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September 29, 2017

Via Hand Delivery

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Assistant Clerk of Council
Room 1E09, City Hall
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New Orleans, LA 70112

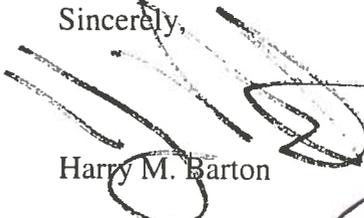
Re: In Re: Resolution Regarding Proposed Rulemaking to Establish Integrated Resource Planning Components and Reporting Requirements for Entergy New Orleans, Inc. (Docket No. UD-08-02)

Dear Ms. Johnson:

Enclosed please find an original and three copies of the Application of Entergy New Orleans, Inc. for Approval of the Supplemental and Amended Implementation Plan for the Program Years 7 through 9 of the Energy Smart Plan with exhibits attached thereto. Due to the voluminous nature of the exhibits, they have been provided to you on a compact disc, with no paper copies being provided. Please file an original and two copies into the record in the above-referenced matter, and return a date-stamped copy to our courier.

Should you have any questions regarding the above matter, please don't hesitate to contact me at 504-576-2984. Thank you for your assistance with this matter.

Sincerely,


Harry M. Barton

RECEIVED
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BY: 

HMB/bkd
Enclosures

cc: Official Service List (via email)

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

**IN RE: RESOLUTION REGARDING)
PROPOSED RULEMAKING TO)
ESTABLISH INTEGRATED)
RESOURCE PLANNING) DOCKET NO. UD-08-02
COMPONENTS AND REPORTING)
REQUIREMENTS FOR)
ENERGY NEW ORLEANS, INC.)**

**APPLICATION OF ENERGY NEW ORLEANS, INC. FOR APPROVAL
OF THE SUPPLEMENTAL AND AMENDED IMPLEMENTATION PLAN
FOR PROGRAM YEARS 7 THROUGH 9 OF THE ENERGY SMART PLAN**

Entergy New Orleans, Inc. (“Entergy New Orleans” or “ENO”) respectfully submits to the Council for the City of New Orleans (the “Council”) this Application for Approval of the Supplemental and Amended Implementation Plan for Program Years 7 Through 9 of the Energy Smart Plan (the “Supplemental Application”), and in support of this Supplemental Application, ENO respectfully states as follows:

I.

On February 13, 2017, in accordance with Resolution No. R-17-31, dated January 26, 2017, ENO filed its Application for Approval of the Implementation and Cost Recovery Plan for Energy Smart Program Years 7-9 (the “Application”).¹ Resolution R-17-31 also approved ENO’s selection of CB&I Environmental and Infrastructure, Inc. (subsequently renamed “APTIM”)² as the Third Party Administrator, Accelerated Innovations, LLC (“AI”) as the

¹ ENO’s Application contains a thorough summary of the procedural history of the Energy Smart Program and the various Council Resolutions and actions associated therewith. ENO will not repeat that discussion in this Supplemental Application as this filing is intended to supplement ENO’s Application.

² On July 7, 2017, CB&I Environmental & Infrastructure, Inc. received approval from the Louisiana Secretary of State for an Amendment to its Articles of Incorporation to change its name to APTIM Environmental and Infrastructure, Inc. ENO notified the Council’s Advisors and the Council’s Utility Regulatory Office of this name change on July 11, 2017. The Third Party Administrator is referred to as APTIM throughout this filing, but documents attached hereto issued prior to July 7, 2017 still refer to the entity as CB&I.

Behavioral Program Implementer, and ADM Associates (“ADM”) as the Third Party Evaluator for Energy Smart.

II.

In the Application, APTIM and ENO presented three potential funding scenarios for Program Years 7-9. The first funding scenario maintained the same level of funding as Program Year 6 throughout Program Years 7-9. The second scenario used funding levels that would be required to attempt to increase savings by 0.2% annually and to put the programs on a track to achieve kWh savings that amount to 2% of total annual sales. The third scenario used the funding levels in the Final 2015 IRP. Council Resolution R-17-176 (the “Resolution”) resolved that “Scenario 2 presented in the Application is consistent with the annual kWh savings goal of 0.2% per year described in Council Resolution R-15-599.”

III.

In the Resolution, the Council approved the individual programs described in the Application, but not the program budget levels and utility incentive level. The Resolution further required ENO to host at least three technical conferences to address certain concerns related to the Application including, but not limited to, the following: “(1) resolve the inconsistencies in DSM measure level costs and savings of the proposed program structure when compared to the DSM Portfolio of the 2015 Final IRP; (2) resolve inconsistencies in the Scenario budget analysis and supporting models of the Application; (3) assess whether the Residential Direct Load Control Pilot, Behavioral Pilot and Algiers Smart Thermostat Pilot implemented in 2016 should be fully implemented with the programs proposed in the Application; (4) evaluate stakeholders proposed changes to the programs listed in the Application including, but not limited to, a residential HVAC replacement program, and combining the home performance with Energy Star program budget with the low income program budget; (5) determine the impact of all program

design changes on the proposed budget framework; (6) ensure that the estimated kWh savings derived from the evaluation of the pilot programs and any Energy Smart Program design changes meet the kWh savings goal approved by the Council in [resolution R-17-176]; (7) assess the status, adequacy and specific use of the New Orleans Technical Resource Manual as a critical resource in supporting the design and performance evaluation of the measures and programs proposed for Energy Smart; (8) evaluate the feasibility of an additional program year related goal related to peak kW reduction; and (9) determine the appropriate individual program redesign to adjust the Program Year 7 budget and savings to a nine-month basis.”

IV.

In compliance with the Council’s directives, ENO held five technical conferences on the following dates to address the above issues and other issues raised by stakeholders:

- April 19, 2017 – Technical Conference 1A
- April 27, 2017 – Technical Conference 1B
- May 12, 2017 – Technical Conference 2
- July 6, 2017 – Technical Conference 3
- August 31, 2017 – Technical Conference 4

A summary of each of the technical conferences is provided in the accompanying Supplemental and Amended Implementation Plan Report (the “Report”), which is attached hereto as Exhibit 1.

V.

The Resolution also directed ENO to file a “Supplemental and Amended Implementation Plan for Program Years 8 and 9” no later than October 1, 2017. In compliance with this directive, ENO attaches the Supplemental and Amended Implementation Plan (“Supplemental Plan”) hereto as Exhibit 2. The Supplemental Plan is designed to maximize the likelihood that ENO can meet the Scenario 2 savings targets, but does not guarantee that ENO can achieve these aggressive energy savings targets. Ordering Paragraph 7 of the Resolution also enumerates

several additional requirements for the Supplemental Plan. The attached Report details ENO’s efforts to comply with each of these requirements.

VI.

The table below shows the projected savings and program costs associated with the Supplemental Plan, which are consistent with the Council’s annual incremental kWh savings goal of 0.2% per year, described in Council Resolution R-15-599.

ENERGY SMART PROJECTED SAVINGS				
	kWh		\$	\$
	Legacy	Algiers	Legacy	Algiers
Program Year 7	18,572,876	1,375,801	\$ 6,069,881	\$ 554,185
Program Year 8	42,988,811	3,110,496	\$ 11,430,500	\$ 968,779
Program Year 9	50,266,105	3,628,289	\$ 13,340,182	\$ 1,073,538
Total	111,827,792	8,114,586	\$ 30,840,563	\$ 2,596,502

VII.

The program costs set forth above do not include the Utility Performance Incentive (“UPI”) that the Resolution authorizes ENO to recover. The PY 7-9 Budget for the Supplemental and Amended Implementation Plan (the “Budget”), attached hereto as Exhibit 3, does include the UPI amount authorized by the Council in the Resolution. That amount is \$530,00.00 and \$49,000 for achieving 100% of the savings targets adopted by the Council for ENO Legacy and Algiers, respectively. These UPI levels were adopted in Resolution R-15-140, when savings targets for Program Year 6 were 18,455,541 kWh and 1,398,536 kWh for ENO Legacy and Algiers, respectively. The Resolution directed that “the utility incentive amount and incentive structure previously approved in Resolution R-15-140 ... be maintained.”

VIII.

In the Advisors’ “Observations & Conclusions for Council Consideration ENO’s February 13, 2017 Filing Approval of Energy Smart Program Years 7-9,” which were submitted

on March 14, 2017, the Advisors recommended, “that the Council maintain the performance-based utility incentive structure, based on a kWh savings goal, approved in R-15-140.”³ The Advisors also recommended that “For Program Years 7-9 ... the current incentive amounts for achieving 100% of the kWh savings goal **should be increased** an appropriate amount proportional to kWh savings goals projected under the scenario approved by the Council.”⁴ Despite the Advisors’ recommendation that the incentive structure be maintained, but the incentive amount should be increased in proportion to the savings goals adopted by the Council, the Resolution maintained the incentive structure, but did not increase the incentive amount “an appropriate amount proportional to kWh savings goals projected under the scenario” the Council adopted in the Resolution.

IX.

The calculations, bill impact estimates, and the Budget presented with this Supplemental Application comply with the Resolution’s directives as to the UPI amount. However, ENO urges the Council to reconsider acting on the above quoted recommendation from the Advisors, which recognizes the significantly increased efforts and risk of penalty associated with Scenario 2’s significantly increasing kWh goals, which ENO may not ultimately be able to achieve. Tables depicting the proportionate increase in the UPI calculated in line with the Advisors’ March 14, 2017 recommendations are depicted below:

³ See Advisors’ March 14, 2017 “Observations & Conclusions for Council Consideration ENO’s February 13, 2017 Filing Approval of Energy Smart Program Years 7-9” at page 11.

⁴ *Id.* at pg. 2, Conclusion 7, emphasis added.

ENO Legacy			
	Savings Goal (kWh)	Increase per year as compared to PY6	UPI at 100% of Goal
Program Year 5	16,457,612		\$ 530,000
Program Year 6	18,455,541		\$ 530,000
Program Year 7 (Projected over Twelve Months)	24,763,835	34%	\$ 711,159
Program Year 8	42,988,811	133%	\$ 1,234,538
Program Year 9	50,266,105	172%	\$ 1,443,525

ENO Algiers			
	Savings Goal (kWh)	Increase per year as compared to PY6	UPI at 100% of Goal
Program Year 5	1,380,971		\$ 49,000
Program Year 6	1,398,536		\$ 49,000
Program Year 7 (Projected over Twelve Months)	1,834,401	31%	\$ 64,271
Program Year 8	3,110,496	122%	\$ 108,981
Program Year 9	3,628,289	159%	\$ 127,123

X.

The Resolution also authorized the use of “the \$11.8 million balance of Energy Smart funds for the ENO Legacy Energy Smart program as of April 1, 2017 ... to continue funding of the ENO Legacy Energy Smart programs until Council action on incremental ratepayer funding is required, as anticipated in 2018.”⁵ As discussed in the Report, ENO estimates that such incremental ratepayer funding will be required by June of 2018.

XI.

The Resolution further provided that “the Council will determine the method of allocation for additional ratepayer funding requirements to each customer class, as well as the

⁵ See R-17-176 at Ordering Paragraph 2.

specific cost recovery mechanism.” *Id.* The Council also ordered that “ENO shall be permitted to collect the costs of implementing programs related to Program Year 7 from April 1, 2017 forward.” *Id.* at Ordering Paragraph 3.

XII.

In furtherance of the Council’s determinations in this regard, the Resolution ordered that the Supplemental Plan include “the specific customer class allocation and bill impact cost recovery mechanism related to any incremental ratepayer funding that will be required for Program Years 8 and 9 based upon the Advisors’ recommendation as contained [in the Resolution.” The referenced recommendations stated as follows:

“[T]he Advisors recommended that ratepayer funding requirements for Scenario 2 should be allocated to each customer class based upon the cost of the Energy Smart programs or program expenditures projected for each customer class, as determined within the final approved Energy Smart detailed program design so as to reflect the regulatory principle of the benefits and burdens test. Within each customer class, the additional ratepayer funding would be recovered on the basis of the non-fuel (base rate) portion of the monthly bill...” *Id.* at pgs. 22-23.

XIII.

In compliance with these requirements, ENO’s Report sets forth the bill impact costs associated with three proposed options for cost recovery mechanisms that conform to the Advisors’ recommendations as quoted above and discussed more fully in the Resolution. The Report also discusses the mechanics and attributes associated with each option.

WHEREFORE, ENO respectfully requests that this Council issue a Resolution:

1. Approving the programs contained in ENO’s Supplemental and Amended Implementation Plan, as proposed with this Supplemental Application, through December 31, 2019;
2. Approving the level of funding and associated kWh savings recommended for the programs set forth in the Supplemental and Amended Implementation Plan;

3. Approving a Utility Performance Incentive amount that increases the amount set forth in Resolution R-15-140 by an appropriate amount proportional to kWh savings goals projected under Scenario 2, while maintaining the incentive structure of R-15-540;
4. Approving one of the interim cost-recovery mechanisms proposed in the Supplemental and Amended Implementation Plan Report to fund the Energy Smart programs and Utility Performance Incentive until base rates are adjusted to incorporate these costs;
5. Granting ENO the opportunity to revise elements of the Supplemental and Amended Implementation Plan should material changes to circumstances and expectations arise; and
6. Granting all other general and equitable relief that the law and the nature of this proceeding may permit or require.

Respectfully submitted:



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**ATTORNEYS FOR ENTERGY
NEW ORLEANS, INC.**

CERTIFICATE OF SERVICE

Docket No. UD-08-02

I hereby certify that I have served the required number of copies of the foregoing report upon all other known parties of this proceeding, by the following: electronic mail, facsimile, overnight mail, hand delivery, and/or United States Postal Service, postage prepaid.

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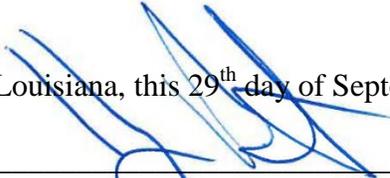
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New Orleans, Louisiana, this 29th day of September 2017.



Harry M. Barton