



December 7, 2022

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

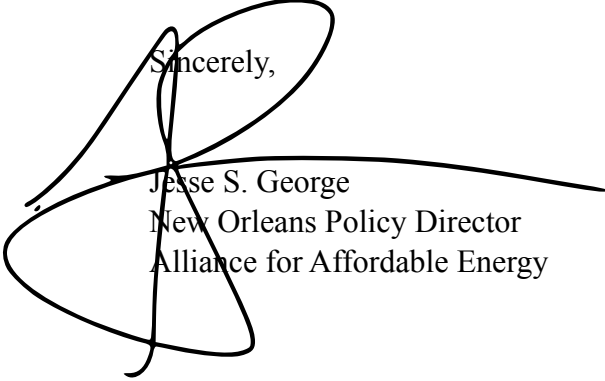
**In Re: RESOLUTION AND ORDER ESTABLISHING A DOCKET AND PROCEDURAL SCHEDULE
WITH RESPECT TO STORM HARDENING AND RESILIENCE (Docket No. UD-21-03)**

Dear Ms. Johnson:

Please find the enclosed Reply Comments of the Alliance for Affordable Energy in the above mentioned docket. Please file the attached communication and this letter in the record of the proceeding. We will submit physical copies at your instruction. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,


Jesse S. George
New Orleans Policy Director
Alliance for Affordable Energy

**Before
The Council of the City of New Orleans**

**In Re: RESOLUTION AND ORDER
ESTABLISHING A DOCKET AND
PROCEDURAL SCHEDULE WITH RESPECT
TO STORM HARDENING AND RESILIENCE**

DOCKET NO. UD-21-03

DECEMBER 7, 2022

REPLY COMMENTS OF THE ALLIANCE FOR AFFORDABLE ENERGY

I. INTRODUCTION

On July 1, 2022, the parties to this docket filed their initial resilience plans with the New Orleans City Council (“the Council”) pursuant to the procedural schedule established in Council Resolution R-22-411. The procedural schedule provides that parties were to file comments by November 7, 2022 in response to the various proposals addressing four key issues: 1) each party's assessment of which of the resiliency proposals are likely to provide the greatest benefits to ratepayers and the community and how the proposals should be prioritized; 2) to what extent the costs of the proposals should be ratepayer-funded and what an appropriate ratepayer bill impact would be for a master resiliency plan; 3) how the various ongoing energy resiliency efforts in the City can be successfully integrated with utility efforts into a comprehensive master resiliency plan and 4) what additional elements should be included in a master resiliency plan for the City. The only parties to submit comments were the Alliance for Affordable Energy (“the Alliance”) and Entergy New Orleans, LLC (“ENO”). The Alliance hereby submits the following reply comments in response to ENO’s filing:

II. THE COUNCIL MUST REJECT ANY FURTHER INVESTMENT IN FOSSIL FUELS

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change, released on August 9, 2021, prompted United Nations Secretary General António Guterres to call the report a “code red for humanity” and to warn that its findings “must sound a death knell for coal and fossil fuels.”¹ Of course, we know that the City of New Orleans is among those most vulnerable to the effects of climate change, having experienced numerous climate-related disasters in recent years, including Winter Storm Uri and Hurricanes Zeta and Ida. Quite simply, any further investment in fossil fuel infrastructure of any kind – including methane or “natural gas” – is suicidal.

In its initial resilience plan and in its comments, ENO has proposed eight microgrid projects that the company has suggested could be powered either by solar panels or by methane generators. Fossil fuel generation has no place in resilience planning, and the Council must reject any attempt by ENO to advance fossil fuel infrastructure under the guise of resilience.

III. THE COUNCIL MUST DO ALL IN ITS POWER TO MINIMIZE RATEPAYER BILL INCREASES

New Orleans is currently experiencing a crisis of energy affordability, particularly for vulnerable, low-income populations. At ENO’s last report to the Council at the October 26, 2022 meeting of the Utility, Cable, Telecommunications and Technology Committee (“UCTTC”), 20,000 residential accounts were at risk of disconnection, or roughly 12% of ENO’s residential accounts.² At the December 6, 2022 UCTTC meeting, ENO executives reported that 38,000 accounts had entered deferred payment plans at some point during 2022 due to unaffordable

¹ <https://www.ipcc.ch/report/ar6/wg1/>;
<https://www.reuters.com/business/environment/what-they-said-about-code-red-un-climate-science-report-2021-08-09/>

² <https://twitter.com/ShebaTurk/status/1585610191021678594>

bills. The drivers of these outrageous bills are manifold: 1) ENO's stubborn reliance on increasingly expensive methane, currently trading at prices approximately 25% higher than this time last year, for its generation resources, 2) intentional delay of maintenance of its infrastructure in order to pay dividends to shareholders³, 3) mismanagement of the Grand Gulf Nuclear Station, resulting in costs to ratepayers of approximately \$100,000 per day of down time⁴, 4) ENO's failure to invest in transmission infrastructure that could supply cheap, clean renewable energy to the city, and 5) the cost of numerous climate disasters – exacerbated by ENO's heavy reliance on fossil fuels – including a pending ENO application for approximately \$170M in costs related to Hurricane Ida.

ENO has proposed a plan, including grid hardening and microgrid projects, with a price tag of \$1.5B. In its Third Quarter 2022 shareholder report, ENO boasted of a 10.4% return on equity, well above the 9.85% rate cap the Council has imposed. New Orleans ratepayers, who suffer one of the highest energy burdens in the country, must not be made to bear the full cost of resilience and storm hardening measures that Entergy should have undertaken years ago. We know that ENO has deliberately delayed necessary maintenance of its infrastructure in order to pay out dividends to shareholders. Furthermore, the extraordinary costs ratepayers cover following major storms would almost certainly be lower if the system was properly maintained with the dollars the utility recovers for operations and maintenance, rather than put to the company's profit line. The Council must look to creative financing models in any final resilience plan, drawing on all available funding streams and minimizing the ratebasing of expensive capital projects. The Council should seek to integrate utility projects into existing,

³<https://www.propublica.org/article/entergy-resisted-upgrading-new-orleans-power-grid-when-ida-hit-residents-paid-the-price>

⁴

https://www.nola.com/news/business/grand-gulf-troubled-nuclear-plant-reemerges-as-hot-topic-as-electric-bills-soar/article_d809eaa8-15ae-11ed-9a16-b7b8b9652d4a.html

community-led resilience efforts such as the Together New Orleans Community Lighthouse Project and Feed the Second Line's Get Lit Stay Lit Project. Additionally, the Council could use its broad authority to implement other measures to protect ratepayers from excessive costs, including 1) a time-of-use rate, 2) the addition of incentives for private investment in distributed resources added to the Energy Smart program, 3) property tax abatements, or 4) a local solar carveout under the city's Renewable and Clean Portfolio Standard, Docket No. UD-19-01, which would create a market for local Renewable Energy Credits, or RECs, incentivizing homeowners and community solar developers to invest in local solar, with its attendant resilience benefits.

It is concerning that the Federal Emergency Management Agency has thus far denied all of ENO's applications for grant funding for its proposed resilience projects.⁵ The Council must take a proactive approach, including working with the executive branch of city government and Louisiana's State Energy Office within the Department of Natural Resources, and paying close scrutiny to ENO's pursuit of federal funding, in order to maximize these opportunities.

ENO's filing and comments propose a new rider for the purpose of recovering resilience planning and construction costs. As the Alliance noted in our initial comments, this is alarming for a number of reasons. Capitalization of costs, as the company has proposed, would mean the utility would earn additional profits on resilience projects, even if the costs are traditionally considered in the slim category of expenses from which the company does not profit. This means ENO is requesting – and assuming it will receive approval – to extract profits from their customers for spending that they are not allowed in all other cases. ENO did not provide any calculations in its filing using typical expense categorization assumptions, which would highlight

⁵ Federal Energy Management Agency, Building Resilient Infrastructure and Communities (BRIC) selections. FY 2021
<https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities/after-apply/fy-2021-subapplication-status/selections>

the additional utility profits and customer costs they are requesting. If the Council approves any cost recovery or cost recovery mechanism, it must not allow the utility to shift expenses into atypical categories such that they increase costs to customers.

The utility's request to shift expense categories also points to Entergy's history of deferred maintenance in the interest of shareholder profits. The utility's parent company has proudly announced to shareholders that they are among the best utilities in the country at "managing" operations and maintenance spending. These O&M expenses are built into rates for a reason, and where the expense does not match revenues between rate cases, it means customers are not getting what they have paid for, as evidenced by a poorly maintained distribution system. It is unreasonable for ENO to profit on these new capital-intensive proposals after years of using these revenues "flexibly" to customers' detriment.

IV. THE COUNCIL SHOULD REQUIRE ENO TO INCORPORATE COMMUNITY-LED RESILIENCE PROJECTS INTO ITS RESILIENCE PLANNING

In the Introduction section of its filing, ENO discusses the performance of utility infrastructure in Florida during Hurricane Ian this year, which fared much better than did Entergy's after Hurricane Ida.⁶ ENO points to the Florida Public Service Commission's adoption of resilience planning rules in 2006 as the major reason behind Florida's preparedness, essentially admitting that its own failure to invest in resilience is due to a lack of strong direction from the Council.

While ENO mentions discussions with community organizations such as Together New Orleans ("TNO") around its Community Lighthouse Project, its comments state that it has "not

6

https://www.nola.com/news/hurricane/hurricanes-ian-and-ida-hammered-two-states-electric-grids-the-stories-diverged-from-there/article_1976b31e-4682-11ed-b5eb-379f2f974956.html

reached any conclusions about the feasibility” of the project.⁷ Meanwhile, both TNO and Feed the Second Line’s Get Lit Stay Lit program have moved ahead, raising millions of dollars in funding through various sources, and even installing solar and battery systems at participating sites.

ENO is sure to state in its filing that it is “entitled to a reasonable opportunity to recover its prudently-incurred costs.”⁸ Thus, the Council must make clear to ENO from the outset that recovery for any resilience planning will depend on ENO’s cooperation with, and willingness to be led by, community-driven initiatives. A prudent utility would have begun the process of hardening its grid and transitioning to local, renewable energy after Hurricane Katrina in 2005. Numerous climate disasters later, ENO has made clear that without a mandate from the Council, it will not do so. In the absence of leadership from the utility, the community has developed its own solutions, and ENO must be made to integrate them into its planning.

V. CONCLUSION

The Alliance thanks the Council for this opportunity to respond to ENO’s filing, and looks forward to working together toward an equitable, livable future for the City of New Orleans.

Submitted respectfully,



Jesse S. George
New Orleans Policy Director
Alliance for Affordable Energy

⁷*Ibid.*, p. 6

⁸ *Id.*

**Before
The Council of the City of New Orleans**

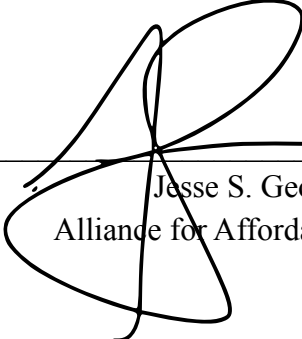
**In Re: RESOLUTION AND ORDER
ESTABLISHING A DOCKET AND
PROCEDURAL SCHEDULE WITH RESPECT
TO STORM HARDENING AND RESILIENCE**

DOCKET NO. UD-21-03

DECEMBER 7, 2022

CERTIFICATE OF SERVICE

I do hereby certify that I have, this 7th day of December 2022, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.



Jesse S. George
Alliance for Affordable Energy

Service List

Lora W. Johnson, lwjohnson@nola.gov

Clerk of Council

City Hall - Room 1E09

1300 Perdido Street

New Orleans, LA 70112

Tel: (504) 658-1085

Fax: (504) 658-1140

Service of Discovery not required

Erin Spears, espears@nola.gov

Chief of Staff, Council Utilities Regulatory Office

Bobbie Mason, bfmason1@nola.gov

Christopher Roberts, cwroberts@nola.gov

Jessica Hendricks, Jessica.Hendricks@nola.gov

City Hall - Room 6E07

1300 Perdido Street

New Orleans, LA 70112

Tel: (504) 658-1110

Fax: (504) 658-1117

Keith Lampkin, CM Morrell Chief-of-Staff, Kdlampkin@nola.gov

1300 Perdido St. Rm. 2W50

New Orleans, LA. 70112

Andrew Tuozzolo, CM Moreno Chief-of-Staff, avtuozzolo@nola.gov

1300 Perdido St. Rm. 2W40

New Orleans, LA. 70112

Paul Harang, 504-658-1101 / (504) 250-6837, Paul.harang@nola.gov

Interim Chief of Staff

City Hall - Room 1E06

1300 Perdido Street

New Orleans, LA 70112

Donesia D. Turner, Donesia.Turner@nola.gov

Ashley Spears, Ashley.Spears@nola.gov

Law Department

City Hall - 5th Floor

New Orleans, LA 70112

Tel: (504) 658-9800

Fax: (504) 658-9869

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

Tel: (504) 658-1502

Fax: (504) 658-1705

Greg Nichols, grnichols@nola.gov

Deputy Chief Resilience Officer

Office of Resilience & Sustainability

1300 Perdido Street, Suite 8E08

New Orleans, LA 70112

Tel: 504-658-4958

Cell: 504-253-1626

ADMINISTRATIVE HEARING OFFICER

Hon. Jeffrey S. Gulin, judgegulin@gmail.com

3203 Bridle Ridge Lane

Lutherville, MD 2109

Tel: (410) 627-5357

CITY COUNCIL CONSULTANTS and SUPPORT STAFF

Clinton A. Vince, clinton.vince@dentons.com

Presley Reed, presley.reedjr@dentons.com

Emma F. Hand, emma.hand@dentons.com

Adriana Velez-Leon, adriana.velez-leon@dentons.com

Dee McGill, dee.mcgill@dentons.com

Denton Law Firm,

1900 K Street NW

Washington, DC 20006

Tel: (202) 408-6400
Fax: (202) 408-6399

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

Joseph W. Rogers, jrogers@legendcgl.com
Victor M. Prep, vprep@legendcgl.com
Byron S. Watson, bwatson@legendcgl.com
Legend Consulting Group
6041 South Syracuse Way, Suite 105
Greenwood Village, CO 80111
Tel: (303) 843-0351
Fax: (303) 843-0529

ENERGY NEW ORLEANS, LLC

Courtney R. Nicholson (504) 670-3680, cnicho2@entergy.com
Entergy New Orleans, LLC
Vice-President, Regulatory and Public Affairs
Barbara Casey, (504) 670-3567, bcasey@entergy.com
Entergy New Orleans, LLC
Director, Regulatory Affairs
Polly Rosemond, prosemo@entergy.com
Kevin T. Boleware, (504) 670-3673, kbolewa@entergy.com
Brittany Dennis, bdenni1@entergy.com
Keith Wood, (504) 670-3633, kwood@entergy.com
Derek Mills, (504) 670-3527, dmills3@entergy.com

Ross Thevenot, (504) 670-3556, rtheven@entergy.com
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Vincent Avocato, (281) 297-3508, vavocat@entergy.com
Entergy New Orleans, LLC
2107 Research Forest Drive, T-LFN-4
The Woodlands, TX 77380

Brian L. Guillot, (504) 576-6523, bguill1@entergy.com
Leslie M. LaCoste (504) 576-4102, llacost@entergy.com

Lacresha D. Wilkerson, (504) 576-6571, lwilke1@entergy.com
Ed Wicker, (504) 576-3101, ewicker@entergy.com
Linda Prisuta, (504) 576-4137, lprisut@entergy.com
Entergy Services, LLC
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113
Fax: 504-576-5579

Joe Romano, III (504) 576-4764, jroman1@entergy.com
Tim Rapier, (504) 576-4740, trapier@entergy.com
Farah Webre, (504) 576-6038, fwebre@entergy.com
Entergy Services, LLC
Mail Unit L-ENT-3K
639 Loyola Avenue
New Orleans, LA 70113
Fax: (504) 576-6029

INTERVENORS

AIR PRODUCTS AND CHEMICALS, INC.

Randy Young, randy.young@keanmiller.com;
katherine.king@keanmiller.com
Kean Miller, LLP
400 Convention St. Suite 700
Baton Rouge, LA. 70821
Or
P.O. Box 3513
Baton Rouge, LA 70821-3513
Tel: (225) 387-0999
Fax: (225) 388-9133

Carrie R. Tournillon, carrie.tournillon@keanmiller.com
Kean Miller, LLP
900 Poydras St., Suite 3600
New Orleans, LA 70112

Maurice Brubaker, mbrubaker@consultbai.com
Brubaker & Associates, Inc.
16690 Swigly Ridge Rd., Suite 140
Chesterfield, MO 63017
Or
P.O. Box 412000
Chesterfield, MO. 63141-2000

ALLIANCE FOR AFFORDABLE ENERGY

Jesse George, Jesse@all4energy.org
Logan Atkinson Burke, Logan@all4energy.org
Sophie Zaken, Regulatory@all4energy.org
4505 S. Claiborne Ave.
New Orleans, LA. 70125
Tel: (504) 208-9761

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Yolanda Y. Grinstead, Esq., ygrinstead@swbno.org
Edward M. Morris, Esq., emorris@swbno.org
Sewerage and Water Board
New Orleans – Legal Dept.
625 St. Joseph Street, Room 201
New Orleans, Louisiana 70165

GREATER NEW ORLEANS INTERFAITH CLIMATE COALITION, INC (“GNOICC”)

Pastor Gregory Manning, gmanning1973@yahoo.com
President, Board of Directors of GNOICC
2021 S. Dupre Street
New Orleans, Louisiana 70125
Tel: (913) 940-5713

Jonathan Sebastian Leo, Jonathan.s.leo@gmail.com
Member, Board of Directors, GNOICC
10942 Neale Fraser Drive
Baton Rouge, Louisiana 70810
Tel: (423) 763-8808

BUILDING SCIENCE INNOVATORS

Myron Katz, PhD, Myron.Bernard.Katz@gmail.com
302 Walnut Street
New Orleans, Louisiana 70118
Tel: (504) 343-1243

PRORATE ENERGY, INC

Myron Katz, PhD, Myron.Bernard.Katz@gmail.com

302 Walnut Street

New Orleans, Louisiana 70118

Tel: (504) 343-1243

TOGETHER NEW ORLEANS

Broderick Bagert, broderick@togethernola.org

2721 S. Broad Street

New Orleans, Louisiana 70125

Tel: (225) 803-5876

Abel Thompson, abel@togethernola.org

2721 S. Broad Street

New Orleans, Louisiana 70125

Tel: (225) 978-1667

Pierre Moses, pmoses@127energy.com

2721 S. Broad Street

New Orleans, Louisiana 70125

Tel: (504) 669-8552

Cynthia Coleman, cynthia@togetherla.org

2721 S. Broad Street

New Orleans, Louisiana 70125

Tel: (504) 421-2994