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February 8, 2024

Dear Council Members:

We, the undersigned organizations, request that the City Council of New Orleans, in its role as the regulator of Entergy New Orleans (ENO), direct staff to initiate an investigation of the utility's spending related to advertising, public relations, consulting, lobbying and commissioned research aimed at influencing either the views of the Council or the public-at-large in its pursuit of its proposed electrical grid-hardening projects, also known as "Operation Gridiron." We also recommend that the Council join the Louisiana Public Service Commission's investigation of jurisdictional electric, water, wastewater, and gas utilities' use of ratepayer funds on political spending (docket R-36832).¹

¹ Louisiana Public Service Commission, Docket R-36832. Link:
<https://lpscpubvalence.lpsc.louisiana.gov/portal/PSC/DocketDetails?docketId=31206>

In the course of the last year, it has become increasingly clear that Entergy and its subsidiaries are engaged in a wide range of activities intended to cultivate – or provide the appearance of – support for their requests relating to “Operation Gridiron.” These include airing television commercials during major sporting events, digital advertisements, mass text message campaigns, and funding astroturf organizations to pose as independent experts.²

This is not the first time that ENO has resorted to such tactics.³ As you may remember, during hearings on ENO’s proposal for the New Orleans Power Station from 2017 to 2018, it was uncovered that much of the public testimony in support of ENO’s proposal was offered by actors hired by ENO through a third-party to create the perception of significant public support.⁴ When this was discovered, ENO claimed that a subcontractor hired these actors without their knowledge⁵ – a claim that Council staff found to be false during the course of its investigation,⁶ resulting in the council charging the utility with a \$5 million fine.⁷

² Katie Jane Fernelius, January 30, 2024. *Council panel denies most of Entergy grid plan*, Verite. Link: <https://veritenews.org/2024/01/30/council-panel-denies-most-of-entergy-grid-plan/>

³ Michael Isaac Stein and Charles Maldonado, July 12, 2018. *How Entergy spent \$1.3 million to polish its reputation, script support and monitor opposition to its new power plant*, The Lens. Link: <https://thelensnola.org/2018/07/12/how-entergy-spent-1-3-million-to-polish-its-reputation-script-support-and-monitor-opposition-to-its-new-power-plant/>

⁴ Michael Isaac Stein, May 4, 2018. *Actors were paid to support Entergy’s power plant at New Orleans City Council meetings*, The Lens. Link: <https://thelensnola.org/2018/05/04/actors-were-paid-to-support-entergys-power-plant-at-new-orleans-city-council-meetings/>

⁵ Kevin Litten, May 10, 2018. *Entergy confirms actors were paid to support New Orleans power plant, says it was unaware*, NOLA.com. Link: https://www.nola.com/news/politics/entergy-confirms-actors-were-paid-to-support-new-orleans-power-plant-says-it-was-unaware/article_b754788f-8a94-5659-aa8a-5495474bf027.html

⁶ Michael Isaac Stein, October 29, 2018. *Entergy investigators: Company knew or should have known about paid actors at council meetings* <https://thelensnola.org/2018/10/29/entergy-investigators-company-knew-or-should-have-known-about-paid-actors-at-council-meetings/>

⁷ Michael Isaac Stein, February 21, 2019. *Entergy fined \$5 million, can move forward with new power plant*, The Lens. Link: <https://thelensnola.org/2019/02/21/entergy-fined-5-million-can-move-forward-with-new-power-plant/>

That project was ultimately approved on the basis that it would serve as a “black start” capable power plant after catastrophic outages, which was necessary to improve resilience for the city –⁸ similar to arguments being made about the need for “Operation Gridiron” today – but in the aftermath of Hurricane Ida, the gas-fired power plant sat dark for two days.⁹ It was days later when Entergy operated the gas plant as a switching station that provided electricity to a limited portion of the city. At least 10 New Orleanians died due to heat while power was out.¹⁰

In a March 2023 interview, ENO CEO Deanna Rodriguez was asked what the utility had learned from Hurricane Ida. She reflected that, because of the criticism ENO received around its performance during and response to Ida, the utility needed to communicate with the public “more carefully” and that “[i]f we are going to communicate with customers, we need to partner with the media to make sure we get our message out as clearly as possible.”¹¹ Rather than an accounting, let alone an acknowledgement, of ENO’s failures leading up to that storm – which led to unnecessary loss of life and a prolonged outage duration – the lesson learned was that ENO needed to improve its marketing.

Grid-hardening is essential, particularly in New Orleans. But the fact of the matter is that New Orleanians have been asked to pay higher utility bills for poorer services for many years, to the point where electricity is unaffordable for many households.¹² ENO may be entitled to the opportunity for a reasonable rate of profit, but the relationship between the utility and its ratepayers cannot be one-sided; ENO must be held accountable for its shortcomings.

⁸ Justine Calma, November 1, 2021. *The future of energy could look like New Orleans East*, The Verge. <https://www.theverge.com/c/22735645/new-orleans-east-hurricane-ida-entergy-power-shift>

⁹ Sophie Kasakove and Nicholas Bogel-Burroughs, September 10, 2021. *New Orleans Built a Power Plant to Prepare for Storms. It Sat Dark for 2 Days*, The New York Times. Link: <https://www.nytimes.com/2021/09/10/us/ida-new-orleans-power.html>

¹⁰ Nicholas Bogel-Burroughs and Katy Reckdahl, September 15, 2021. *The Greatest Killer in New Orleans Wasn't the Hurricane. It Was the Heat*, The New York Times. Link: <https://www.nytimes.com/2021/09/15/us/new-orleans-hurricane-ida-heat.html>

¹¹ Stephanie Riegel, March 6, 2023. *Talking Business: Deanna Rodriguez is forging new territory as Entergy's first female CEO*, NOLA.com. Link: https://www.nola.com/news/business/talking-business-deanna-rodriguez-is-forging-new-territory-as-enterys-first-female-ceo/article_41ede04a-b4c0-11ed-a06b-5f9311b76c9f.html

¹² Michael Isaac Stein, November 2, 2023. *'There's no end in sight': Entergy bills rising at historic pace*, Verite. Link: <https://veritenews.org/2023/11/02/theres-no-end-in-sight-entergy-bills-rising-at-historic-pace/>

New Orleans ratepayers should not be burdened with even more expenses because a monopoly utility has so thoroughly neglected the public infrastructure it controls,¹³ instead choosing to pass along benefits to shareholders, investors, while paying for myriad consultants, spin-artists, lobbyists, and front-groups to make it seem as though there is no choice other than to meet its demands.

Thank you for your attention to this important matter. Please direct any questions or concerns to Jesse George, New Orleans Policy Director of the Alliance for Affordable Energy at jesse@all4energy.org.

Sincerely,

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¹³ Max Blau, Annie Waldman, and Tegan Wendland, September 22, 2021. *Entergy Resisted Upgrading New Orleans' Power Grid. When Ida Hit, Residents Paid the Price*, ProPublica and WWNO. Link: <https://www.propublica.org/article/entergy-resisted-upgrading-new-orleans-power-grid-when-ida-hit-residents-paid-the-price>

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