

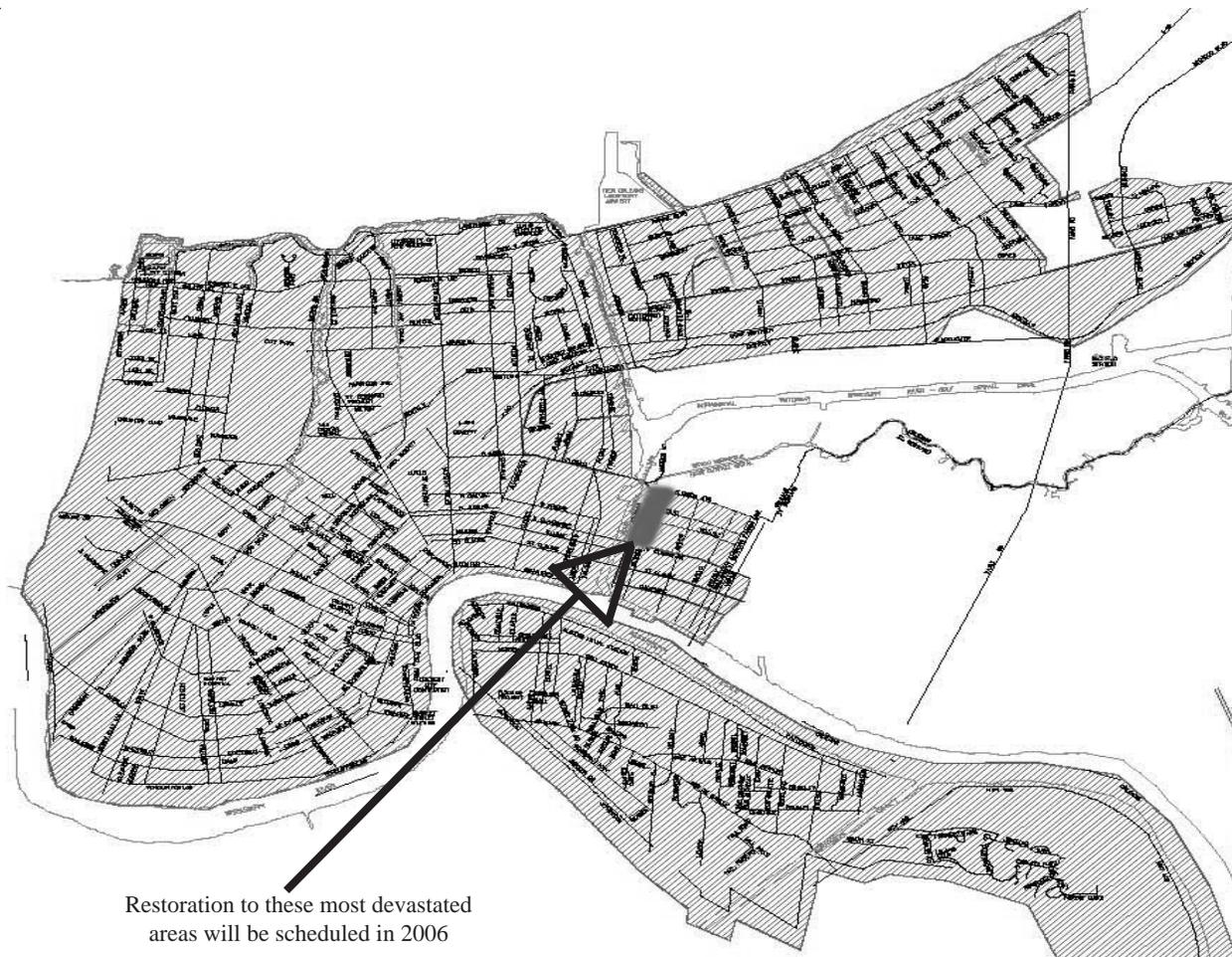
# New Orleans Continues to Experience Power Outages

by  
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New Orleans continues to experience random electrical power outages almost a year after Hurricane Katrina devastated the city. The recent random outages are generally due to mechanical malfunctions. The fear is that the rebuilding process will be adversely affected if the city cannot provide reliable electricity.

Entergy New Orleans (ENO), the utility that provides electric and natural gas service to the City of New Orleans, has restored power to all customers capable of receiving it, except for a severely damaged area in the Lower Ninth Ward (figure below). Hurricane Katrina caused catastrophic damage to ENO's electric and gas facilities and resulted in the loss of most of ENO's customers.

Electrical System Restoration to the Most Devastated Areas in New Orleans  
will be Scheduled in 2006



Restoration to these most devastated  
areas will be scheduled in 2006

SOURCE: Entergy New Orleans ([http://www.entergy-neworleans.com/content/your\\_home/storm\\_center/ENOI\\_Electric\\_map.pdf](http://www.entergy-neworleans.com/content/your_home/storm_center/ENOI_Electric_map.pdf)/July 26, 2006)

ENO filed for bankruptcy protection under Chapter 11 of the U. S. Bankruptcy Code on September 23, 2005. Entergy New Orleans is still operating, but it does not have enough cash to make the repairs necessary to return the system to the pre-Katrina level of reliability.

On Tuesday, June 27, 2006, about 8,600 customers lost power in Westwego in the morning, and that evening 15,000 customers from Gentilly to the Lakefront lost power for more than four hours. Classes were cancelled at the University of New Orleans as a result of the outage. On Tuesday, July 6, 2006, 800 homes and businesses lost power in the City Park area for approximately 45 minutes. These are recent examples, but the outages are likely to continue, and the length of the outages is likely to be longer than similar outages pre-Katrina.

The repairs that were made to the electrical system's infrastructure after the storm are considered temporary. The system no longer has redundancy which would give them the option of switching to another source while the repairs are being made. Lack of redundancy means that, when there is a problem on a transmission line, or if a piece of equipment fails, power is out until it can be repaired.

Entergy New Orleans has applied for federal financing through Community Development Block Grants, but they are competing with other infrastructure and housing needs for the federal money. Governor Kathleen Blanco and the Louisiana Recovery Authority (LRA) will determine how much of the money ENO receives. Entergy Louisiana, Entergy Gulf States and Cleco Corporation have also applied to the LRA for aid.

ENO filed a plan for a 25% rate increase with the New Orleans City Council. The company can legally ask customers to pay for storm losses and losses of revenue. The proposed rate increase is adjusted for a much smaller customer base (about 40% of its previous customers) and seeks to recover storm costs and build up a storm reserve for future storms. Entergy feels that the rate increase is a major step in allowing the company to emerge from bankruptcy. The City Council has until November 1, 2006 to review and act on the filing.

On June 15, 2006, President Bush signed the latest spending package of which \$4.2 billion is for Louisiana to implement the "Road Home" program. Bringing people back to New Orleans depends on reliable electric service. Reliable electric service is a quality of life issue and it must be addressed by both the public and private sector. Some combination of federal funding, rate increases and "other sources of funding" will be required to provide reliable electric service for the City of New Orleans.

#### List of References:

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3. Pam Radtke Russell, "U.S. aid urged for N.O. utility," *The Times-Picayune*, June 30, 2006.
4. Pam Radtke Russell, "Entergy New Orleans seeks 25% rate boost," *The Times-Picayune*, July 6, 2006