

October 9, 2023

## Via Electronic Mail

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

In Re: ENTERGY NEW ORLEANS, LLC 2023 ELECTRIC AND GAS FORMULA RATE PLAN FILINGS (Docket No. UD-18-07)

Dear Ms. Johnson:

Please find the enclosed 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.

Jesse S. George

Sincerely,

New Orleans Policy Director Alliance for Affordable Energy

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

In Re: ENTERGY NEW ORLEANS LLC'S 2023 ELECTRIC AND GAS FORMULA RATE PLAN FILINGS **DOCKET NO. UD-18-07** 

**OCTOBER 9, 2023** 

### **COMMENTS OF THE ALLIANCE FOR AFFORDABLE ENERGY**

#### I. INTRODUCTION

On April 28, 2023, Entergy New Orleans, LLC ("ENO") submitted its 2023 formula rate plan ("FRP") filings to the New Orleans City Council ("the Council"), which the Council subsequently approved through an Agreement in Principle ("AIP") adopted in Resolution R-23-423. On September 1, 2023, ENO filed a request to extend both the electric and fossil gas formula rate plans, initially approved in Resolution R-19-457 and extended in R-20-213, through the years 2024, 2025, and 2026. The Council then adopted Resolution R-23-414 on September 7, 2023, providing a comment deadline of October 9, 2023 for intervenors. Given ENO's recent credit downgrade¹ and increases in the cost of capital², the Alliance does not object to ENO's application for an extension of the current FRP through 2026, but we hereby submit the following comments in response to the Council's resolution:

<sup>&</sup>lt;sup>1</sup>Entergy New Orleans, LLC's Motion to Extend the Electric and Gas Formula Rate Plan Riders for an Additional Three Years with Modifications and a Waiver for Modification of Certain Rate Case Minimum Filing Requirements, Council Docket No. UD-18-07, p. 3

<sup>&</sup>lt;sup>2</sup>https://www.reuters.com/markets/rates-bonds/fed-hold-rates-steady-signal-policy-path-meeting-this-week-2023-09-19/

# II. THE COUNCIL SHOULD USE THE NEXT RATE CASE PROCEEDING TO ACCOMPLISH THE GOALS OF COUNCIL MOTION M-21-342

Following the near-total collapse of ENO's infrastructure in the wake of Hurricane Ida in 2021, and the resulting 10-day power outage and associated deaths, on September 14, 2021, the Alliance, along with the Deep South Center for Environmental Justice and the Sierra Club, filed a joint motion under the instant docket requesting a prudence review and independent management audit of ENO. On September 21, 2021, the Council passed motion M-21-342, directing the Council Utilities Regulatory Office ("CURO") "to develop the scope for a request for qualifications and proposals for a consultant to conduct a management audit" to address the issues identified in movants' request, namely:

- a) Leadership and staffing roles, responsibilities, and requirements,
- b) Organizational structure, decision-making processes, internal controls, and external relations of all kinds,
- c) Billing operations and verification method,
- d) Emergency planning and response,
- e) Salary and compensation levels, and
- f) Corporate culture and capacity to address the critical issues of climate change, a transition to a renewable energy system, advanced energy efficiency, and ensuring energy justice

The Council made several unsuccessful attempts to solicit bids from firms to conduct the management audit, but has taken no further action to advance the motion's objectives since that time.

In its application for extension, ENO has also requested authorization to file a rate case by October 31, 2023 should it deem such action necessary, and to maintain a rate effective date of November 2024. Should ENO elect to file a rate case this year, or whenever the next rate case is filed, the Council should use the proceeding as an opportunity to undertake the

investigation of the issues identified in M-21-342 and explicitly instruct the Council's utility advisors to prioritize these issues in the ratemaking proceeding.

### III. CONCLUSION

The Alliance thanks the Council for this opportunity to respond to ENO's request to extend its existing FRP. New Orleans ratepayers, who struggle under one of the highest energy burdens in the nation<sup>3</sup> while receiving terribly unreliable service<sup>4</sup>, cannot abide regular, rote approvals of rate increases. At the next opportunity for a ratemaking proceeding, the Council must assert its full regulatory authority to thoroughly scrutinize ENO's corporate culture and practices.

Submitted respectfully,

Jesse S. George

New Orleans Policy Director Alliance for Affordable Energy

³https://www.aceee.org/sites/default/files/pdf/fact-sheet/ses-louisiana-100917.pdf

<sup>&</sup>lt;sup>4</sup>https://www.axios.com/local/new-orleans/2023/08/29/power-outages-disparities-generators

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

In Re: ENTERGY NEW ORLEANS LLC'S 2023 ELECTRIC AND GAS FORMULA RATE PLAN FILINGS

**DOCKET NO. UD-18-07** 

**OCTOBER 9, 2023** 

### **CERTIFICATE OF SERVICE**

I do hereby certify that I have, this 9th day of October 2023, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

Jesse S. George

All ance for Affordable Energy

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