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Entergy Resisted Upgrading New Orleans' Power Grid. Residents Paid the Price

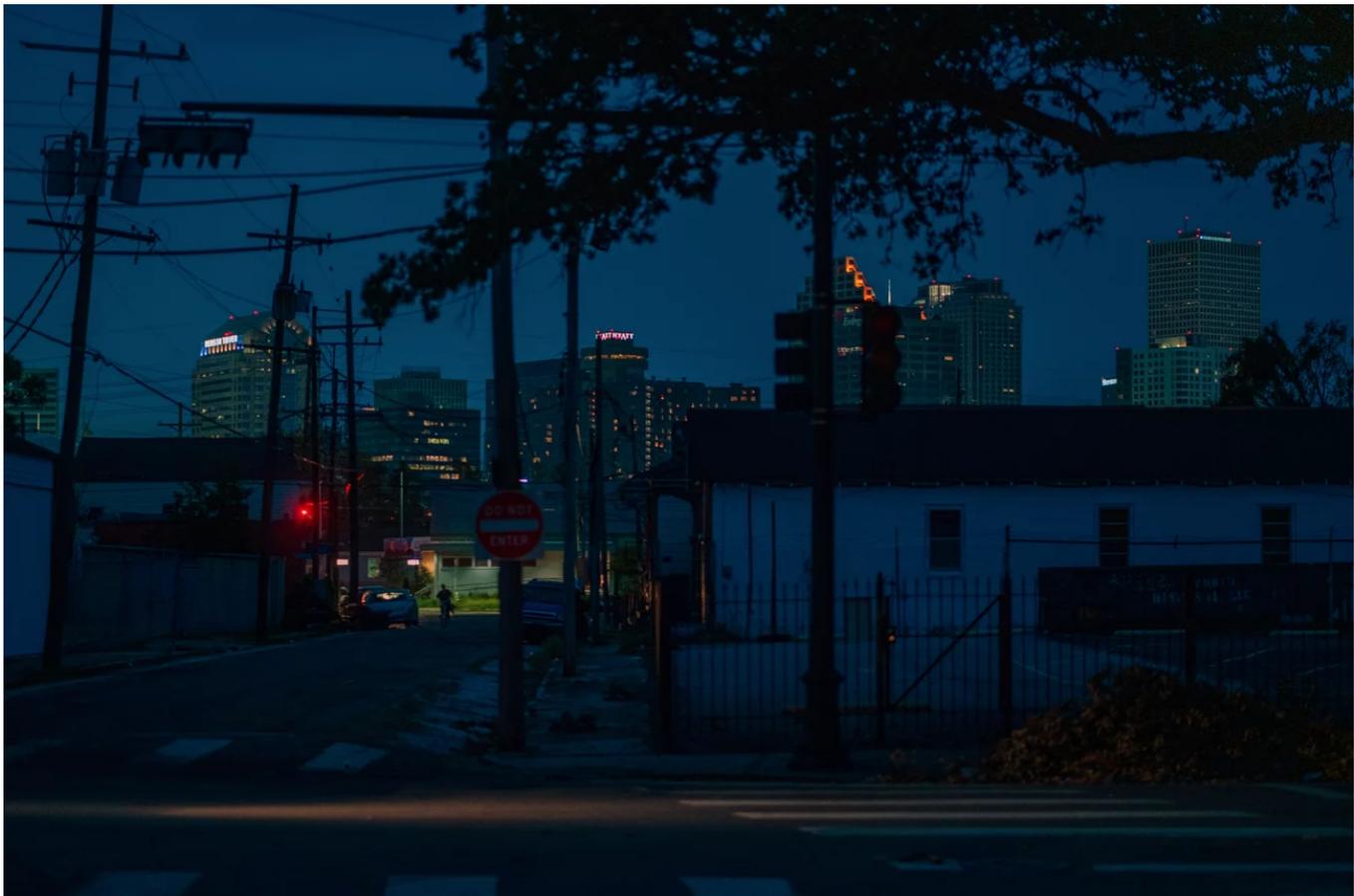
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Power company Entergy failed to rebuild a stronger system in New Orleans after hurricanes repeatedly damaged the city's electric grid. Then Hurricane Ida knocked out power for more than a week in the middle of a heat wave.

Kathleen Flynn for ProPublica

The day after Wilma Banks lost power, the stale summer air inside her New Orleans apartment became suffocating.

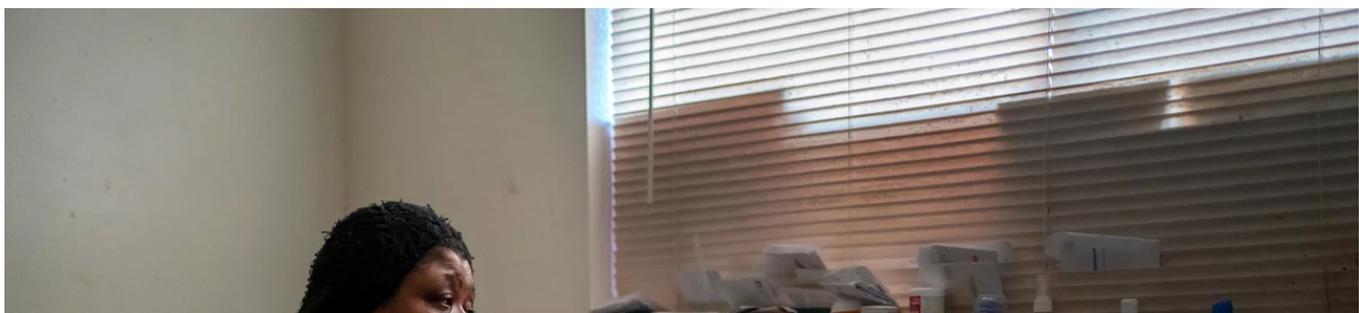
Typically when her breathing gets strained, Banks straps on her plastic nebulizer mask. After turning it on, a medicated mist flows into her lungs, making her short breaths full again.

But after Hurricane Ida knocked out her power on Aug. 29, she couldn't use the nebulizer. She knew her oxygen level would continue to drop. Her heart could stop.

Banks dialed city agencies, where employees told her to find a charging station for medical devices. But they couldn't help her secure what she needed most: temporary lodging where her machines could remain plugged in. Banks, who lives alone in the neighborhood of New Orleans East, couldn't turn to friends and neighbors. For miles in every direction — and for more than a million people — the power grid run by Entergy and its subsidiaries had failed.

Like many native New Orleanians, Banks, 58, had lived through catastrophic hurricanes, from Betsy in 1965 to Katrina in 2005. She learned to stock supplies and thought she could ride out this storm, especially because the city hadn't issued a mandatory evacuation order.

For years, Banks worked in local casinos where clouds of cigarette smoke exacerbated her asthma and eventually contributed to congestive heart failure. On the fourth day of the power outage, after relying on her car to charge her phone, she tweeted at her power company, Entergy New Orleans: "the strain on my heart is getting worse. I need my machines!!"





Wilma Banks, who lives in the neighborhood of New Orleans East, sits on her bed next to her nebulizer and CPAP machine. In the aftermath of Hurricane Ida, when much of New Orleans was left without power, she wasn't able to power up the medical devices and had only her limited supply of inhalers to widen her airways.

Kathleen Flynn for ProPublica

On her sixth day without power, Banks began to gasp for air. Her pulse oximeter showed her blood oxygen level at 77%, so low that she was at risk of organ damage. She dialed 911. Her neighbors sat with her while she waited for the ambulance.

By the time Banks was rushed to the intensive care unit on Sept. 3, high heat and humidity still blanketed the city. Entergy New Orleans (ENO), the local subsidiary, had failed to restore power to more than 80% of customers, many of them too poor or frail to evacuate. Of the 14 deaths in New Orleans attributed so far to Hurricane Ida, nine were from "excessive heat during an extended power outage," the Orleans Parish coroner found. Another two people died from carbon monoxide poisoning as families used generators to power their homes.

When residents and city officials pressed ENO about the catastrophic power failure, company executives explained that the outages could not have been avoided during a big storm like Hurricane Ida. But an investigation by ProPublica and NPR finds that the utility, along with its parent company, Entergy, failed to take the necessary steps to protect its power grid and customers against outages, despite opportunities to rebuild with more resilient systems after several big hurricanes.

For years, Entergy has aggressively resisted efforts by regulators, residents and advocates to improve its infrastructure. The company's restoration of its equipment after major storms didn't prioritize the grid modernization that industry experts say could limit the scope and duration of power outages. And instead of shifting toward renewable energy, Entergy doubled down on building plants that emit greenhouse gases — the same pollution that makes hurricanes bigger and wetter.

Entergy New Orleans is uniquely positioned among American utilities to protect its interests because of how it's regulated. The subsidiary is one of only two investor-owned utilities overseen by a city council; utilities typically are regulated by a state-level commission. That setup has often left the New Orleans City Council without sufficient resources and expertise to effectively regulate the monopoly electric utility, according to interviews with some residents, councilmembers and former city officials.

Drawing on data, corporate filings, public records and interviews with more than two dozen sources, ProPublica and NPR found that unless ENO and its parent company, Entergy, make bold investments in New Orleans' aging grid, extreme storms fueled by climate change will bring more dangerous and prolonged outages. The power failure after Ida shows that many low-income residents, who often can't afford to evacuate, would face outsize harm from outages, jeopardizing their financial stability and exposing medically fragile individuals to suffering.

Entergy declined to answer most of ProPublica and NPR's questions or grant interviews with its top executives. Entergy spokesperson Jerry Nappi said in a statement that Entergy, which serves 3 million customers in four Southern states, has invested more than \$6 billion in its Louisiana transmission and distribution systems since the beginning of 2016. Nappi added that the utility is now pursuing federal funding to further modernize its grid and is "actively working" toward reducing carbon emissions to net zero by 2050.

"While ensuring the resilience of our infrastructure has always been a primary emphasis, we must accelerate our efforts in light of increasingly frequent and severe weather events," Nappi said.

Five independent energy and environment experts who reviewed the findings of ProPublica and NPR's investigation said that ENO and its parent company, which made a record profit of \$1.4 billion in 2020, had failed in recent years to reduce the scope of harm that a storm like Ida could cause. They expressed concerns over the utility's insufficient grid investments, spending cuts for routine maintenance and overstatement of equipment capabilities to supply reliable power after storms. As a result, local officials were left to reckon with a stark reality: The most vulnerable New Orleans residents were left powerless by the city's most powerful company.

"I don't think that New Orleans residents should accept a company not acting in their best interest," said Destenie Nock, assistant professor of engineering and public policy at Carnegie Mellon University. "Entergy should have an obligation to make sure that its customers have reliable power."



The Entergy building, seen from Magnolia Street in the Central City area of New Orleans.

Kathleen Flynn for ProPublica

Entergy had chances after hurricanes to rebuild better

The morning of Aug. 30, the day after Hurricane Ida hit, New Orleans City Council President Helena Moreno passed fallen trees and felled utility poles on her way to Avondale, a nearby suburb on the west bank of the Mississippi River. A short while earlier, ENO's top executive had told the City Council that all eight of the city's transmission lines had failed. As the chair of the committee that regulates the utility, Moreno was skeptical that the grid had been storm ready. Past the old Avondale shipyard, she spotted an Entergy transmission tower that had buckled, its power lines ripped from the sky.

At the foot of the tower, a TV reporter asked her if Entergy had spent enough to prepare for Ida. "Look, this may have been such a strong, horrible storm that nothing could've prevented what went wrong," said Moreno, a former journalist who covered Hurricane Katrina. "But for all *eight* to fail? I'm wondering if it could have been prevented."

If the company didn't provide a full explanation about the outage, she thought, the City Council would need to find those answers.

When Hurricane Gustav struck the Gulf Coast in 2008 and left more than 100,000 Louisiana customers without power for over a week, Entergy's grid across the state was in shambles. Only one of Entergy's transmission lines serving New Orleans survived. Dillard University professor Robert Collins, an expert in disaster planning, said ENO had a rare opportunity after Gustav to collect from its customers billions of dollars to modernize its grid, an ambitious project that would mirror the \$14.5 billion rebuild of its levees following Katrina.

"We are going to have future storms," then-Gov. Bobby Jindal warned after Gustav. "It makes sense to prepare our infrastructure so that we don't have these extended outages."





After Hurricane Ida hit, ENO's top executive told the New Orleans City Council that all eight of the city's transmission lines had failed.

Kathleen Flynn for ProPublica

ENO's parent company, Entergy, provides power in a region uniquely prone to extreme weather. Massive costs have followed each hurricane: up to \$600 million after Gustav in 2008, \$500 million for Isaac in 2012, \$1.7 billion for Laura in 2020 and, that same year, \$250 million for Zeta.

Each wave of repairs has resurfaced questions about whether Entergy is doing enough to build a more resilient grid. In a 2019 climate report, Entergy described a five-year plan for its companies to invest "billions of dollars ... in grid modernization and resiliency." Nappi told NPR and ProPublica that ENO has invested nearly \$30 million in distribution system upgrades since the beginning of 2020.

But in New Orleans, the power goes out in some areas during downpours and even on sunny days. In the spring of 2017, residents complained so often about outages that the City Council launched an investigation. It found that more than a third of nearly 2,600 outages in the prior year were caused by equipment failures.

ENO blamed the problems on everything from aging infrastructure to squirrels. But councilmembers also found that ENO had slashed spending for equipment upgrades and had diverted funds earmarked for basic repairs. In 2019, the City Council fined ENO \$1 million for its "inaction and omissions in mitigating" those outages. ENO responded with a lawsuit, alleging the council "unlawfully" levied the fine and "disregarded" evidence that showed the company acted responsibly. The case is still pending.

"There's an expectation that regulators are supposed to do whatever the company wants," Moreno said. "That has been the expectation of the company for a while."

How the company gets its way in New Orleans

ENO has continued to use its vast influence to protect its bottom line. The company seeks permission from the City Council to increase fees paid by customers for repairs after hurricanes. Councilmembers typically approve the utility's requests, but they do not require ENO to make deeper grid investments that could bolster reliability. The council occasionally has required ENO to bury power lines and conduct more rigorous pole inspections, but the scope of those initiatives has been limited.

ENO has dramatically reversed its fortunes since exiting a post-Katrina bankruptcy in 2007. From 2008 to 2017, the utility reported more than \$650 million in operating income, but it has resisted spending money to make its grid less susceptible to extreme weather. Energy experts say deep routine investments in grid upgrades such as burying power lines citywide, which would cost at least \$2 billion over the long term, would increase the resiliency of the utility's equipment. It would potentially lower repair costs after storms and reduce the length and scope of power outages.

Asked why ENO hasn't considered such upgrades, Nappi replied: "Your question supposes that there are unlimited resources that can be supplied by customers, which obviously is unrealistic."



An Entergy transmission tower in the New Orleans suburb of Avondale collapsed during Ida.

Kathleen Flynn for ProPublica

Ed Quatrevaux, a former inspector general for New Orleans, said the council has not provided sufficient oversight of ENO. His office issued a report in 2015 that found councilmembers "lacked basic controls to ensure transparency, prevent misconduct, and promote effective decision-making" in the council's oversight of ENO. (Clint Vince, a council utility adviser, said in a statement to NPR and ProPublica that the report was "discredited.")

Councilmembers also have had past financial ties to ENO, including one official who previously lobbied for ENO and another whose nonprofit received a grant from the utility. Councilmember Cyndi Nguyen, whose nonprofit received the grant, did not respond to ProPublica's questions but has said the grant would not create a conflict of interest. Councilmember Jay Banks has lobbied for both Entergy and one of the council's regulatory advisers. He said his experience on both sides has made him a better regulator. "My critics and haters are going to throw bricks," Banks said. "It's like being paid to lead two teams to the Super Bowl."

ENO has also faced accusations of bullying councilmembers and misleading officials about the difficulties of moving toward carbon-free energy sources faster. Entergy did not answer ProPublica and NPR's questions about its relationship with the council.

In the aftermath of Ida, Entergy Louisiana's president and CEO, Phillip May, told reporters during a press call that its grid failed "because Mother Nature is the undisputed world champion."

But New Orleans International Airport recorded data that showed gusts up to 90 mph, below what the company says many of its towers and lines can withstand.

A report by analysts with energy consulting firm McCullough Research found that Entergy had "overstated" how long its transmission and distribution equipment can last because of the increased frequency of stronger hurricanes.

When Moreno, the council president, returned to City Hall after observing Ida's destruction, she thought about the sick, elderly and disabled residents who could not evacuate New Orleans. She wanted better answers about the downed poles, damaged substations and collapsed towers. With relentless heat predicted for days and Entergy's estimates for power restoration continually shifting, Moreno worried the outage would hurt lots of people before it ended.



Grace Hollins and her son, Carl Hollins, who has cerebral palsy, at their home in New Orleans. Carl increasingly suffered in the severe heat in their apartment when electricity was out the week after Hurricane Ida.

Kathleen Flynn for ProPublica

The city's residents end up shouldering the burden

New Orleans' low-income residents face one of the highest energy burdens in the U.S., second only to Memphis, Tenn., according to a 2016 study from the American Council for an Energy-Efficient Economy. That means half the city's low-income households spend more than 9.8% of their earnings on energy and a quarter of them pay more than 18.9%. On average, households across the nation pay about 3.5% of their income.

Grace Hollins is among the New Orleanians spending a disproportionate amount on electricity. Typically, she pays \$300 a month for power, almost a fifth of her and her son's total monthly disability checks of \$1,600. "It's money I don't have," she said.

In most American cities, a \$300 power bill for a 1,200-square-foot apartment would be excessive, and Hollins has struggled to keep up with hers. Six days after Ida knocked out Hollins' power, her son, Carl Hollins, dozed in the still afternoon heat of their shotgun apartment, its glass windows blown out by the storm.

Carl, who is 28 and has cerebral palsy, struggled through the sweltering nights, and Hollins worried that the 100-degree heat index would trigger one of his seizures. Each day that their St. Roch neighborhood went without power, he grew more sluggish and irritable.

Before the coronavirus pandemic, Hollins collected tickets and welcomed Saints football fans on the escalators of the Superdome. But when the pandemic hit, she stayed home with Carl, limiting time with other people to reduce exposure to the virus. Carl's medical conditions require around-the-clock care, and Hollis sacrificed everything to keep him safe.

With the power shut off, Hollins tried in vain to keep her son cool. One day, she walked more than a mile to Louis Armstrong Park to grab 10-pound bags of ice, which partially melted by the time she got home. She bathed Carl in the icy slush and, every few hours, misted him with a spray fan. But Hollins feared that she couldn't stave off a seizure much longer.

"He has got to get out of this house," she told herself. She called local motels, looking for one with a generator, but they were all booked. Instead, she found a hotel room about 500 miles away in the suburbs of Atlanta, where she could be close to her brother. By now she had drained most of her spare cash, which included money spent on diapers for Carl. So she used the money that she had set aside for her ENO power bill to help pay for the trip. (Her niece set up a GoFundMe page to help offset the \$1,500 total cost but had raised only a third of the money by the time Hollins left.)

In the early hours of Sept. 5, just as the morning sun began to bake the sidewalks of New Orleans, Hollins opened a bottle of orange juice for Carl, who was sitting in his wheelchair in the shade of the Greyhound bus station. She wiped beads of sweat from his brow and tried to keep him calm amid the throngs of travelers. It was the right decision to leave, she thought. But she worried about the cost of an extended trip if the power remained off and how she'd cover the energy bill, due in three weeks.

"When we get back," she said, "we're going to have to start all over again."



Grace Hollins packs as she prepares to take her son, Carl, on a Greyhound bus to Atlanta, where they'll have access to electricity and she'll be able to provide better care.

Kathleen Flynn for ProPublica

Entergy reacts to calls to cut its own carbon pollution

ENO's infrastructure plans also delay a meaningful shift toward more renewable, resilient energy sources, ProPublica and NPR found. In doing so, ENO is defying the advice of climate experts. They have urged companies to reach net-zero carbon

emissions as soon as possible to minimize global warming, an existential threat to a city like New Orleans that's below sea level.

Two years ago, ENO implied it would sue councilmembers if they adopted an ambitious clean energy proposal pushed by Energy Future New Orleans, a coalition of local advocacy groups. The Resilient and Renewable Portfolio Standard would have required ENO to shift to 100% renewable energy by 2040, a move advocates said would strengthen the grid by diversifying and decentralizing power sources.



Hollins comforts Carl while they wait to board a Greyhound bus in order to leave New Orleans for Atlanta, fleeing dangerous heat.

Kathleen Flynn for ProPublica

Given that over half its power is generated by natural gas plants, ENO said, the city's long-term policy to achieve net-zero emissions should be voluntary, not mandatory. The company fought the proposal, criticizing it as an "unworkable, needlessly-restrictive renewables-only approach" that could force the company to prematurely retire its carbon-emitting plants.

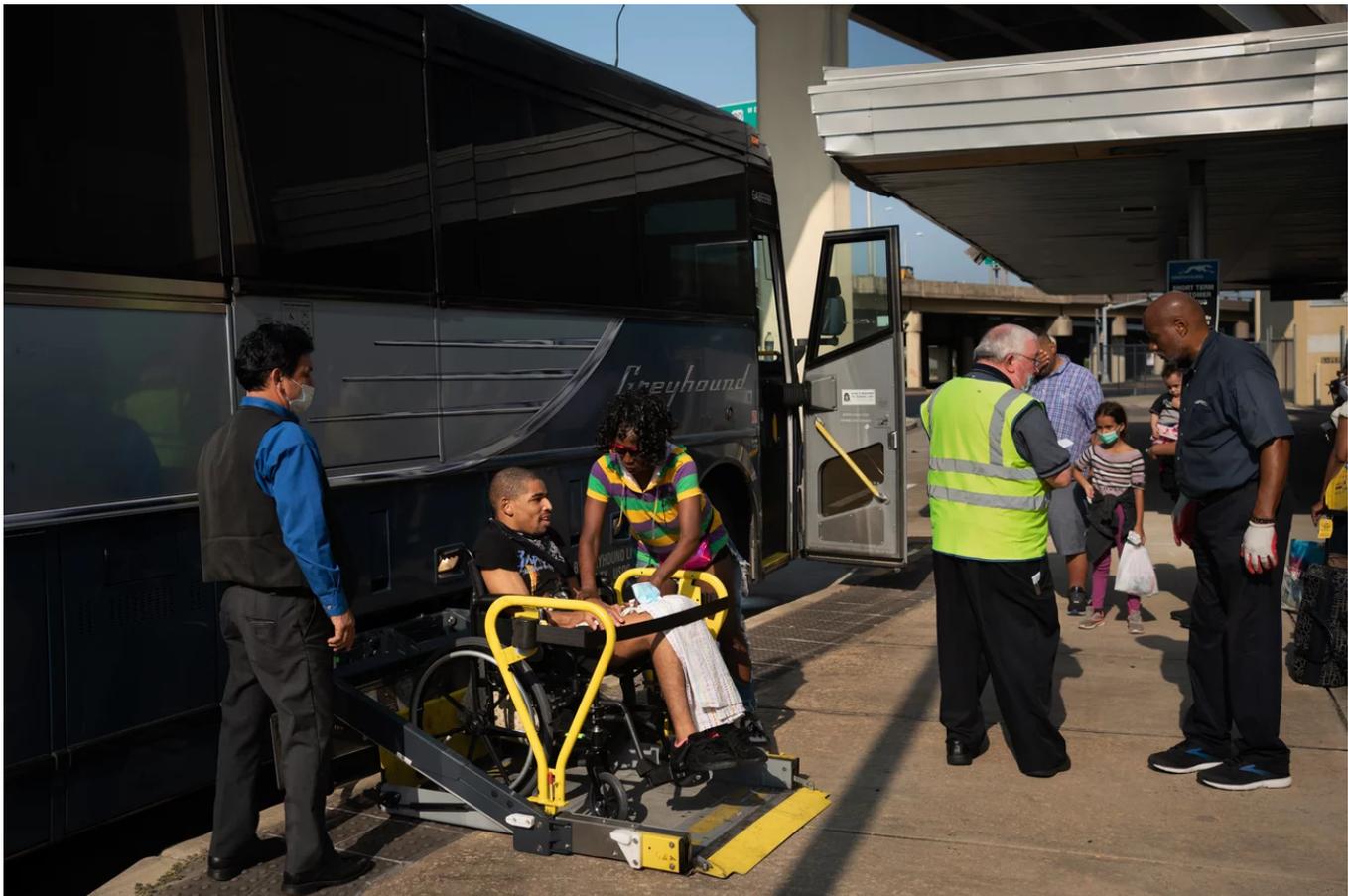
This past spring, the City Council signed off on a less sweeping plan that requires ENO to shift to 100% renewable energy by 2050, allows for carbon emission offsets and could limit the opportunity for more resilient grid upgrades. Nappi, Entergy's spokesperson, did not answer questions about ENO's legal threats but noted that the utility operates solar projects throughout the region.

"To the extent that Entergy is not pursuing aggressive decarbonization, or actively fighting against aggressive decarbonization, it's really undermining any efforts to give

[New Orleans] a resilient system," said University of South Carolina law professor Shelley Welton, whose research focuses on climate change, energy and the environment.

Rather than commit to a rapid shift toward renewable energy, ENO had another plan for strengthening its grid against future storms: the controversial New Orleans Power Station. In 2017, ENO proposed a \$232 million gas plant that would have a "black start" capability that could quickly restore power following an outage. In part because of this technology, councilmembers voted for the plant in March 2018. The lone dissenter, Susan Guidry, criticized ENO for not considering clean energy alternatives to "help save this city."

"We have been given one option by Entergy: a fossil fuel plant," Guidry said before the vote. "That's the only thing they've analyzed. They haven't analyzed alternatives. They said, 'We don't want to analyze transmission lines and upgrade to alternatives because it would cost too much money.' "



Hollins helps her son as he is lifted into the bus.

Kathleen Flynn for ProPublica

Two months later, The Lens reported that a PR firm hired by ENO had paid actors to attend a public hearing on the proposed power station. Wearing orange shirts that said, "Clean Energy. Good Jobs. Reliable Power," they testified in support of the plant without disclosing they were paid to be there. ENO claimed it had no knowledge about the actions of its PR firm. ENO's president and CEO at the time, Charles Rice, later stepped down into a lower role with the company following the scandal. A revote on the plant was scuttled because ENO had already spent nearly \$100 million on it. In February 2019, councilmembers approved a \$5 million fine against ENO and allowed the company to continue construction.

When Hurricane Ida knocked out power citywide, councilmembers expected that the black-start technology would work. The plant survived the storm, but it did not quickly supply power to the city. More than 48 hours passed before ENO restored power to the first 11,500 New Orleans residents. Logan Burke, executive director of the Alliance for Affordable Energy, said New Orleanians must learn why the plant failed at the very moment it was supposed to be used.

"This council must hold Entergy accountable for these promises," Burke said.

After the storm, Entergy Louisiana CEO Phillip May initially said the natural gas plant required power from a downed transmission line. Then, he explained the plant could start up by itself, but the company chose a different way to "rapidly restore power" to more customers. Later, at a news conference, ENO's CEO and president, Deanna Rodriguez, claimed the plant "worked as it was designed to work" and served as a "big part of the solution." She said ENO hoped to get federal aid but wouldn't rule out customers footing the bill for its post-Ida repairs.

Lawyers this week filed a class action lawsuit on behalf of residents against Entergy and its subsidiaries, calling recent blackouts deadly and avoidable. (Nappi said Entergy does not comment on pending litigation.)

Several councilmembers are now calling for a suspension of rate hikes until a post-Ida outage investigation is completed. Regulators could deny ENO's rate increase for Ida repair costs if the company acted imprudently. Councilmember Joe Giarrusso said this storm could spur the drastic grid investments called for by then-Governor Jindal after

Hurricane Gustav. How ambitious those upgrades might be, according to Mayor LaToya Cantrell, depends on the funding provided by the Biden administration.

"It cannot be on the backs of ratepayers," Cantrell said. "We need the federal government to assist."

In a news release Tuesday, Entergy said that it would be open to selling ENO, merging it with another subsidiary, spinning it off as a stand-alone company or even allowing the city to run its own utility. If things remain the same, Councilmember Kristin Palmer says, ENO will face minimal financial risks for not building a stronger grid. Instead, New Orleans residents, who are both ratepayers and taxpayers, will pay the highest cost.

"The way it's structured, we'll just keep doing it the old way," Palmer said "The old way doesn't work."

Lights are on in downtown New Orleans while Central City remains dark.

Kathleen Flynn for ProPublica

The lights come on to show the damage

All around the city, families have returned home to the damage caused by the long outage. After a week near Atlanta, Hollins and her son returned to New Orleans. When she walked into her home, she was dismayed by the toll: the shattered windows boarded up, a hole in her kitchen ceiling and an empty refrigerator. She worried about how she would pay her energy bill, which would soon come due. Without food at home, she used her last few dollars to order a pizza for Carl.

Resting in her ICU bed at Tulane Medical Center, Wilma Banks wanted nothing more than to return home. And on Sept. 6, eight days after the power went out and three days into her hospital stay, she heard from her neighbors that the power had been restored. When she got home, the lights were on. But her air conditioner had stopped working, a grim reminder of her days without power.

"You think about all the backups, and they all failed," she said. "I don't think it's just Mother Nature doing it alone. This is neglect."

This article was co-reported with ProPublica, a nonprofit newsroom that investigates abuses of power.

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