

RESOLUTION

NO. R-24-625

CITY HALL: October 24, 2024

BY: COUNCILMEMBERS MORENO, MORRELL, HARRIS, GREEN AND THOMAS

**RESOLUTION AND ORDER PROVIDING LIMITED APPROVAL AND GUIDANCE
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, on October 27, 2021, in Council Resolution No. R-21-401 (“Initiating Resolution”), the Council recognized that in recent years, the frequency and intensity of severe weather events has increased dramatically, and in the wake of each event ENO customers suffer extended outages and ratepayers are asked to pay the costs associated with repairing damage to ENO distribution and transmission infrastructure; and

WHEREAS, this cycle of storm damage, extended outages, and costly repairs is unsustainable for customers and ratepayers; and

Procedural History Summary

WHEREAS, the Initiating Resolution established Docket No. UD-21-03 to consider storm resiliency and storm hardening, set an initial procedural schedule, appoint a Hearing Officer, and

direct the Council’s Advisors (“Advisors”) to participate fully in the proceeding to assure that the Council’s objectives for the docket were achieved; and

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

WHEREAS, subsequently the parties timely filed either resiliency proposals or comments as previously summarized in Council Resolution No. R-24-73 (“2024 Resolution”), approved by the Council on February 22, 2024; 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, asserting 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 ENO estimated value of over \$2.1 billion) following major weather events; 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, the Clarifying Resolution established additional procedural deadlines; and

WHEREAS, pursuant to the Clarifying Resolution the parties filed a series of comments as previously summarized in the 2024 Resolution; 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 applications pursuant to the Infrastructure Investment and Jobs Act (“IIJA”); the status of ENO’s storm hardening projects; and other relevant issues; and

WHEREAS, the issues and comments raised during the 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 made several recommendations as previously summarized in the 2024 Resolution, including 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 a master system resiliency and storm hardening plan; and

WHEREAS, CURO further recommended topics that the parties should be prepared to discuss at a third technical conference and recommended that the Council set forth a further procedural schedule for the parties to work together with ENO in continuing to develop a 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 a plan and adopted a procedural schedule, with substantive guidance for the parties, providing for filings from ENO and TNO and scheduling a third public technical conference; 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;

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) (“Phase I 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 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, ENO’s Phase I Resilience Plan and TNO’s Community Lighthouse filings each included requests for ratepayer investment that required Council action; and

WHEREAS, ENO’s Phase I Resilience Plan and the parties comments have previously been summarized in the 2024 Resolution; and

WHEREAS, on October 18, 2023, Entergy issued a press release indicating that the U. S. Department of Energy (“DOE”) had selected ENO to receive matching funds totaling nearly \$55 million through the DOE’s Grid Resilience and Innovation Partnerships (“GRIP”) program, which was previously summarized in the 2024 Resolution; and

WHEREAS, in the 2024 Resolution the Council noted that although it 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 also expressed ongoing concerns about the ratepayer impacts of the Resilience Plan, even at ENO’s “Minimum Portfolio” level; and

WHEREAS, the Council noted that its concerns were not solely because of the impact on ratepayers due to the investment in ENO’s proposed 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 concluded that to mitigate ratepayer impacts, the scope of resiliency improvements would have to be adjusted in amount and scope; and

WHEREAS, while the Council acknowledged that a lower amount of resilience investment in a given year might result in fewer resiliency projects, it did not accept ENO's assertion that investments below ENO's Minimum Portfolio would fail 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 noted that resiliency investments below the Minimum Portfolio level could 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 higher benefit-cost ratios, and the projects that benefit the most vulnerable members of the community; and

WHEREAS, the Council disagreed that a lower level of investment in resiliency would necessarily be a piecemeal approach as ENO had suggested since resiliency planning at lower levels of investment can still be implemented over time using a systematic and methodological approach; and

WHEREAS, the Council acknowledged 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 recognized that the DOE grant represented 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 found that it was in the public interest to approve, and did approve, approximately \$55 million in matching funds for only the DOE GRIP funded projects included in the Resilience Plan; and

WHEREAS, the Council reaffirmed its commitment to improving resiliency, but 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 noted that such planning would result in a more measured approach to resiliency

investments that incorporated prioritization based on factors that consider the location of the projects, projects that affect the largest number of customers, projects with higher benefit-cost ratios, and projects that benefit the most vulnerable members of the community; and

WHEREAS, the Council understood that ENO's request for the Resiliency Rider stemmed 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 was inclined to only approve a portion of the Resilience Plan at a significantly lower investment level, the need for a Resiliency Rider was mitigated. The opportunity for timely recovery of ENO's revenue requirement associated with the resiliency investment is provided by the Council's approval of the Formula Rate Plan ("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 found that the current three-year term of the Electric Formula Rate Plan ("EFRP") provides ample opportunity for ENO to seek a further extension of the EFRP or file a general rate case to ensure timely cost recovery of resilience projects that were approved in the 2024 Resolution or that might be approved in the future; and

WHEREAS, the Council denied ENO's request for the Resiliency Rider; and

WHEREAS, the respective positions and comments of TNO, AAE, and APC were previously summarized in the 2024 Resolution; and

WHEREAS, the Council noted that although it supported TNO's efforts, the energy-related value of TNO's proposal was not yet sufficiently quantified to warrant approval; and

WHEREAS, the Council denied TNO's request for recovery of costs related to its Community Lighthouse Proposal pending further review and action by the Council; and

WHEREAS, the Council directed 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 and explore 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; and

WHEREAS, the Council ordered the following in the 2024 Resolution:

1. Approval of the projects funded in part by the approximately \$55 million in matching funds through the DOE's GRIP program ("DOE Funded Projects"), subject to an ongoing obligation of ENO to prudently manage the approved DOE Funded Projects.
2. Deferral of action on all remaining projects in Phase I of the Resilience Plan pending further review and action by the Council.
3. Further Council consideration of additional projects proposed by the parties.
4. Approval of 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 in the 2024 Resolution, with the amortization of the unrecovered balance occurring over the remaining useful life of the assets.
5. Denial of ENO's request for a Resilience and Storm Hardening Cost Recovery Rider.
6. That prudently incurred costs, which are not covered by the DOE, for projects approved in the 2024 Resolution, 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. Approval of ENO's proposed monitoring plan for the Resilience Plan for monitoring and reporting the projects approved in the 2024 Resolution and required ENO to 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. That with respect to the DOE Funded Projects approved in the 2024 Resolution ENO had complied with, or was not in conflict with, the provisions of all applicable Council resolutions and any other laws, regulations, or requirements that were applicable at the time.
9. A waiver of any applicable Council requirement to the extent that such a waiver might be necessary to facilitate the limited approvals granted in the 2024 Resolution; and

WHEREAS, in the 2024 Resolution the Council denied TNO’s request for recovery of costs related to its Community Lighthouse Proposal pending further review and action by the Council and urged 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; and

WHEREAS, the Council also found that it was in the public interest to continue evaluation of proposed projects to improve system resiliency and storm hardening and directed the parties as follows:

1. ENO was directed to develop a revised list of proposed projects to be completed over a three-year period beginning in 2025. The project list to 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).
2. CURO was directed to convene a fourth technical conference to attempt to identify a framework for prioritization and potential approval of additional distribution and transmission hardening projects, identifying the components of a metrics-based accountability measure to assess the projects and the frequency with which resilience reports should be filed; attempting to find consensus on how hardening projects, reliability, and preparing the grid for distributed energy resources can be accomplished in a coordinated planning effort; developing a 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; and

WHEREAS, the Council also directed any party who wished to submit proposed metrics to circulate or resubmit them to the service list and that each party who submitted proposed metrics would be given a designated time to present their proposal during the fourth technical conference; and

WHEREAS, ENO timely submitted a proposed three-year resilience plan (“Three Year Plan”), which is a subset of ENO’s previously submitted plans, proposing ninety-one (91)

hardening projects with an approximate cost of \$168 million that included work on more than 5,000 structures and approximately 100 electric lines; and

WHEREAS, the Three Year Plan generally would replace existing poles with higher rated concrete, composite, steel, or wood to a rating of 140 mph straight line winds for the distribution system and 150 mph straight line winds for transmission lines; enhance pole setting depth; switch to vertical construction; and replace conductors that have been overly spliced; and

WHEREAS, the Three Year Plan, together with the previously approved DOE Funded Projects, spans the entire city and every council district, addressing the Council's concern for the City's most vulnerable communities; and

WHEREAS, on July 24, 2024, CURO conducted the fourth technical conference as directed by the Council; and

WHEREAS, prior to the technical conference, ENO, AAE, and TNO circulated proposed evaluation and performance metrics; and

WHEREAS, ENO's proposed metrics focused primarily on pole performance ("ENO Pole Metrics"), which, in summary, would assess against ENO a predetermined fee for each pole failure after a single weather event that receives a Federal Disaster Declaration if 150 or more ENO owned poles (including those poles that have not been installed as part of a resilience project) failed as a result the weather event. However, as proposed, no fee would be assessed unless 10% of the poles installed under the Three Year Plan failed. In addition, the failure fee would only apply to each pole that fails above the 10% threshold; and

WHEREAS, ENO also proposed a complex process for the Council to retain an engineering consultant to provide pre-construction review of the Three Year Plan; and

WHEREAS, AAE's proposed metrics addressed performance and project evaluation considerations, referencing a Department of Energy guide entitled *Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources: A Practical Guide* ("DEA"). The stated goal of the DEA is to include a myriad of considerations in a resiliency benefit-cost analysis that would consider, among other things, customer vulnerability including public health effects; and

WHEREAS, AAE also proposed some performance enforcement mechanisms, but acknowledged that more work needs to be done to understand and develop, over time, resilience

performance standards (minimum acceptable), targets (desired performance), and enforcement mechanisms; and

WHEREAS, although the 2024 Resolution urged 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 ratepayers within accepted cost of service constraints,” it was evident from comments during the technical conference that discussions had not produced a plan that was ready to be implemented; and

WHEREAS, TNO urged focus on a broader concept of resiliency beyond grid-hardening, which would include providing electricity in island mode when the grid fails; and

WHEREAS, TNO proposed as metrics for evaluating resiliency investments: 1) microgrid resilience hubs per capita including solar plus storage resilience hubs that will island and be publicly available during outages; 2) microgrid resilience hubs per capita in vulnerable census tracts; and 3) total solar plus storage microgrid capacity; and

WHEREAS, TNO noted that \$11.3 million would be needed to fully fund the Community Lighthouse Project as proposed; and

WHEREAS, APC continues to maintain its position of not opposing resilience projects, but objecting to any cost recovery from transmission-only customers, however APC does oppose ratepayer funding for TNO’s Community Lighthouse projects; and

WHEREAS, all parties agreed that the Three Year Plan combined with the DOE Funded Projects benefit the entire city, including the most vulnerable communities; and

WHEREAS, in the Three Year Plan ENO re-urged, for the same reasons as previously presented by ENO, the approval of a resiliency rider (*i.e.*, the Resilience & Storm Hardening Cost Recovery “Rider RSHCR”) or some other contemporaneous cost recovery mechanism; and

WHEREAS, as proposed, Rider RSHCR calculates a single rate for all rate classes, which is inconsistent with the cost allocation among rate classes that would typically be employed in FRP evaluations and base rate cases for the types of projects identified in the Three Year Plan; and

WHEREAS, the costs in the proposed Rider RSHCR are neither significantly variable in nature nor outside the control of the utility and would not typically be afforded treatment within a rider; rather these costs would typically be included in base rates; and

WHEREAS, the recovery of costs through the proposed Rider RSHCR would eliminate the 8-month regulatory lag inherent in the FRP process for the resiliency investments anticipated as part of the Three Year Plan; and

WHEREAS, the Council believes that, in the specific circumstances of the instant request for funding the Three Year Plan, or a significant subset thereof as discussed below, ENO could be allowed recovery of costs through Rider RSHCR, but only if the Rider RSHCR rates are corrected to be specific to each rate class and reflect the relevant investment's class allocators, and Rider RSHCR's revenue requirements are realigned to base rates with each FRP or base rate action; and

WHEREAS, the Council believes that the most appropriate customer class allocator for the types of projects identified in the Three Year Plan is ENO's Distribution Primary Demand allocation factor; and

WHEREAS, the Council's primary concerns with the proposed Rider RSHCR, the cost allocation issue, and the timely realignment to base rates, could be accomplished by embedding a corrected Rider RSHCR into the Other Recoveries section of the current FRP rather than a separate rider on customer bills; and

WHEREAS, the Council notes that although the Three Year Plan, as proposed by ENO, is based upon sophisticated storm modeling, it is a fact that if implemented, customers would still incur future storm restoration costs after a storm, but ENO asserts that such costs would be reduced by an estimated \$91 million over the next fifty years; and

WHEREAS, the Council also notes that the Three Year Plan, as proposed by ENO, will not eliminate power outages after future storms; however ENO asserts that the plan would reduce post-storm outages by an estimated 2.3 billion minutes¹ over the next fifty years; and

WHEREAS, it is a fact that there will be some post-storm outages and recoverable storm damage costs after future storms even after completion of ENO's proposed Three Year Plan, the full extent of which can only be measured after the fact; and

WHEREAS, during the fourth technical conference the parties agreed that grid resilience is an important goal, but that there is too little data at this point to have certainty about how to evaluate resilience investments and performance, which will take time to develop; and

¹ ENO has not been able to convert this numbers into days of outages for any given storm.

WHEREAS, the Council wants to proceed with caution to assure that approving a resilience plan would have a higher likelihood of providing significant and measurable benefits in the face of increasingly extreme weather conditions with the least cost to ratepayers; and

WHEREAS, although there is national agreement that grid resilience is an important goal in the face of climate challenges, there is little agreement as to how to evaluate resilience investments and performance, as noted by the Institute of Electrical Engineers (“IEEE”) “it is not possible to have single, industry-accepted resilience metrics addressing all possible events;”² and

WHEREAS, the National Association of Regulatory Utility Commissioners (“NARUC”) has noted that “utility regulators must carefully weigh the pros and cons of allowing utilities to develop resiliency improvements in their jurisdictions before determining whether they can recover funds from all ratepayers for these projects....;”³ and

WHEREAS, the Council has been consistent throughout that although it 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 has already approved the DOE Funded Projects in the amount of \$110 million, which includes \$55 million in ratepayer matching funds; and

WHEREAS, approving the full \$168 million of the Three Year Plan, as proposed, would increase the typical residential customer (1,000 kW/mo.) bill by more than \$4 per month in the first full year of such investments’ cost recovery, which is unacceptable to the Council, especially given the universally acknowledged uncertainties attendant with grid resiliency investment evaluation and performance metrics; and

WHEREAS, the Council finds that it is in the public interest to approve a subset of the Three Year Plan that would provide significant resilience improvements while also providing time to gather and evaluate data useful in guiding the Council’s future actions; and

WHEREAS, the Council finds that approving an additional \$100 million resilience investment over two years (“Two Year Plan”), with appropriate limitations, conditions, and requirements, would accomplish the Council’s immediate goals; and

² “Resilience Framework, Methods, and Metrics for the Electricity Sector,” Technical Report PES-TR83, IEEE Power & Energy Society Industry Technical Support Leadership Committee Task Force at 1, October 2020. https://resourcecenter.ieee-pes.org/publications/technical-reports/PES_TP_TR83_ITSLC_102920.html

³ NARUC: Energy Resilience Reference Guide (February 2023) at chpt.2, p. 4.

WHEREAS, in Resolution No. R-24-195, the Council established a \$138 million regulatory liability to be amortized over 25 years related to the Internal Revenue Service audit of ENO's taxable income for the years 2016-2018, and in Resolution No. R-24-194, the Council established a \$44 million regulatory liability to be amortized over 25 years related to the Council's settlement of multiple complaints before the Federal Energy Regulatory Commission related to Grand Gulf Nuclear Station and its owner, System Energy Resources Inc. (SERI"); and

WHEREAS, together, the \$138 million and \$44 million regulatory liabilities established by Resolution Nos. R-24-195 and R-24-194 are estimated to cause a reduction to typical ratepayer bills sufficient to offset the expected impact of \$100 million in additional investments in ENO's plant related to resilience for the 25-year duration of these regulatory liabilities; and

WHEREAS, the combined DOE Funded Projects and the Two Year Plan would represent a \$210 million investment in resilience and grid hardening; and

WHEREAS, the Council finds that several limitations, conditions, and requirements are necessary to assure that the approval of the Two Year Plan is in the public interest, including the following:

1. CURO, the Advisors, and ENO, shall develop comprehensive reporting requirements crafted to provide the Council with timely and comprehensive information on all aspects of the status and cost of each approved project, including all data that would be useful in the Council's future decisions about resilience investments and performance.
2. Require ENO to notify the Council as to which subset of the Three Year Plan projects will be pursued in the Two Year Plan, and in what order.
3. Modify ENO's proposed Pole Performance Metric program to reduce the pole percentage trigger from 10% to 5% consistent with the metric approved by the Louisiana Public Service Commission ("LPSC") for Entergy Louisiana, LLC ("ELL") in LPSC Docket No. U-36625. Although the Council does not believe that the cost of retaining an engineering consultant would be necessary or justified, CURO, the Advisors, and ENO shall finalize the details of the pole metric program, including an enforcement mechanism.
4. Require ENO to collect and report semi-annually the metrics data recommended by AAE for "Participation," "Resilience," and "Cost Effectiveness and Affordability" to develop a

baseline for future use in evaluating future resilience investments and performance enforcement.⁴

WHEREAS, the Council also continues to support the TNO Community Lighthouse Project, and the Council believes that TNO has a valuable resource in its battery stored electricity that could be useful to ENO on higher demand “blue sky” days, which ENO could, under certain circumstances, purchase from TNO; and

WHEREAS, the Council directs ENO, CURO, and the Advisors to facilitate discussions with TNO and AAE to attempt to identify and report to the Council a workable mechanism to accomplish a mutually beneficial agreement that would be in the interest of ratepayers; **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 Two Year Plan (*i.e.*, the expenditure of \$100 million over two years for a subset of projects proposed in the Three Year Plan) as serving the public convenience and necessity, and in the public interest, subject to the requirements and conditions below, and subject to an ongoing obligation of ENO to prudently manage the approved projects.
2. ENO is directed to notify the Council, within forty-five days (45) of adoption of this Resolution, of the subset of projects totaling \$100 million from the Three Year Plan it intends to execute as part of the Two Year Plan and in what order. The Council defers action on all future resilience projects, other than the to-be-identified subset approved herein, or those approved in the 2024 Resolution, pending further review and action by the Council.
3. CURO is directed, in consultation with the Advisors and ENO, to develop, within ninety (90) days of adoption of this resolution, a reporting format crafted to provide the Council with timely and comprehensive information on all aspects of the status and costs of each approved project as well as ongoing data gathering that would assist the Council in evaluating future resilience investments and performance.

⁴ The specific data points are contained in AAE’s Proposed Resilience Metrics at 4, filed July 17, 2024.

4. CURO is directed, in consultation with the Advisors and ENO, to modify and finalize, within ninety (90) days of adoption of this Resolution, ENO's proposed Pole Performance Metric, to reduce the pole percentage trigger from 10% to 5%, and to develop an audit and enforcement mechanism.
5. ENO is directed to collect and report to CURO annually the metrics data recommended by AAE for "Participation," "Resilience," and "Cost Effectiveness and Affordability," to develop a baseline for future use in evaluating future resilience investments and performance enforcement.⁵
6. 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 retired assets.
7. The Council approves ENO's request for a Rider RSHCR with certain modifications.
 - a. Rather than a single rate for all classes, as proposed by ENO, the Rider RSHCR Revenue requirements will be allocated to Rate Classes based on the most recently calculated Distribution Primary Demand allocator reflected in ENO's rates.
 - b. Rider RSHCR revenue requirement shall be included in the Rider EFRP Rate Adjustment. The Rider RSHCR revenue requirement for each rate class shall be included in Rider EFRP Attachment A (workpaper presenting "Calculation of FRP Percentage"), column "n," "Other Outside band," which feeds into Column "i," "Outside the Band Revenue," as part of an adjustment to FRP rates with each January billing cycle for the duration of Rider RSHCR.
 - c. ENO shall realign all Rider RSHCR Revenue Requirements related to Resilience Plan capital additions included in per book plant in service in a FRP Evaluation Report or base rate case class cost of service study contemporaneous with the rate change resulting from that rate proceeding. In the case of an FRP, such revenue requirement shall be included inside the bandwidth calculation

⁵ See footnote 2 above.

and the associated revenues shall be realigned to Annualized Evaluation Period EFRP Revenues. ENO shall adjust the Rider RSHCR Rates to remove the corresponding revenue requirement contemporaneous with the FRP or base rate change.

8. Within thirty (30) days of adoption of this resolution, ENO shall file with the Council a revised Rider RSHCR consistent with this resolution.
9. The Council rules that with respect to the 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.
10. 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 the Council declines to approve additional funding for TNO's Community Lighthouse Project proposal. However, the Council directs CURO, and the Advisors to administer a separate procedural schedule for a docket to identify a workable mechanism to support microgrid projects to serve in the interest of ratepayers within accepted cost of service constraints.

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

YEAS: Green, King, Moreno, Morrell, Thomas - 5

NAYS: 0

ABSENT: Giarrusso, Harris - 2

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY



ASSISTANT CLERK OF COUNCIL

g:\clerk_of_council\docs\cecil\council\resolutions\2024\10-24\r-625.docx