board of New Orleans'.

Should you have any questions whatsoever, please do not hesitate to contact me.

Very truly yours,

Shannon Bell

Shannon Bell, Legal Assistant to
Luke F. Piontek & Christian J. Rhodes

Enclosure
cc: All Counsel of Record via email

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

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| **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** |

**THE SEWERAGE AND WATER BOARD OF NEW ORLEANS' COMMENTS REGARDING ENTERGY NEW ORLEANS, LLC'S 2019 RELIABILITY PLAN**

Now comes the Sewerage and Water Board of New Orleans ("S&WB"), which respectfully submits its comments regarding the 2019 Reliability Plan submitted in this docket by Entergy New Orleans, LLC ("ENO") on January 18, 2019, in accordance with the Hearing Officer's Order dated November 19, 2018.

## INTRODUCTION

ENO's 2019 Distribution Reliability Plan lacks any project or improvement to its distribution system specifically designed to enhance reliability to the S&WB's facilities. ENO should have included a plan to address the quality of service to S&WB in its 2019 Distribution Reliability Plan.

ENO also explains that it will expand the Fix-It-Now ("FIN") program to inspect the entire distribution system. Such expansion of the FIN crew's work and inspection of the entire distribution system is good news, however, ENO should explain whether it would be cost-effective and prudent to add more servicemen to the FIN crew and conduct the inspections of the distribution system more quickly than 8 years as planned.

ENO has budgeted roughly $15 million for the Baseline Reliability Programs. With ENO earning a return on equity during 2015, 2016, and 2017 – when it had its worst reliability over the last 5 years – of 12.56%, 11.22%, and 10.52%, respectively, $15 million over several years does not seem sufficient.

The FOCUS Program is designed to capture the worst performing devices and feeders on ENO's distribution system. This would seem to be a high priority for ENO and its customers. Yet, ENO's budget for its FOCUS Program for 2019 is only $3 million. It is difficult to determine whether this is a sufficient level of funding for a program designed to identify and repair devices with repeated outage issues.

Similarly, and while pole failures did not account for a large amount of outages in 2019, ENOs' budget for the Pole Program for 2019 is $2.7 million, with $200,000 allocated for inspection. This budget appears to be small considering the roughly 90,000 poles in ENO's distribution system. ENO should explain why a $2.7 million budget for Pole Program is sufficient.

ENO's Distribution Automation ("DA") Program is intended to provide protective devices to segment the distribution system so that there are fewer customers affected by events – localizing the effects – and has a budget of $2.5M. ENO should justify the relatively small size of the DA Program budget.

ENO's Vegetation Management Program and 2019 Transmission Reliability Plan appear to be a works-in-progress. The S&WB reserves its rights to comment further on these programs.

## I. ENO's 2019 Distribution Reliability Plan

### A. No Planned Improvement to Service to S&WB

Perhaps the most striking thing in ENO's 2019 Reliability Plan is the complete absence of any project or improvement to its distribution system specifically designed to enhance reliability to the S&WB's facilities.[1] The S&WB has explained in past comments that its equipment has suffered multiple trips and outages as a result of sags and swells in its power supply from ENO. Reliability should not be viewed solely through the narrow lens of total outages, as it was in the Quanta Report. Power supply should not be expected to be perfect; however, it should be dependable. Whether one measures it by the frequency or duration of complete outages, sags and swells, interruptions, or some other metric, ENO's supply to the S&WB has not been dependable. The multiple trips and outages S&WB's equipment has suffered over the last several years have led to boil water advisories and equipment damage.

The S&WB understands that the metrics relied upon in the Quanta Report as well as the ENO 2019 Distribution Reliability Plan tend to identify problematic feeders and other components, but they do not evaluate feeders and other components with regard to their robustness. For instance, the S&WB's Carrollton Campus is fed by residential distribution lines. The S&WB believes this is one of the reasons it has experienced so many interruptions. The S&WB provides potable water, sewerage, and drainage services to the entire city. If the residential distribution lines serving it experience an outage, thousands of residents may go without vital services for a period of time. So, even if one distribution line performs well according to the traditional indices, that level of performance, alone, does not account for the risks of having the S&WB rely on residential distribution lines. More emphasis should be placed

[1] ENO's 2019 Reliability Plan does call for a new transformer at its Claiborne substation (*id*, at p. 33) as part of Transmission Reliability Plan, due to advanced age, but it is impossible to determine whether this project is designed to enhance the reliability of service to S&WB.

on thoroughly analyzing the distribution topology surrounding and serving entitles that provide vitally important services (*e.g.,* the S&WB's operations, hospitals, fire stations, etc.).

Also, and as mentioned previously, ENO's Reliability Plan does not appear to examine measures to reduce "sags, swells, impulses, or harmonics,"[2] but the S&WB's equipment has suffered multiple trips and outages as a result of such sags and swells in its power supply from ENO. These trips caused by power sags and the like, in turn, can lead, and have led, to boil water advisories. As such, the root causes of such sages, swells and other disturbances that do not result in total outages should be investigated.

Given the gravity of service interruptions to S&WB's facilities, ENO should have included a plan to address the quality of service to S&WB in its 2019 Distribution Reliability Plan.

**B. Baseline Reliability Programs**

ENO states it will invest approximately $15 million in 2019 and a total of roughly $75 million over the next five (5) years in baseline reliability projects involving its distribution system.[3] This is welcome news, however, it is difficult to determine whether $75 million is sufficient when considering the significant number of issues and outage events experienced by ENO's customers in the last several years.

ENO also explains that, instead of pursuing its Backbone Program, it will now expand the work of its Fix-It-Now ("FIN") reliability crew.[4] The expanded work that the FIN crew will undertake includes an inspection of the entire distribution system, rather than just the backbone feeders that were scheduled to be inspected through the Backbone Program.[5] ENO states that, in

[2] The Quanta Report, likewise, did not evaluate these occurrences. *See* Quanta Report, at p. 2.
[3] ENO's 2019 Reliability Plan, at p. 1.
[4] *Id.*, at p. 2.
[5] *Id.*, at p. 2.

accordance with the Quanta Report (which recommended ENO inspect its entire distribution system over the next 5 to 8 years), it has created an 8-year plan that will use the expanded FIN crew to inspect the entire distribution system.[6] The expansion of the FIN crew's work and inspection of the entire distribution system is also good news, however, ENO doesn't explain whether it would be cost-effective and prudent to add more servicemen to the FIN crew and conduct the inspections of the distribution system more rapidly than 8 years. ENO says that the FIN crew is comprised of 4 servicemen from each of its distribution networks who are supervised by an experienced veteran of its distribution system. The question remains whether 8 servicemen (2 from each of ENO's distributions networks) could perform the inspections faster. Eight years seems a long time to wait for the inspection, much less the repair and enhancement, of ENO's distribution system which is experiencing a high number of fair-weather outages now.

For example, ENO plans to inspect 19 feeders per year for the period 2019 through 2026.[7] ENO has 144 overhead feeders,[8] therefore, it plans to inspect roughly 13% of its overhead feeders per year. An inspection rate of 13% per year for a distribution system that has admittedly not been performing well seems low. Expanding the FIN crew's size would seem to be a logical way to accelerate the inspection process.

### C. FOCUS Program

ENO's FOCUS Program is designed to identify devices resulting in repeat outages and addressing all issues on that section of the feeder, using a "jurisdictional algorithm".[9] As such, the purpose of the FOCUS Program is to capture the worst performing devices and feeders on ENO's distribution system. This would seem to be a high priority for ENO and its customers.

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[6] *Id.*, at pp. 2-3.
[7] *Id.*, at pp. 6-7.
[8] *Id.*, at p. 6.
[9] *Id.*, at p. 3.

Yet, ENO's budget for its FOCUS Program for 2019 is only $3 million. It is difficult to determine whether this is a sufficient level of funding for a program designed to identify and repair devices with repeated outage issues.

Meanwhile, ENO's earned return on equity for 2015, 2016, and 2017 – when it had its worst reliability over the last 5 years – was 12.56%, 11.22%, and 10.52%, respectively. These are healthy returns. ENO should explain why it cannot invest more in its effort to identify and repair devices with repeated outage issues.

**D. Pole Program**

ENO's Pole Program is designed to inspect the estimated 90,000 distribution poles in ENO's territory to identify those in need of restoration or replacement.[10] The budget for the Pole Program for 2019 is $2.7 million, with $200,000 allocated for inspection.[11] ENO explains that pole failures account for "only" 2-to-5% of customer interruptions.[12] Regardless, given the extensive nature of the pole inspection process and the "replacement backlog", as described by ENO,[13] it seems that $2.7 million is a small budget.

**E. Distribution Automation Program**

ENO describes its Distribution Automation ("DA") Program as the "fast track installation" of DA devices to accomplish the increased sectionalization of the distribution system.[14] Increased sectionalizing of a distribution system can localize and limit the extent of the effect of various outages. ENO plans to install an additional 53 smart reclosing and sectionalizing devices to increase its total by 35% at a budget of $2.5 million.[15] Again, this

[10] *Id.*, at p. 7.
[11] *Id.*
[12] *Id.*, at p. 8.
[13] *See id.*, at p. 8.
[14] *Id.*, at p. 9.
[15] *Id.*

seems like a good initiative, but it is difficult to determine whether the budget is appropriate. If the effect of outages can be minimalized through additional sectionalizing devices, perhaps more than 53 additional such devices would be warranted.

### F. Vegetation Management

ENO states it is it is investigating potential problem areas and determining a course of action to address the problems and explains that its budget for Vegetation Management is in addition to the proposed $15.4 million in 2019 reliability spending.[16] That said, ENO doesn't state what the Vegetation Management budget for 2019 (or any other year) is. ENO should further explain its determined course of action and Vegetation Management budget. The S&WB reserves its rights to comment on the forthcoming Vegetation Management plan.

## II. ENO's 2019 Transmission Reliability Plan

ENO includes a lengthy 2019 Transmission Reliability Plan in its filing. As ENO explains, transmission upgrades must be closely coordinated with its customers and MISO. ENO further states that it is "continuing to evaluate additional funding needs for asset renewal programs and system configuration projects to achieve sustained levels of improved reliability," and that it, "intends to come back to the Council with additional information for each of the broad areas of infrastructure improvements described in this filing when future plans are more fully developed."[17] The 2019 Transmission Plan, therefore, appears to be a work-in-progress and S&WB reserves its rights to comment on the plan as ENO provides further information.

That said, ENO describes steps it has taken to address the 14 transmission-related outages, which includes increased spending in 2019 and 2020 to complete additional projects to

[16] *Id.*, at p. 11.
[17] *Id.*, at p. 23.

address certain "system configuration challenges".[18] ENO will also review "all ENO substations to identify all components that would qualify for replacement under an existing asset renewal program," and will identify "the system configuration vulnerabilities that would need to be addressed in order to bring the system to a level commensurate with current Entergy Transmission design standards."[19] ENO then describes its Asset Renewal program and its programs designed to address system configuration vulnerabilities, including the new transformer at the Claiborne Substation.[20] ENO's budget for its Transmission Reliability programs is approximately $47 million.[21]

As stated, S&WB will reserve its rights to comment on specific Transmission Reliability plans as ENO provides them, but for purposes of these Comments, asserts that ENO should explain why the budget of $47 million is sufficient. The Targeted Number of Assets to be Renewed by Type set forth in the Transmission Reliability Plan reveals a very large number of "remaining" assets that require renewal on both the distribution and transmission system.[22] It is unclear whether the $47 million budget will be sufficient to address all of these projects.

## CONCLUSION

In conclusion, ENO's 2019 Distribution Reliability Plan does not address certain issues that need to be addressed (*e.g.*, need to improve reliability to S&WB's facilities, reduction of sags and swells in power supply, etc.), but nonetheless contains programs that appear designed to identify and repair outage-prone facilities. Questions remain, however, regarding whether the amounts ENO has budgeted to improving the performance of its distribution system are

[18] *Id.*, at p. 31.
[19] *Id.*, at p. 32.
[20] *Id.*, at pp. 33-34.
[21] *Id.*, at p. 39.
[22] *Id.*, at p. 41 (Table entitled, "Number of Assets Targeted for Renewal by Type", showing approximately 3,300 assets remaining to be renewed).

sufficient. It is clear to the S&WB that ENO has under-invested in its distribution system for years. ENO should justify its budget for improvements to the distribution system.

In the context of the Combined Base Rate Case (Docket No. UD-18-07), ENO has requested a rate increase – including an enhanced return on equity – to fund improvements to its distribution system. While ENO's requests in its Combined Base Rate Case will be addressed in that proceeding, the Council should take an overarching view of the issues facing ENO and protect against piecemeal adjudication of such important issues.

The City Council should order ENO to develop a plan to enhance service to the S&WB that is not cost-prohibitive.

Respectfully submitted:

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## CERTIFICATE

I hereby certify that on this day a copy of the foregoing Comments of the Sewerage and Water Board of New Orleans has been sent to the official service list by email, and/or served by United States mail, postage prepaid, through their representatives listed on the "Official Service List."

New Orleans, Louisiana, this 4th day of February, 2019.

Luke F. Piontek