

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

**DELTA STATES UTILITIES LA, LLC  
AND ENTERGY LOUISIANA, LLC,  
EX PARTE**

**DOCKET NO. UD-24-01**

**IN RE: APPLICATION FOR  
AUTHORITY TO OPERATE AS  
LOCAL DISTRIBUTION COMPANY  
AND INCUR INDEBTEDNESS AND  
JOINT APPLICATION FOR  
APPROVAL OF TRANSFER AND  
ACQUISITION OF LOCAL  
DISTRIBUTION COMPANY ASSETS  
AND RELATED RELIEF**

**MAY 31, 2024**

**SUMMARY OF DIRECT TESTIMONY OF THE ALLIANCE FOR AFFORDABLE  
ENERGY**

**I. INTRODUCTION**

On December 11, 2023, Entergy New Orleans, LLC (“ENO”) and Delta States Utilities New Orleans, LLC (“DSU NO”) filed a joint application before the New Orleans City Council (“the Council”) to, *inter alia*, authorize the sale and transfer of ENO’s gas distribution business to DSU and to allow DSU to operate as a jurisdictional natural gas Local Distribution Company. On February 1, 2024, the Council adopted Resolution R-24-49, establishing a docket, period of intervention, and procedural schedule for the consideration of the joint application. The Alliance for Affordable Energy (“Alliance”) submits the attached expert testimony of Karl R. Rábago, principal of Rábago Energy, LLC. In addition, the Alliance offers the following summary of its direct testimony:

## II. SUMMARY OF DIRECT TESTIMONY

The Council adopted Resolution R-06-88 to provide a framework for consideration of the sale and transfer of utility assets. R-06-88 creates a public interest standard that must include, *inter alia*, a finding by the Council that such a sale or transfer “will provide net benefits to ratepayers in both the short term and the long term”. For reasons outlined in detail in the attached testimony of Mr. Rábago, ENO’s and DSU NO’s joint application fails to meet the standards set forth by the Council. Accordingly, we recommend against approval of the application and offer three alternative options for the Council’s consideration:

Option 1: The Council should direct ENO to develop a retirement and managed decapitalization plan for the gas distribution utility that will result in ending all gas distribution service to residential and small commercial customers, and accompanying electrification of former gas energy loads, by no later than December 31, 2035.

Option 2: If the Council takes a decision not to require ENO to execute a managed decapitalization of the gas distribution utility, it should develop a plan for municipal takeover of the gas distribution utility and managed decapitalization of the gas utility by the end of 2035. The City should evaluate hiring a qualified firm to achieve this goal.

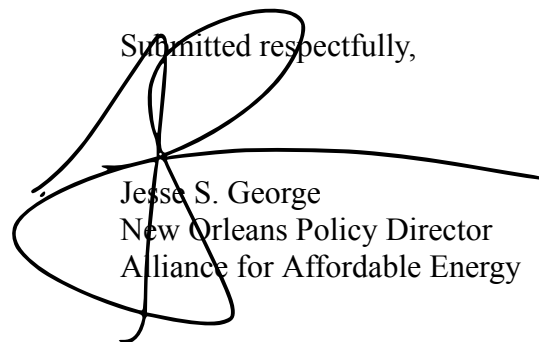
Option 3: If the Council takes a decision to allow the sale of the gas distribution utility to DSU NO and its parent Bernhard Capital Partners Management, LP (“Bernhard”), it should be calibrated to and conditioned on the outcome of a full rate review of the utility, and not to a simple carryover of existing rates, earnings levels, and spending plans. In addition, the Council should impose conditions on the sale including a requirement for developing and executing a managed decapitalization plan to accomplish electrification

of all residential and small commercial demand for gas by the end of 2035, a cap on any transition costs subject to independent third-party evaluation of the transition costs, an across-the-board rate decrease and rate caps for three years, and significant commitments to gas efficiency program investments and performance for residential and small commercial customers.

### **III. CONCLUSION**

New Orleans is on the frontlines of a changed climate, and needs to move with urgency away from dependence on fossil fuels, as reflected in the Council's own climate and clean energy goals. Approval of this sale – creating a brand-new utility whose sole business is selling fossil gas, with an eye toward continued expansion and growth – would be disastrous for both ratepayers and for our City's efforts to lead on issues of climate adaptation and mitigation. Furthermore, as trends toward electrification continue, those left dependent on fossil gas in their homes will bear more and more of the cost of maintaining infrastructure that should become a relic of the past. ENO and DSU have failed to demonstrate that the proposed sale would provide net benefits in either the near- or long-term, as required by R-06-88, and the Council must deny their joint application.

Submitted respectfully,



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

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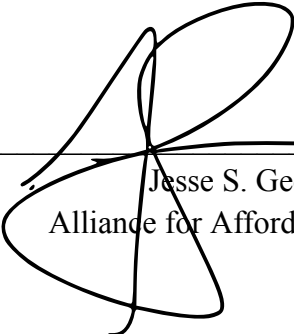
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**CERTIFICATE OF SERVICE**

I do hereby certify that I have, this 31st day of May 2024, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

  
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Jesse S. George  
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