

**RESOLUTION**

**NO. R-24-73**

**CITY HALL: February 22, 2024**

**BY: COUNCILMEMBERS MORENO, MORRELL, HARRIS, KING, GREEN,  
THOMAS AND GIARRUSSO**

**RESOLUTION AND ORDER PROVIDING LIMITED APPROVAL, GUIDANCE, AND  
ADDITIONAL PROCEDURAL DEADLINES WITH RESPECT TO PROPOSED  
SYSTEM RESILIENCY AND STORM HARDENING EXPENDITURES  
DOCKET UD-21-03**

**WHEREAS**, pursuant to the Home Rule Charter of the City of New Orleans (“Charter”), the Council of the City of New Orleans (“Council”) is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans (“City”); and

**WHEREAS**, Entergy New Orleans, LLC (“ENO”) is a public utility providing electric and natural gas service to all of New Orleans; and

**WHEREAS**, ENO is a wholly owned subsidiary of Entergy Utility Holding Company, LLC. ENO, and four other Entergy subsidiaries, Entergy Arkansas, LLC; Entergy Louisiana, LLC; Entergy Mississippi, LLC; and Entergy Texas, Inc. are the Entergy Operating Companies (“EOC”); and

**WHEREAS**, in recent years, the frequency and intensity of severe weather events has increased dramatically; and

**WHEREAS**, in the wake of each event, ENO ratepayers are asked to cover the costs associated with repairing damage to infrastructure, and this cycle of damage and repair creates financial strain for ENO and ratepayers; and

**Procedural Summary**

**WHEREAS**, on October 27, 2021, the Council adopted Resolution No. R-21-401 (“Initiating Resolution”) establishing Docket No. UD-21-03 to consider storm resiliency and storm hardening, set an initial procedural schedule, and appoint a Hearing Officer; and

**WHEREAS**, in the Initiating Resolution, the Council directed the parties to submit their proposed system resiliency and storm hardening plans no later than March 1, 2022, and that such plans should include input on the following: (a) a detailed explanation of the specific investments to be made under the plans including a proposed timeframe for such investments; (b) a detailed explanation and, as appropriate, calculations of the benefits to be achieved through each investment; and (c) a detailed explanation of the estimated costs of the plans along with proposed cost recovery mechanisms and rate impact calculations; and

**WHEREAS**, the Initiating Resolution specifically directed each party to include the net benefits of each proposed investment, based on appropriate benefits calculations and estimated costs; and

**WHEREAS**, the following parties filed timely interventions: Air Products & Chemicals, Inc. (“APC”), the Alliance for Affordable Energy (“AAE”), Sewerage and Water Board of New Orleans, the Greater New Orleans Interfaith Climate Coalition (“GGNOICC”), ProRate Energy, Inc. (“PRE”), Building Science Innovators, LLC, and Together New Orleans (“TNO”); and

**WHEREAS**, on February 11, 2022, ENO filed a Motion to Extend Deadline seeking to extend the deadline for each party to file its plan from March 1, 2022, to August 31, 2022; and

**WHEREAS**, on February 16, 2022, GNOICC and AAE jointly filed an opposition in response to ENO’s Motion to Extend Deadline; and

**WHEREAS**, on February 17, 2022, ENO filed an Amended Motion to Extend Deadline, seeking to extend the deadline for each party to file its plan until July 1, 2022, rather than August 31, 2022; and

**WHEREAS**, on March 1, 2022, the Hearing Officer, Judge Jeffrey Gulin, issued an Order permitting parties to file their respective plans by July 1, 2022, permitting ENO’s request to arrange and host two technical conferences; and

**WHEREAS**, parties filed either resiliency proposals or comments on the July 1, 2022 deadline; and

**WHEREAS**, the City of New Orleans Office Of Resilience & Sustainability submitted comments regarding construction standards, flood mitigation, strategic undergrounding, vegetation removal, distributed energy resources with battery backup, asset modernization, and the City’s Energy Resilience, Equity, and Sustainability efforts; and

**WHEREAS**, AAE filed comments urging a collaborative approach with stakeholder engagement rather than an adversarial process and the implementation of creative financing mechanisms and attaching a report, “Designing Effective Electric Grid Resiliency Plans,” drafted for AAE by Synapse Energy Economics, Inc.; and

**WHEREAS**, PRE submitted the testimony of Myron B. Katz, Ph.D. advocating for the adoption of Customer Lowered Electricity Price (“CLEP”) rate design as a resiliency measure; and

**WHEREAS**, TNO submitted a resilience filing proposing that the Council adopt a “New Orleans Resilience Standard” based upon residential proximity to a distributed-energy resource resilience hub that can operate independent of the grid and explaining its Community Lighthouse project of creating community-based resiliency hubs; and

**WHEREAS**, in its July 1, 2022, filing (“Initial Resiliency Filing”), ENO proposed to strengthen more than 33,000 structures and nearly 650 line-miles through 890 hardening projects across its distribution and transmission systems. ENO proposed to construct these projects over a 10-year period, at an estimated cost of \$1.3 billion, with the assertion that the projects would provide approximately \$2.6 billion in benefits to its customers over the next 50 years in a more intense storm future, including more than \$461 million in avoided restoration costs and a reduction in the total number of customer minutes interrupted of approximately 8.3 billion minutes (at an estimated value of over \$2.1 billion) following major weather events; and

**WHEREAS**, with respect to cost recovery for the \$1.3 billion of hardening projects, ENO proposed a Resiliency and Storm Hardening Cost Recovery Rider (“Resiliency Rider”); and

**WHEREAS**, in addition to the \$1.3 billion of hardening projects, ENO presented six potential microgrids, powered by batteries and other sources and serving broad areas such as hardened distribution feeders in the event of storm outages; and

**WHEREAS**, Exhibits A and B of ENO’s filing were designated HSPM in their entirety; and

**WHEREAS**, on August 18, 2022, the Council Utilities Regulatory Office (“CURO”) convened a technical conference among the parties to discuss the various resiliency proposals. At the technical conference, the parties requested that further procedural deadlines be set in the case; and

**WHEREAS**, on September 15, 2022, the Council adopted Resolution No. R-22-411 (“Clarifying Resolution”) that directed: (1) ENO to resubmit its HSPM Exhibits A and B with only

the specific information that must be designated HSPM redacted and provide summaries of those exhibits that can be disclosed to the public; and (2) ENO to continue to engage in dialog with parties, including TNO in particular, regarding the integration of community-led projects with utility-led projects into a master resiliency plan; and

**WHEREAS**, in the Clarifying Resolution, the Council noted that the CLEP rate design proposed by PRE is primarily a form of time-of-use rate proposals that would be more properly considered in Docket Number UD-22-04; and

**WHEREAS**, the Clarifying Resolution established additional procedural deadlines; and

**WHEREAS**, in its November 7, 2022 comments, AAE stated that resilience projects should be prioritized according to their benefits to the most vulnerable members of the community; that the Council should develop clear and robust goals and metrics for resilience projects to ensure that benefits accrue to those most in need; advocated for the Council to do all in its power to minimize ratepayer bill increases, and argued for a holistic approach to resilience planning that incorporates the work being conducted in various ongoing utility dockets; and

**WHEREAS**, with respect to ENO's proposed Resiliency Rider, AAE expressed a concern about the capitalization of costs that are typically accounted for as operations and maintenance ("O&M") expenses, thereby providing an opportunity for ENO to earn additional profit; and

**WHEREAS**, with respect to ENO's proposed microgrids, AAE expressed its opposition to any new projects that would invest new funds into greenhouse gas emitting infrastructure; and

**WHEREAS**, in its November 7, 2022 comments, ENO indicated that it was not then in a position to comment on an "appropriate ratepayer bill impact" for a master resiliency plan, which was under consideration and development, and that ENO's objective was to implement a comprehensive resiliency plan for New Orleans while keeping in mind and carefully managing the rate impacts for its customers; and

**WHEREAS**, in its November 7, 2022 comments, ENO indicated that it intended to apply for federal funds that might offset its resiliency proposal costs, including possible grant funding from the Department of Energy ("DOE") Grid Resilience and Innovative Partnership Program ("GIRP"); and

**WHEREAS**, in its December 7, 2022 reply comments, AAE reasserted and restated its opposition to further investment in fossil fuels, and the need to minimize ratepayer bill increases; and

**WHEREAS**, in its December 7, 2022 reply comments, ENO asserted that the Storm Resiliency Model (SRM) utilized to develop its Initial Filing assessed projects across the entire service area and prioritized assets in need of the most investment to better withstand hurricanes and produce customer benefits. The SRM did not prioritize or deprioritize areas of New Orleans based on socio-economic factors, but instead considered whether the assets studied needed to be hardened and the relative benefits of doing so in terms of reducing outages and reducing storm restoration costs; and

**WHEREAS**, ENO argued, contrary to AAE's position on microgrids, that given the more frequent and intense storm events affecting New Orleans, all reasonable options should be considered, including microgrids anchored by natural gas generators; and

**WHEREAS**, in response to AAE's opposition to the capitalization of distribution conductor handling costs, ENO commented that the capitalization of distribution conductor handling costs would benefit customers by allowing recovery of the costs over time as projects are depreciated, instead of being recovered in their entirety in the year the cost is incurred; and

**WHEREAS**, in its reply comments, APC argued that the approval of the proposed Resiliency Rider was premature, and that allocation of the cost of the resiliency plan should follow the principles of cost causation to prevent unequitable results; and

**WHEREAS**, APC objected to the development and implementation of any cost recovery proposal that requires transmission level customers to pay an equal percent of the costs driven by improvements to the distribution system, and stated that the costs of the resiliency plan should be functionalized between distribution and transmission system projects and allocated to customer classes based on the type of service they receive; and

**WHEREAS**, on January 25, 2023, CURO hosted a second technical conference to discuss various matters, including: updates and comments related to microgrids; ENO's update on funding as a result of the enactment of the Infrastructure Investment and Jobs Act ("IIJA") funding applications; the status of ENO's storm hardening projects; and other unresolved issues; and

**WHEREAS**, the issues and comments raised during the January 25, 2023 second technical conference were wide-ranging and set forth additional issues beyond the scope and structure the Council had originally contemplated in the Initiating Resolution; and

**WHEREAS**, upon conclusion of the January 25, 2023 second technical conference, and in the interest of refocusing future proceedings on the original intent articulated in the Initiating

Resolution, CURO recommended the following: (1) the Council open a new docket to examine and consider the parties' microgrid proposals, which would incorporate the results of Docket No. UD-21-03; (2) as stated in the Clarifying Resolution, time-of-use rate proposals should be considered in Docket No. UD-22-04; and (3) modification of the procedural schedule to allow sufficient time for parties to attempt to reach internal consensus on various substantive issues; and

**WHEREAS**, CURO recommended that in order for the Council to consider the assessment of which individual projects or components of the parties' resiliency proposals are likely to provide the greatest benefits to ratepayers warranting inclusion in a resiliency master plan, a comparative evaluation of net benefits among all utility and community resiliency proposals was necessary. CURO further noted that proposed benefits that are determined from the value of outage durations to customers should be based on data that is New Orleans-centric, and that benefit-to-cost ratios of some proposed projects may have to be greater than 1.0 to recognize the higher level of uncertainty in quantifying certain customer-related benefits; and

**WHEREAS**, pursuant to the Clarifying Resolution directive, the parties' November 7, 2022 comments were to include the extent to which the costs of the proposals should be ratepayer-funded, and what an appropriate ratepayer bill impact would be for a master resiliency plan. CURO also recommended that a customer cost cap provision be considered; and

**WHEREAS**, CURO recommended that ENO be directed to: (a) present a narrowed list of distribution and transmission projects based on those expected to result in the highest level of system resiliency and storm hardening throughout the City over the next five (5) years while also considering the system's current level of vulnerability, the costs and benefits of each of the proposed projects, including the prioritization of project implementation based on benefits vs. cost or other criteria, and the lowest reasonable impact on customers' rates that would be considered in a Master System Resiliency and Storm Hardening Plan; (b) provide a reasonably detailed annual budget for each project, the projected timeline for completion and a total for the estimated costs of the projects; and (c) propose a cost recovery mechanism, including a supportable basis for cost allocation by customer class, for all projects included in the Master System Resiliency and Storm Hardening Plan; and

**WHEREAS**, CURO further recommended that TNO (a) prepare a list of the specific resilience hubs in Orleans Parish that it proposed to construct for grid resilience specifically

identifying what, if any, support or assistance is requested from ENO; and (b) work with ENO to provide a reasonable estimate of the costs associated with such support and/or assistance; and

**WHEREAS**, CURO further recommended topics that the parties should be prepared to discuss at the third technical conference; and

**WHEREAS**, CURO also recommended that the Council set forth a further procedural schedule for the parties to work together with ENO in continuing to develop a Master System Resiliency and Storm Hardening Plan; and

**WHEREAS**, in Resolution No. R-23-74 (“Final Procedural Resolution”) the Council found that CURO’s recommendations were reasonable and appropriate to advance the development of the Master System Resiliency and Storm Hardening Plan and adopted a procedural schedule, with substantive guidance for the parties, and providing for filings from ENO and TNO, scheduling a third public technical conference; and

**WHEREAS**, pursuant to the Final Procedural Resolution, on April 17, 2023, ENO filed its Application of Entergy New Orleans, LLC for Approval of Future Ready Resilience Plan (Phase 1) (referred to herein as “Resilience Plan”); and

**WHEREAS**, pursuant to the Final Procedural Resolution, on April 24, 2023, TNO made its filing stating that it should be viewed, not as a comprehensive plan for system resiliency but as a contribution to an overall plan (“Community Lighthouse Proposal”); and

**WHEREAS**, on April 25, 2023, Hearing Officer Gulin issued an Order permitting parties to file written objections to TNO’s late filing, which TNO had indicated on April 18, 2023, would be late due to an unexpected technical issue; and

**WHEREAS**, no objections were filed with respect to TNO’s late filing, and on May 1, 2023, Hearing Officer Gulin, issued an Order accepting TNO’s filing into the evidentiary record; and

**WHEREAS**, on May 25, 2023, CURO hosted the third technical conference discussing each of the items identified in Final Procedural Resolution; and

**WHEREAS**, on July 21, 2023, Final Comments were filed timely by AAE, ENO, APC, and TNO; and

**WHEREAS**, on July 24, 2023, PRE submitted its Final Comments out of time and improperly in Council Docket No. UD-18-03 (Community Solar Rulemaking); and

**WHEREAS**, on July 25, 2023, the Hearing Officer Gulin issued an Order that the PRE's July 24, 2023, filing "shall NOT be included in the evidentiary record of this Docket"; and

**WHEREAS**, ENO's Resilience Plan and TNO's Community Lighthouse filings each include requests for ratepayer investment that require Council action and are addressed in this Resolution; and

**ENO Resilience Plan**

**WHEREAS**, to develop the Resilience Plan, ENO utilized a SRM to identify hardening projects and prioritize investment in ENO's transmission and distribution assets; and

**WHEREAS**, in the Resilience Plan, ENO identified a subset of the hardening projects identified in the original \$1.3 billion ENO Initial Resiliency Filing, and recommended \$1 billion in distribution and transmission hardening projects to be completed in two phases over the ten-year period from 2024 to 2033, but sought specific approval of Phase I, which includes approximately \$559 million in hardening projects proposed to be implemented in the first five years; and

**WHEREAS**, ENO identified three sets of potential benefits expected to be achieved in undertaking the proposed resilience effort: 1) "blue-sky" work on the system can be more carefully and efficiently planned, executed, and overseen as compared to the reactive post-storm environment; 2) "blue-sky" work can typically be executed at a reduced cost as compared to post-storm restoration work; 3) fewer and shorter outages experienced during and following major weather events; and 4) reduced restoration costs after major storms; and

**WHEREAS**, in prioritizing projects and calculating the benefits for the distribution and transmission hardening projects, ENO relied on two categories of benefits: 1) avoided restoration costs following future major weather events; and 2) a reduction in the total number of customer minutes interrupted ("CMI"). Total benefits are calculated as the sum of the avoided restoration costs and monetized CMI; and

**WHEREAS**, to monetize the value of CMI, ENO indicated that it utilized the DOE's Interruption Cost Estimate Calculator, which approximates the value placed on outages by electric customers by customer type (residential, small commercial/industrial, and large commercial/industrial); and

**WHEREAS**, for the projects completed during the proposed Phase I of the Resilience Plan, ENO estimates that those projects would decrease future restoration costs following major weather



events by approximately \$216 million, and lead to a reduction in the total number of CMI following major events of 3.76 billion minutes over the next fifty years assuming an above average frequency of storms; and

**WHEREAS**, in the Resilience Plan, ENO also presented another subset of the Initial Resiliency Filing projects that included distribution and transmission hardening projects totaling approximately \$750 million, and asserted that this portfolio represented the minimum level of accelerated hardening necessary to meaningfully improve the resilience of ENO’s electric system to the extent indicated by the Council and stakeholders in this docket; and

**WHEREAS**, the Resilience Plan included the following table with respect to the recommended \$1 billion resiliency investment portfolio, the \$1.3 billion resiliency investment portfolio, and the \$750 million resiliency investment portfolio; and

<b>Summary of Storm Resilience Benefits for Stage 3 Scenarios</b>			
<b>Metric</b>	<b>\$1.3 Billion Scenario</b>	<b>\$1.0 Billion Scenario</b>	<b>\$750 Million Scenario</b>
Weighted Avoided Storm Restoration Cost Benefits	\$473 million	\$390 million	\$297 million
Weighted Avoided Storm Customer Benefits (CMI)	8.4 billion	7.1 billion	5.8 billion
Weighted Avoided Storm Monetized Customer Benefits	\$2.3 billion	\$2.0 billion	\$1.7 billion
Weighted Avoided Storm Monetized Total Benefits	\$2.7 billion	\$2.4 billion	\$1.9 billion
Benefit to Cost Ratio	2.55	2.78	3.06

**WHEREAS**, in each of the resiliency investment scenarios, the monetization of the avoided customer minutes interrupted accounts for over 80 percent of the estimated benefits, and without these benefits, none of the resiliency investment scenarios would have a benefit to cost ratio greater than 1.0; and

**WHEREAS**, in the Resilience Plan, ENO proposed a similar, but modified, Resiliency Rider to that contained in the Initial Resiliency Filing; and

**WHEREAS**, like the Resiliency Rider in the ENO Initial Resiliency Filing, the new proposed Resiliency Rider allocates the revenue requirements associated with the investment in the resiliency projects to each rate class based on its percentage contribution to per book base revenue in the previous calendar year; and

**WHEREAS**, in the ENO Resilience Plan, ENO provided a simplified financial model in support of ENO’s witness’ opinion that undertaking the ENO Resilience Plan without the Resiliency Rider would harm ENO’s credit metrics and cash flow; and

**WHEREAS**, ENO asserted that ENO’s existing ratemaking mechanisms would not permit timely recovery of the ENO Resilience Plan indicating that: 1) ENO has a limited term formula rate plan (“FRP”) scheduled to expire in 2023, and 2) three years is the maximum initial term approved for ENO’s FRPs; and

**WHEREAS**, ENO further asserted that the FRP alone has not historically presented the level of assurances needed to leverage the economies of scale of the Resilience Plan; accordingly, ENO suggests that the FRP is not a suitable cost recovery method for the ten-year period of hardening project deployment in the ENO Resilience Plan; and

**WHEREAS**, ENO further asserted that a rate case would not provide suitable cost recovery considering the timeline for resolution of ENO’s typical rate cases (i.e., 12 months), and that multiple rate cases would be an expensive, inefficient, and unnecessary use of resources for periodically resetting rates; and

**WHEREAS**, the Resilience Plan included the following table of the estimated bill impacts associated with Phase I;

Projected Rider Rate Impact of Proposed \$1.0 Billion Resilience Plan			
Years 2024 through 2028			
Year	Projected Total Cumulative Revenue Requirement (\$ in Millions)	Projected Residential Cumulative Revenue Requirement (\$ in Millions)	Projected Monthly Residential Bill Impact (\$/month)
2024	\$0.90	\$0.40	\$0.20
2025	\$11.40	\$5.50	\$2.53
2026	\$19.70	\$9.60	\$4.38
2027	\$37.70	\$18.30	\$8.38
2028	\$53.40	\$25.90	\$11.86

**WHEREAS**, for context, ENO's total electric revenue requirement in the 2023 Formula Rate Plan, excluding fuel, was \$507 million and, disregarding any other capital investment by ENO in the next 5 years, the \$53.4 million in cumulative revenue requirements represents an 11 percent increase in revenue requirements, excluding fuel; and

**WHEREAS**, in the Resilience Plan, ENO requested authorization to create a regulatory asset for the remaining net book value associated with assets that must be retired and replaced with new assets, and that ENO be authorized to include the regulatory asset in rate base and amortize such retired plant costs at a rate consistent with the associated depreciation expense currently reflected in rates; and

**WHEREAS**, as part of the Resilience Plan, ENO proposed to file progress reports every six months with each report addressing the project schedule, project completion status, material business issues, significant changes to the plan, notable developments, any material variances to the schedule and/or scope of projects under the Resilience Plan; and

**WHEREAS**, ENO indicated that it has and will continue to seek federal funds that may provide resilience and cost benefits for ENO and its customers, and that it had submitted application(s) to the DOE for federal funding for resilience through the Grid Resilience and Innovative Partnership ("GRIP") Program under IIJA; and

**WHEREAS**, on October 18, 2023, Entergy issued a press release indicating that the DOE selected ENO to receive matching funds totaling nearly \$55 million through the DOE's GRIP program; and

**WHEREAS**, the DOE GRIP matching funds applies primarily to three projects identified in the ENO Resilience Plan and includes: 1) transmission hardening of approximately 97 structures on the Michoud-Front Street 230kV transmission line; 2) distribution hardening of approximately 381 structures on the Sherwood Forest Distribution Circuit; and 3) deployment of a battery backup project connected to the New Orleans Solar Station that includes a 30.8MWh battery installation that will be capable of 7.7MW full load discharge for a 4-hour period; and

**WHEREAS**, in its Final Comments, AAE indicated that any approval of any resilience project costs to be recovered through rates must be contingent upon protections for residential ratepayers, argued that commercial and industrial ratepayers must share in the cost of resilience planning, recognizing that when the distribution system is down for days following storms, forcing evacuations, it directly affects the workforces of APC and all other commercial and industrial

ratepayers, and suggested the Council implement clear performance goals with associated metrics and stringent targets to ensure that project costs assessed to ratepayers result in real resilience benefits; and

**WHEREAS**, in its Final Comments, AAE recommended that the Council establish a working group of stakeholders to provide annual review and recommendation of the ENO Resilience Plan, for plan adjustment overtime; and

**WHEREAS**, in its Final Comments, APC urged the Council not to accept or approve the Resilience Plan. Rather, APC argued that the Council should only acknowledge that the filing of the Resilience Plan had complied with its Final Procedural Resolution and that any Master System Resiliency and Storm Hardening Plan developed by the Council should not replace evaluation of individual projects in separate proceedings; and

**WHEREAS**, APC stated that it takes no position on the potential benefits of the projects in the ENO Resilience Plan; and

**WHEREAS**, in its Final Comments, APC indicated that regulatory agencies regularly follow the principle of cost causation to ensure that one set of customers does not subsidize cost of service to another set of customers, and that the Council should not depart from following the principle of cost causation by requiring transmission level customers to subsidize costs of distribution level customers; and

**WHEREAS**, the APC Final Comments included a memorandum from Brubaker & Associates, Inc., which found, in part, that over 90 percent of ENO's contemplated investment is for the distribution system and only about 10 percent for the transmission system and, with respect to the cost allocation in the Resiliency Rider, ENO's approach (equal percentages) is an inappropriate way of recovering costs because it charges both transmission customers and distribution customers the same percentage of their base rate revenues, which results in transmission customers being charged excessively because they would be paying for projects on the distribution system that they do not utilize; and

**WHEREAS**, in its Final Comments, ENO urged the Council to approve Phase I of the ENO Resilience Plan or, at a minimum, the first five years of proposed hardening projects in the \$750 million resiliency investment portfolio, which ENO refers to as the Minimum Portfolio; and

**WHEREAS**, in its Final Comments, ENO asserted that it supported its recommendations with testimony, analysis, and data-driven decision-making methodology, emphasizing that (1) the

Recommended Resilience Plan strikes an appropriate balance between costs to customers and the need for accelerated infrastructure hardening, and (2) the Minimum Portfolio is the minimum level of accelerated hardening necessary to foster a more resilient electric grid and produce meaningful aggregate benefits for customers; and

**WHEREAS**, in its Final Comments, ENO asserts that if its Minimum Portfolio is not adopted and a piecemeal approach to resilience is taken, that approach will not accomplish the goals of this docket, and that an investment below the Minimum Portfolio cannot be expected meaningfully to provide an adequate level of resiliency and storm hardening throughout the City; and

**WHEREAS**, ENO indicated that the Phase I investment associated with the Minimum Portfolio totals approximately \$413 million, and presented the following table with the projected monthly bill impacts for a typical residential customer under Phase I of the Minimum Portfolio; and

<b>\$750 Million Portfolio</b>	
<b>Phase I Projected Bill Impacts for a Typical Residential Customer using 1,000 kWh per Month</b>	
Year	Projected Monthly Residential Bill Impact (\$/month)
2024	\$0.14
2025	\$1.79
2026	\$3.28
2027	\$6.34
2028	\$8.58

**WHEREAS**, in its Final Comments, ENO acknowledged that while it had not identified reasonable performance metrics that can be used to evaluate resilience, ENO had proposed regular reporting to the Council including semi-annual progress reports on project implementation and cost monitoring as part of ENO’s proposed Resiliency Rider; and

**WHEREAS**, ENO urged the Council to approve the proposed Resiliency Rider, and indicated that the allocation of the revenue requirement to each rate class based on its percentage contribution to per book base revenue results in just and reasonable rates consistent with the

Council's past practice, noting that using base revenue to allocate costs is consistent with the allocation used in the Securitized Storm Cost Recovery Rider; and

**WHEREAS**, while the Council supports improved resiliency, maintaining affordable energy rates for ENO's customers is critical and must be part of the consideration regarding setting the appropriate magnitude and pace of resiliency investments; and

**WHEREAS**, the Council remains concerned about the ratepayer impacts of the resiliency plan, even at ENO's "Minimum Portfolio" level, and

**WHEREAS**, the Council's concerns are not solely because of the impact on ratepayers due to the investment in ENO's Resilience Plan, but in recognizing that ENO has a myriad of other investment areas in its capital budget, including increased spending to meet the Council's Electric System Distribution Reliability Standards; and

**WHEREAS**, the Council believes that to mitigate ratepayer impacts, the scope of resiliency improvements may have to be adjusted and occur over a longer period of time; and

**WHEREAS**, the Council understands that a lower amount of resilience investment in a given year results in fewer resiliency projects, it does not accept that investment below ENO's Minimum Portfolio fails to accomplish the goals of this docket, which was opened shortly after Hurricane Ida to examine how to increase resiliency and storm hardening on ENO's system, with a particular focus on reducing weather-related power outages, and with proper concern for affordability to ratepayers; and

**WHEREAS**, the Council believes that resiliency investment below the Minimum Portfolio level can still occur throughout the City if projects are not selected based solely on an economic optimization of resiliency for ENO's total distribution system, but rather selected and prioritized in a more comprehensive and cost effective approach considering the location of the projects, the projects that affect the largest number of customers, the projects with high benefit-cost ratios, and the projects that benefit the most vulnerable members of the community; and

**WHEREAS**, the Council disagrees that it is a given that a lower level of investment in resiliency must necessarily be a piecemeal approach as ENO has suggested, resiliency planning at lower levels of investment can still be implemented over time using a systematic, methodological approach; and

**WHEREAS**, the Council applauds ENO's efforts and ability to secure matching funds totaling nearly \$55 million from the DOE for federal funding for resilience through the GRIP program in support of three projects identified in the Resilience Plan; and

**WHEREAS**, Hurricane Ida and the resultant loss of all power in Orleans Parish due to "catastrophic damage" to eight transmission lines that bring in power generated outside of the City highlighted the need for transmission hardening; and

**WHEREAS**, the Council recognizes that the DOE grant represents a unique opportunity to increase resiliency to all ratepayers through the transmission hardening project, and through the other two projects bringing benefits to some of the most vulnerable communities in New Orleans; and

**WHEREAS**, the Council finds that it is in the public interest to approve only the DOE GRIP funded projects included in the Resilience Plan at this time; and

**WHEREAS**, the Council takes note of AAE's comments regarding an holistic approach to resilience planning including other existing dockets that touch on various aspects of resilience planning; and

**WHEREAS**, the Council also takes note of ENO's expectation that the Resilience Plan will yield reliability benefits as well as changes to reliability projects; and

**WHEREAS**, the Council remains committed to improving resiliency, but a with a more integrated approach to distribution system planning that includes, at a minimum, resiliency, reliability, and preparing the distribution system for more distributed energy resources. The Council further believes that such planning could result in a more measured approach to resiliency investments that incorporate prioritization based on factors that consider the location of the projects, projects that affect the largest number of customers, projects with high benefit-cost ratios, and projects that benefit the most vulnerable members of the community; and

**WHEREAS**, the Council understands that ENO's request for the Resiliency Rider stems from the ten-year term of the Resilience Plan, the desire to execute the ENO Resilience Plan on an accelerated basis, the significant magnitude of the investment, and concerns about the potential impact on ENO's credit rating if cost recovery for the Resilience Plan is not timely; and

**WHEREAS**, given that the Council is inclined to only approve a portion of the Resilience Plan at a significantly lower investment level, the need for a Resiliency Rider is mitigated. The opportunity for timely recovery of the ENO's revenue requirement associated with the resiliency

investment is provided by the Council's approval of the FRP in Resolution R-23-491 in which ENO's request for a three-year extension of the Electric and Gas FRPs, including the updated filing dates and evaluation periods, was granted; and

**WHEREAS**, the Council, further notes that the current three-year term of the EFRP provides ample opportunity for ENO to seek a further extension of the EFRP or file a rate case to ensure timely cost recovery of resilience projects that are approved now or may be approved in the future; and

### **TNO Community Lighthouse Project**

**WHEREAS**, TNO commented that the state of utility planning is at a very different place with respect to resilience and reliability. Reliability, as a system goal, is far better understood than resilience and the metrics to assess it are more broadly accepted; the investments to improve it are more established; the cost-recovery mechanisms to fund it are more regular and more mature. System resilience, by contrast, is still early in the process of emerging as a systemic goal for utility planning, not just in New Orleans, but across the country and the world; and

**WHEREAS**, TNO proposed that the Council adopt the "New Orleans Resilience Standard," based upon residential proximity to a distributed energy resource resilience hub that can operate independent of the grid. The standard would set as an objective that every resident of New Orleans has a resilience hub within a half mile of their home that meets a basic level of service provision – cooling center, charging station, publicly available – and which has the distributed energy and storage capacity to operate for at least 10 days after the electric grid fails; and

**WHEREAS**, in the Community Lighthouse filing, TNO estimated that it would require approximately eighty-five neighborhood-level resilience hubs for every neighborhood in the City of New Orleans to be brought into compliance with the New Orleans Resilience Standard, with no resident living farther than a half-mile from a resilience hub; and

**WHEREAS**, TNO provided more information on its "Community Lighthouse" proposal to develop a network of eighty-six resilience hubs at civic and community institutions serving every neighborhood of New Orleans, each with solar panels, back-up batteries and a real-time load management system to provide essential services during long duration power outages; and

**WHEREAS**, TNO indicated that its Community Lighthouse proposal would add 6,099 kilowatts DC of distributed solar capacity, and 9.2 megawatt hours of distributed storage capacity,



at an estimated project cost of \$35 million (\$29.5 Million in Construction Costs and \$5.5 million in lifetime maintenance costs); and

**WHEREAS**, TNO proposed that the 9.2 megawatt hours of distributed storage capacity be usable by ENO; and

**WHEREAS**, TNO indicated that the Community Lighthouse proposal would benefit from \$23.7 million in leveraged funds from philanthropy, host-site revenue, Inflation Reduction Act direct-pay subsidies and grants and, proposed that the remaining \$11.3 million in project costs be funded by ENO ratepayers; and

**WHEREAS**, TNO included a benefit-cost analyses suggesting that the Community Lighthouse proposal would generate \$148 million in benefits for \$11.3 million in ENO ratepayer costs, producing a benefit to cost ratio of 13.1; and

**WHEREAS**, TNO listed five services that each neighborhood hub would provide, 1) food and water, 2) cooling and heating center, 3) portable battery exchange, 4) device charging station, and 5) internet access; and

**WHEREAS**, TNO further indicated that each neighborhood hub will organize a disaster response team, canvas its area during “blue-sky days” to identify vulnerable neighbors, and reach out to every high-risk neighbor within 24 hours of a power outage or other disaster; and

**WHEREAS**, the Community Lighthouse Proposal listed a total of 86 sites including 70 neighborhood-level hubs, six distribution hubs for food and equipment, seven centers for response organizations, two healthcare hubs, one senior living center, and one portable battery charging warehouse; and

**WHEREAS**, AAE indicated that resilience planning should prioritize those communities most vulnerable to energy insecurity and climate disaster and that the TNO Community Lighthouse proposal of a resilience standard whereby no resident would be farther than a half-mile from a Community Lighthouse resilience hub is a good starting point for thinking of resilience planning in this way; and

**WHEREAS**, in its Final Comments, AAE provided examples of performance goals metrics, and targets for investments in grid resilience and that it recommended to the Council to assess the performance of the TNO Community Lighthouse hubs; and

**WHEREAS**, AAE commented that resilience hubs are a relatively new type of resilience investment, and while AAE is supportive of TNO’s Community Lighthouse project, that support

is contingent upon their ability to demonstrate resilience benefits and establish ratepayer guarantees and protections; and

**WHEREAS**, AAE noted that TNO, in response to discovery, indicated that it had commissioned an analysis to quantify resilience benefits not captured by FEMA's benefit-cost calculator, such as reduced greenhouse gas emissions, avoided cost of energy, or the value of demand response. AAE commented that the Council should review this analysis before approving recovery of associated costs through rates; and

**WHEREAS**, ENO commented that TNO's proposal potentially can complement ENO's Resilience Plan, and that ENO is continuing to review TNO's proposal and is engaged in ongoing discussions with TNO, and that any investment by ENO in TNO's proposal would require ENO's agreement, and to date, no agreement has been reached; and

**WHEREAS**, with respect to TNO's Community Lighthouse Program, APC urged the Council not to include costs of a community support program in electric rates of ENO customers, that are designed to recover the cost of electric service of ENO and not the costs of a private organization for a distributed solar system – particularly considering that TNO also expects ENO customers to pay for excess power generated by the solar system for which they have partially paid; and

**WHEREAS**, APC also questions why TNO would not be considered to be operating as a public utility by owning power generation infrastructure that provides power to others, *i.e.*, the civic and community organizations receiving solar power from the TNO-owned solar panels; and

**WHEREAS**, the APC Final Comments included a memorandum from Brubaker & Associates, Inc., which found, in part, that 100 percent of TNO's contemplated investment is for customers taking service at the distribution system level (residential and small commercial) and zero percent is for customers taking service at the transmission system level; and

**WHEREAS**, with respect providing ratepayer funds to TNO, the memorandum included with the APC Final Comments concluded that it is inappropriate to require ENO's customers to fund TNO's Community Lighthouse project through their electric rates. ENO's customers should not be forced to donate money to a private organization for what is a community support project. ENO's captive customers should only be required to pay electric rates commensurate with the costs of the utility to provide reliable service to them at the lowest reasonable cost; and

**WHEREAS**, the memorandum included with the APC Final Comments recommended that if the Council requires ENO's customers to pay for TNO's community support program, that any excess power produced by the solar systems goes to the grid without any compensation to either the institution where the system is located or TNO; and

**WHEREAS**, TNO's Final Comments indicated that 68 percent of the Community Lighthouse Project's total costs will come from sources other than utility system funds, and that the Council should approve TNO's proposal to take advantage of this unparalleled opportunity for leveraging system resources; and

**WHEREAS**, TNO asserted that its Community Lighthouse proposal will bring significant value to the grid as an energy resource. Its network of distributed solar and battery storage powering the resilience hubs can function as a demand response asset, discharging behind the meter to reduce customer load during peak load periods; as a resource adequacy asset in MISO's capacity market via FERC 2222; as a frequency regulation asset; a voltage regulation asset; a congestion relief asset and as a source of carbon free renewable energy, displacing more carbon intensive fuel sources. TNO asserts that the value these resources bring to the grid strengthen the value of approving the Community Lighthouse proposal; and

**WHEREAS**, the Council supports TNO's efforts, however, the energy-related value of TNO's proposal is not yet sufficiently quantified to warrant approval at this time; and

**WHEREAS**, the Council is aware that ENO and TNO have had some discussions on how to incorporate TNO's proposal into a master resiliency plan. The Council directs CURO, the Advisors, ENO, and TNO to continue to explore opportunities to utilize the Community Lighthouse battery storage systems in support of ENO's distribution grid; ways to reasonably include related costs in ENO's cost of service and/or ways to provide an additional revenue stream in support of TNO's proposed Community Lighthouses; **NOW THEREFORE**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS**, That the Council approves in part and denies in part ENO's Resilience Plan application as follows:

1. The Council approves the projects funded in part by the approximately \$55 million in matching funds through the DOE's GRIP program ("DOE Funded Projects"), as described herein, as serving the public convenience and necessity, and in the public interest, subject to an ongoing obligation of ENO to prudently manage the approved DOE Funded Projects.

2. The Council defers action on all remaining projects in Phase I of the Resilience Plan pending further review and action by the Council.
3. The Council will consider additional projects proposed by parties.
4. The Council approves ENO's request for a regulatory asset to be included in rate base for the remaining net book value associated with assets that must be retired and replaced with new assets as part of the projects approved herein, with the amortization of the unrecovered balance occurring over the remaining useful life of the assets.
5. The Council denies ENO's request for a Resilience and Storm Hardening Cost Recovery Rider.
6. The Council affirms that prudently incurred costs, which are not covered by the DOE, for projects that are approved herein, can be included in the EFRP revenue requirements if they are known and measurable costs that are supportable and expected to be incurred in the prospective 12 months following the EFRP evaluation period.
7. ENO's proposed monitoring plan for the Resilience Plan is approved for monitoring and reporting the projects approved herein. Additionally, ENO shall transmit any required monitoring data, reports, or public information in accordance with DOE's GRIP program requirements to the full service list for Docket UD-21-03.
8. The Council rules that with respect to the DOE Funded Projects, as described herein, ENO has complied with, or is not in conflict with, the provisions of all applicable Council Resolutions and any other laws, regulations, or requirements that may be applicable.
9. The Council grants a waiver of any applicable Council requirement to the extent that such a waiver might be necessary to facilitate the limited approvals granted herein.

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,** That TNO's request for recovery of costs related to its Community Lighthouse Proposal is denied pending further review and action by the Council. However, the Council urges TNO and ENO to continue to discuss possible arrangements related to TNO projects, including

battery storage systems, and providing services to the grid, that might benefit ENO ratepayers within accepted cost of service constraints.

**BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,** That the Council deems it in the public interest to continue evaluation of proposed projects to improve system resiliency and storm hardening. Therefore,

1. ENO is directed to develop a revised list of proposed projects to be completed over a three-year period beginning in 2025. The project list shall include each projects associated costs, potential benefits, location (Council District), construction period, and numbers and types of downstream customers (e.g. residential, small or large commercial, industrial, and critical customers). ENO shall submit the project list no later than July 1, 2024.
2. The Parties shall convene a fourth public technical conference between July 22, 2024, and August 30, 2024, to attempt to identify a framework for prioritization and potential approval of additional distribution and transmission hardening projects. In addition to identifying the components of a metrics-based accountability measure to assess the projects and the frequency with which resilience reports should be filed, the parties shall strive for consensus on how hardening projects, reliability, and preparing the grid for distributed energy resources can be accomplished in a coordinated planning effort, the framework to include the Council's desire to consider locational, customer-specific and non-economic factors such that projects can be implemented throughout New Orleans on a more measured pace and with lower customer impact, particularly to those communities most vulnerable to energy insecurity and climate disaster.
  - a. Any party who wishes to submit proposed metrics, shall circulate or resubmit their list of proposed metrics to the service list no later than one week prior to the scheduled technical conference for discussion during said conference.
  - b. Each party who submits proposed metrics will be given a designated time to present their proposal during the technical conference.

3. Upon review of ENO's filing and in consultation with CURO and the Council's utility advisors, the Council shall determine what additional procedural deadlines are necessary.

**THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:**

**YEAS:** Giarrusso, Green, Harris, King, Moreno, Morrell, Thomas - 7

**NAYS:** 0

**ABSENT:** 0

**AND THE RESOLUTION WAS ADOPTED.**

*O:\DoCS\NAOMI\COUNCIL\ROLL CALL\2024\R-24-73 Adding Cm. Giarrusso.docx*

THE FOREGOING IS CERTIFIED  
TO BE A TRUE AND CORRECT COPY  
Lera W. Johnson  
CLERK OF COUNCIL