entergy

Lawrence J. Hand, Jr.
Acting VP of Regulatory & Public Affairs
Entergy Services, LLC
504-840-2528 | lhand@entergy.com
4809 Jefferson Highway, Jefferson, LA 70121

August 30, 2023

RECEIVED
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LA Public Service Commission

By Hand Delivery
Mr. Brandon Frey
Louisiana Public Service Commission
602 North Fifth Street
Baton Rouge, Louisiana 70802

Re: Application of Entergy Louisiana, LLC for Approval of Regulatory Blueprint Necessary for Company to Strengthen the Electric Grid for State of Louisiana (LPSC Docket No. U-_____)

Affordable Accountable Achievable

Dear Mr. Frey:

Enclosed are the original and three copies of a Non-Confidential Redacted Version of Entergy Louisiana, LLC's ("ELL" or the "Company") Application for Approval of Regulatory Blueprint Necessary for Company to Strengthen the Electric Grid for State of Louisiana.

The purpose of the Company's application is to extend and modify the Company's Formula Rate Plan ("FRP") to position ELL to continue the work that it has been doing to upgrade and strengthen the electric grid so that it can provide resilient, reliable, sustainable, and affordable service to customers into the future. The application introduces a **regulatory blueprint** necessary to support the most comprehensive grid strengthening efforts in Louisiana history. The application discusses what ELL is doing to improve reliability, make the grid more resilient in the face of extreme weather, and add clean, affordable sources of energy, including:

- Constructing new transmission lines and upgrading and replacing equipment to meet updated design criteria and improve service reliability.
- Deploying new distribution equipment that incorporates technological advancements aimed at improving reliability, while also continuing to invest in ELL's traditional grid reliability and infrastructure programs.
- Improving the resilience of the Company's electric system through accelerated infrastructure hardening and vegetation management over the ten-year period from 2024 to 2033, which is expected to benefit customers by reducing restoration costs and reducing the number and duration of outages experienced after severe weather events.
- Continuing to grow the Company's renewable power-generating portfolio, including adding new solar resources, which can provide benefits to customers in the form of energy savings and other environmental benefits and are needed to meet demand for renewable and clean energy from ELL's large industrial customers and to facilitate continued economic development in Louisiana.

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The application includes a cost of service study, as mandated by Louisiana Public Service Commission ("Commission") Order No U-35565, which requires that a cost of service study accompany this request to extend ELL's FRP. While ELL is not recommending the Commission implement the results of the cost of service study, I note that the study shows that ELL's rates should be increased to collect an additional seven percent (7%) of revenue from customers in comparison to the Company's 2022 total revenues. On the other hand, ELL's recommended path of extending the FRP for three (3) years, with limited but necessary modifications, would reduce the revenue requirement increase to less than three percent (3%) – a more than 50% reduction.

The application also includes proposals to reduce late fees and certain other fees assessed to customers, lower additional facilities charge rates, and provide eligible low-income seniors with monthly discounts on their electric bill. Further, ELL has proposed to hold itself accountable for delivering reliable service to customers by adhering to the most stringent reliability standards of any power provider in Louisiana, with financial penalties and customer credits for failing to meet predetermined reliability goals. I also note that, as ELL, the Commission, and stakeholders work toward aligning on the proper path forward for implementing ELL's proposed blueprint, the Company is open to considering additional performance-based mechanisms designed to further the important goals of transparency and accountability to customers.

In support of this Application, ELL submits herewith the Direct Testimony and Exhibits of Phillip R. May, Steven N. Benyard, Laura K. Beauchamp, Ryan E. O'Malley, Alyssa Maurice-Anderson, Elizabeth C. Ingram, Adrien M. McKenzie, Todd A. Shipman, Stacey L. Whaley, Chris E. Barrilleaux, Crystal K. Elbe, Matthew S. Klucher, Kenneth F. Gallagher, and Dane A. Watson. Mr. May's testimony also includes Exhibit PRM-2, which provides an Executive Summary of ELL's application and recommendations. Please retain the original and two copies for your files and return a date-stamped copy to our courier.

Also enclosed are two copies of the Confidential Version of the referenced filing, which is being provided to you under seal pursuant to the provisions of the LPSC General Order dated August 31, 1992, and Rules 12.1 and 26 of the Commission's Rules of Practice and Procedure. The confidential materials included in the filing consist of competitively sensitive market information or sensitive infrastructure information, the disclosure of which may create an artificial target for suppliers/vendors or create physical security risks. For this reason, this material is confidential and commercially sensitive. The disclosure of the information contained herein would subject not only the Company, but also its customers, to a substantial risk of harm. Accordingly, it is critical that this information remain confidential.

Please retain the appropriately marked Confidential Version for your files and return a date-stamped copy to our courier. Additional copies of the Confidential Version of this filing will be provided to the appropriate representatives of the Louisiana Public Service Commission Staff and made available to intervenors once a suitable Confidentiality Agreement has been executed by the parties.

Finally, also enclosed is a copy of the legal notice of this filing that will be published in the official state journal and in the official journal of each parish within the geographical area served by ELL.

If you have any questions, please do not hesitate to call me.

Thank you for your courtesy and assistance with this matter.

Sincerely,

Lawrence J. Hand, Jr.

LJH/

Enclosures

cc: LPSC Commissioners (*public version only via electronic mail*)

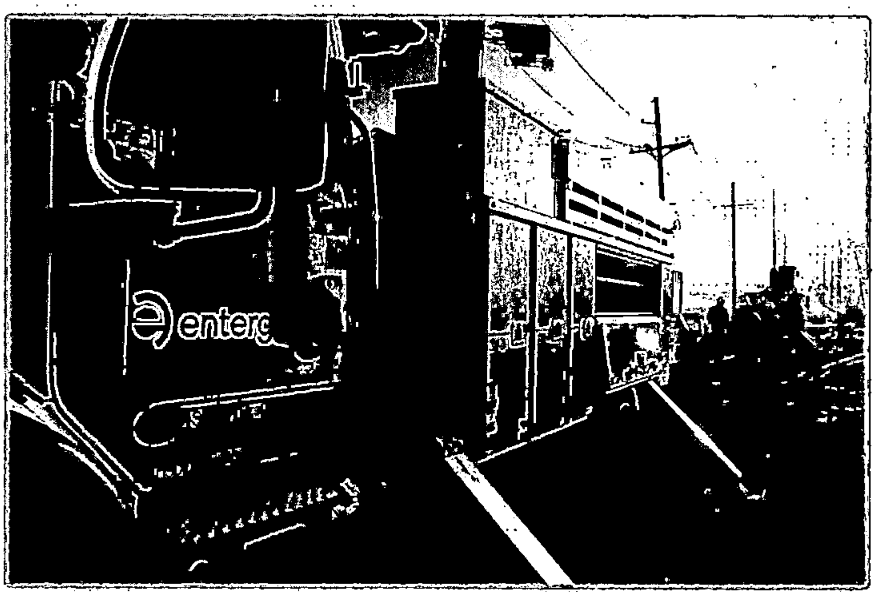
BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL OF REGULATORY BLUEPRINT NECESSARY FOR COMPANY TO STRENGTHEN THE ELECTRIC GRID FOR STATE OF LOUISIANA	))))))	DOCKET NO. U-_____

APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL OF REGULATORY BLUEPRINT NECESSARY FOR COMPANY TO STRENGTHEN THE ELECTRIC GRID FOR STATE OF LOUISIANA

Affordable Accountable Achievable



Entergy Louisiana, LLC ("ELL" or the "Company"), respectfully files this application with the Louisiana Public Service Commission ("LPSC" or the "Commission") for approval of a regulatory blueprint necessary for the Company to strengthen the electric grid for the State of Louisiana as described below (the "Application"). In particular, to position the Company to continue its necessary work to make the grid stronger and more reliable for customers and to prepare the State of Louisiana to meet future challenges and take advantage of future opportunities, ELL seeks to change its rates that are subject to the jurisdiction of this Commission so that those rates align with the current costs that ELL incurs to provide service to its customers and provide the Company with a reasonable opportunity to earn an appropriate rate of return on its rate base.

The Company's Application presents two alternative paths to accomplish those objectives. The Company's first path is dictated by the stipulation reached in LPSC Docket No. U-35565 (as evidenced in LPSC Order No. U-35565 extending and modifying the Company's current Formula Rate Plan ("FRP") for three years, through the 2022 Test Year), which requires ELL to submit a full cost of service filing (the "COS" or "Rate Case") if it seeks to extend its current FRP in a manner that includes a rate reset or modification of terms.

The second, preferred path is the Company's Rate Mitigation Proposal, which is a mitigation strategy for customers that balances their need for affordability with the Company's need to maintain its creditworthiness and the overarching need for reliable, resilient, and sustainable electric service to power the State's economy into the future. Importantly, for this path, ELL is not recommending that the Commission set its rates in accordance with the COS revenue requirement or incur the significant cost of fully litigating that case over the next year, or longer. Instead, as an alternative to the Rate Case, the Company is recommending through its Rate

Mitigation Proposal that the Commission extend its current FRP[1] for three (3) years, with limited but necessary modifications to ELL's Formula Rate Plan Rider Schedule FRP ("Rider FRP").

Customers' need for affordability is what guided the development of the Rate Mitigation Proposal, which recommends a change in rates that is ***less than half*** of the increase that is fully supported by the Rate Case and seeks to keep residential rates below the national average during the course of projects undertaken to strengthen the electric grid. The initial revenue requirement change under the Rate Mitigation Proposal also includes $17 million in one-time customer credits, further reducing the impact on customer bills.[2] That proposal likewise includes new customer-centric programs specifically focused on affordability, such as reducing late fees and certain other fees assessed to customers, lowering additional facilities charge rates, providing eligible low-income seniors with monthly discounts on their electric bill, and adding new voluntary customer options to support new transportation electrification technologies.[3] ELL also is pledging $2 million in shareholder funding to support additional programs to assist customers in need and make free home energy efficiency kits available to customers.

In addition to addressing customers' need for affordability, the regulatory blueprint set forth in this Application demonstrates a commitment to accountability. ELL is proposing to adhere to the most stringent reliability standards of any power provider in Louisiana, with financial consequences and customer credits for failing to meet pre-determined reliability goals. And by assuring a more resilient, reliable, and sustainable grid while maintaining affordability, the

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1 The "existing" or "current" FRP expires as of August 2024, *i.e.*, at the end of the rate effective period for the 2022 Evaluation Period. At that time, existing rates will remain in effect until reset as a result of implementing the results of the COS study submitted with this Application or the Company's recommended Rate Mitigation Proposal.

2 Those one-time credits, which include $17 million of Little Gypsy and FSC-II securitization refunds that the Company will return to customers through the SLGO-L and the SCO-II riders, respectively, also will serve as a one-time reduction of the COS revenue requirement. In other words, customers will receive those credits under either the Rase Case or the Rate Mitigation Proposal.

3 These customer-centric programs are also proposed under the Rate Case.

regulatory blueprint presented in this Application will boost economic development, creating jobs, investment, and increased tax base for the benefit of customers, communities, and the entire State of Louisiana.

If accepted by the Commission, the Company's blueprint and Rate Mitigation Proposal will reduce the time and expense of a traditional rate case; keep in place an efficient FRP mechanism and improve it in ways that support ELL's effort to build a stronger, more reliable grid; provide rate mitigation for customers; and send positive signals about the ratemaking construct and ELL's creditworthiness, to the benefit of customers.

I. OVERVIEW OF RELIEF SOUGHT BY THE APPLICATION

The purpose of the Company's Application is to position ELL to continue the work that it has been doing to upgrade and strengthen the electric grid so that it can provide resilient, reliable, sustainable, and affordable service to customers into the future. The Application introduces a regulatory blueprint necessary to support the most comprehensive grid strengthening efforts in Louisiana history. Strengthening the grid benefits customers by improving reliability, adding resilience to lower the damage from severe weather events and speed up restoration times, and supporting the economic development that is occurring in Louisiana.

With the Commission's support, ELL has already made significant investments in dispatchable generation and transmission that have transformed the foundational aspects of its service and resulted in cleaner energy, better access to wholesale markets, and rates well below the national average. ELL's pending requests for approval of renewable (solar) resources represents the Company's efforts to, among other things, respond to customer preferences, increase the diversity of its generation portfolio, and continue providing reliable service to customers at the lowest reasonable cost. ELL also has worked to improve the reliability of its distribution system by upgrading and replacing aging infrastructure while also leveraging advanced technological capabilities to modernize the distribution grid and improve the overall level of service provided to customers. However, ELL will need to continue investing in its transmission, distribution, and generation functions to prepare the Company and the State of Louisiana for the future. In particular, ELL needs to prepare itself (1) to meet customers' expectations for reliable service in the face of future threats by hardening, modernizing, and increasing the resilience of its transmission and distribution systems, as well as (2) to continue facilitating economic development in the State by making the investments necessary to keep Louisiana attractive to businesses on which the citizens of Louisiana rely. ELL must be financially sound and healthy to achieve those objectives, and this Application seeks to position ELL to make the customer-focused investments necessary to do so.

More specifically, ELL needs to reasonably align its rates with the costs it incurs to provide service to customers, including the cost of equity, which has increased with conditions in the capital markets. The Commission has approved a target return on equity ("ROE") for ELL of 9.5%.[4] In each of the last three test years under the current FRP, however, ELL's actual returns have been significantly less: TY 2020 – 8.45%, TY 2021 – 8.33%, and TY 2022 – 8.33%. These actual returns fall short of providing ELL a reasonable opportunity to recover its costs, and, accordingly, the Company proposes in this Application cost recovery mechanisms that will allow ELL to make the investments necessary to meet customer expectations and pursue customer growth opportunities while maintaining the creditworthiness of the Company and, in turn,

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4 *See* LPSC Order No. U-35565 (June 4, 2021), *In re: Application for Extension and Modification of Formula Rate Plan* ("LPSC Order No. U-35565"), at 3; Attachment A, p. 3.

preserving ELL's ability to access necessary capital at reasonable costs, which benefits customers in the form of lower rates.

LPSC Order No. U-35565 requires that ELL file the Rate Case in connection with any request by the Company to extend its current FRP that includes a rate reset or modification of terms. The COS study that ELL has performed in accordance with the legal and regulatory framework that guides the Commission's setting of base rates for electric service establishes that ELL's rates should be increased to collect at least $430 million in additional annual revenue from customers in order to allow ELL a reasonable opportunity to fully recover the cost of serving its customers. Under the Rate Mitigation Proposal recommended by the Company, however, ELL is proposing to reduce the $430 million revenue requirement increase to approximately $173 million,[5] less than half of the increase supported by the COS study (which represents an increase of less than 3% compared to the increase of over 7% that is supported by the COS study). The Company also is proposing to accept a lower ROE for ELL's electric utility operations than the level that the market indicates and is supported by the Rate Case. The goal under the Rate Mitigation Proposal is to keep residential rates below the national average during the upcoming period of investment in Louisiana's grid.

As explained in the accompanying Direct Testimony, while the Company believes that the analyses supporting its Rate Case are sound and would support the implementation of just and reasonable rates, the Rate Mitigation Proposal reflects a more streamlined, cost-effective process

[5] As part of the Rate Mitigation Proposal, the Company proposes that the Commission approve the lower late, connection, reconnection, and additional facilities charge rates included in the COS study (as discussed herein and in the accompanying testimony). All customer classes would benefit from those collective fee reductions. However, to implement on a revenue neutral basis, the reduction in fee revenue would result in a corresponding increase in FRP rates. Revenue from these fee categories is included in total Company revenue today and reducing the fees would not result in a net increase in revenue to ELL. Therefore, the Company is not including the reduction in fees within the $173 million estimate but would expect to implement the changes in fee rates on a revenue neutral basis.

for establishing new rates and provides a greater level of certainty given that the FRP is a predictable mechanism of rate recovery in the eyes of potential investors and credit rating agencies. Thus, the stability and security of knowing that an enhanced FRP is in place will enable the Company to attract capital and execute infrastructure improvements more expeditiously at this critical juncture than would the unknown duration of a fully-litigated rate case with potentially multiple appeals. And, importantly, this regulatory blueprint would allow ELL to ramp up efforts to strengthen the grid sooner rather than later, which benefits customers.

In addition, both the Rate Case and the Company's Rate Mitigation Proposal include customer programs specifically focused on affordability such as reducing late and certain other fees assessed to customers, lowering additional facilities charges, and providing eligible low-income seniors with monthly discounts on their electric bill.

II. THE COMPANY

ELL is a limited liability company duly authorized and qualified to do and doing business in the State of Louisiana, created and organized for the purposes, among others, of generating, transmitting, distributing, and selling electricity for power, lighting, heating, and other such uses; and ELL is engaged in the business thereof in fifty-eight (58) of the sixty-four (64) parishes of the State of Louisiana.[6] As of December 31, 2022, ELL provided electric service to approximately 1.1 million customers. Roughly 86% of ELL's customers are residential customers, 12% are commercial, 1% are industrial, and 1% are governmental. For 2022, ELL's total kilowatt hour

[6] On October 1, 2015, pursuant to Louisiana Public Service Commission ("LPSC" or "Commission") Order No. U-33244-A, Energy Gulf States Louisiana, L.L.C. ("Legacy EGSL") and Entergy Louisiana, LLC ("Legacy ELL") combined substantially all of their respective assets and liabilities into a single operating company, Entergy Louisiana Power, LLC, which subsequently changed its name to Entergy Louisiana, LLC ("ELL"). Upon consummation of the business combination, ELL became the public utility that is subject to LPSC regulation and is the successor of Legacy EGSL and Legacy ELL.

retail sales consisted of 24% residential, 19% commercial, 55% industrial, and 1% governmental. All of ELL's retail sales of electricity and service are subject to the jurisdiction of the LPSC.

III. THE COMPANY'S REQUESTED RELIEF

Legacy ELL's rates have been set through an FRP since 1995,[7] and the Company last filed a full rate case with the Commission in February 2013.[8] ELL's FRP has been extended several times, most recently in LPSC Order No. U-35565, which extended ELL's FRP for 3 years, through the 2022 Test Year.[9] The Company's FRP, and the constructive recovery mechanisms that the Commission has authorized under the FRP, have generally resulted in reasonable rates that have benefitted customers. In recent years, however, the FRP has not provided the Company a reasonable opportunity to recover the costs of serving its customers.

The continuation of a constructive regulatory environment is critical to maintaining ELL's creditworthiness and allowing ELL to make needed investments for customers. ELL is in the midst of a wide-ranging effort to modernize and improve its infrastructure to meet the Commission's and customers' expectations, work that will extend throughout the coming decade. In recent years, ELL has focused on modernizing its transmission and distribution infrastructure, and the Commission has supported this work through the Transmission Recovery Mechanism ("TRM") and the Distribution Recovery Mechanism ("DRM") in the current FRP because of the significant level of associated investment.[10] These creative, tailored ratemaking mechanisms help to make this work possible, and ELL must continue this work to ensure reliable and resilient service for

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7 Legacy EGSL's rates also have been set through an FRP since 1995.

8 *See* LPSC Docket Nos. U-32707 and U-32708.

9 *See* LPSC Order No. U-35565.

10 The Commission approved the TRM and the DRM being added to the Company's FRP so that ELL could recover the costs associated with transmission and distribution improvements in the year that such improvements are completed. Company witness Steven N. Benyard describes the significant levels of investment in ELL's transmission and distribution systems supporting the continued need for the TRM and the DRM.

customers. In addition, stakeholders – customers and investors – want ELL to take steps to mitigate storm restoration costs and the duration of storm outages, and ELL has asked the Commission to approve the first phase of its Resilience Plan in LPSC Docket No. U-36625 ("Resilience Plan") – ELL's proposed course of action to improve overall electric system resilience – with a cost in the billions.[11] The Company also is continuing to grow its renewable power-generating portfolio, including adding new solar resources, which provide benefits to customers in the form of energy savings and other environmental benefits and are needed to meet demand for renewable and clean energy from ELL's large industrial customers and to facilitate continued economic development in Louisiana.

ELL also expects that it will face cash-flow challenges – some known, such as the Inflation Reduction Act and the imminent expiration of property tax exemptions. The Company must have the financial integrity and support to withstand these known and other unknown (and perhaps severe) challenges and take advantage of future opportunities as the Company works to continue meeting customers' needs in the near term.

As demonstrated by the accompanying Direct Testimony, ELL cannot satisfy the needs described above, successfully navigate various challenges, and maintain its creditworthiness based on its current rates, which are no longer adequate to permit the Company to recover all of its costs. Accordingly, the Company is requesting that the Commission continue, improve, and, in some cases, adopt credit supportive ratemaking mechanisms that will enable ELL to make necessary investments while remaining financially healthy and preserving its creditworthiness.

In its Application, ELL presents both the Rate Case and the Rate Mitigation Proposal, which are further described below and in the accompanying Direct Testimony.

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[11] LPSC Docket No. U-36625 ("Resilience Plan Docket").

IV. THE RATE CASE

ELL's Application presents the Rate Case, which is a full COS filing with all necessary supporting data and information, as required by LPSC Order No. U-35565. ELL's COS study demonstrates, among other things, that the Company should be collecting additional revenue from customers compared to what it has been earning under its current FRP.

A. Rate Design

One objective of preparing a COS study is to determine the portion of a utility's costs, as measured by its revenue requirement, for which each of the various rate classes is responsible. This then becomes one of the factors to be considered in determining the revenue level appropriate for each rate class. In addition, a COS study provides revenue requirement information by function that is useful in the rate design process. While a regulator has discretion in the area of rate design, the COS study is generally used as a starting point or guide in the development of rates.

In this Rate Case, the Company does not propose that the revenue to be recovered from each rate class be based solely on the results of its COS study. As explained by Company witness Matthew S. Klucher, a revenue allocation based solely on the COS study shows some significant disparities between the level of allocated costs by class and the current amount each customer class pays towards those costs. As a result of such disparities, ELL is proposing to rebalance the revenue responsibility among rate classes in a manner that is informed by the COS study, but does not strictly adhere to its results, in order to address considerations including rate stability and rate impacts, both of which are important to customers.

Specifically, ELL is proposing that no class receive a rate decrease given that overall ELL needs a rate increase.[12] ELL proposes to redistribute the revenue above the level identified in the

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12 From a Total Revenue perspective, the COS study results in a 7.3% overall increase for the Company.

COS study for some rate classes (those that would experience a decrease in revenues when comparing present revenues to those projected by the COS study) to most of the other customer classes that, under the COS study, would receive an increase greater than the overall revenue requirement increase average of 7.3%. This revenue allocation process is revenue neutral to the Company. In other words, the Company's proposed revenue allocation process changes the revenue responsibility among the classes but does not impact the Company's overall revenue requirement.

ELL's proposed revenue allocation process departs from the COS study while moving the customer classes closer to their respective costs of service. The proposed process mitigates the disproportionate effects on certain classes of customers and rebalances the current relative cost burdens to arrive at a reasonable revenue amount to be recovered from each rate class. Typical bills reflecting the impact of the Company's proposed revenue increase and changes in rate design under the Rate Case are included with Company witness Crystal K. Elbe's Direct Testimony.

B. Rate Case Requests

The Direct Testimony and accompanying analyses submitted in support of the Rate Case justify the Commission's extending and modifying current ratemaking mechanisms in place under the Company's current FRP and adopting certain new ones. Important components of the Company's Rate Case include requests for:

- An initial revenue requirement increase (net of one-time credits) of $430 million to allow the Company to earn its authorized rate of return;
- An ROE of 10.5%;
- Updated depreciation rates that return capital to ELL on a timeline that aligns with the expected life of the underlying asset;

- Incorporating the net effect of known and measurable increases to rate base and offsetting the effects of increased load through August 31, 2024;
- Ratemaking treatment of Production Tax Credits ("PTCs"), recently enabled by the Inflation Reduction Act of 2022, that will align the benefits of those credits with the recovery of the costs of the generating resources that create PTCs as well as avoid cash-flow shortages for the Company;
- Re-authorizing the Company's implementation of an FRP for a three-year term following implementation of rates informed by the COS study, which the Commission required to be filed with this Application, taking into account certain modifications to the Company's existing FRP that are necessary to meet the Company's needs for timely recovery of investment;
- Implementing a simplified set of rates that consolidates the rate options for customers and proposes rate combinations for certain customers;
- Simplifying, adding, withdrawing, and modifying certain rate schedules and riders;
- Reducing late and certain other fees assessed to customers and lowering additional facilities charges;
- Expansion of available discounts for low-income senior citizens;
- Adding new voluntary customer options to support new transportation electrification technologies;
- Shifting of trust funding from the River Bend Station ("River Bend") decommissioning trust to the Waterford 3 Steam Electric Station ("Waterford 3") decommissioning trust without changing the current combined decommissioning revenue requirement;

- Increasing the Company's storm reserve accrual from \$5.6 million to \$12.4 million per year, and ELL's recovering over ten years minor storm costs currently recorded in the storm reserve; and
- Eliminating the Company's Fuel Tracker Rider.

Each of these components is described below.

1. Increase in Base Rate Revenue

To maintain its creditworthiness, ELL must be afforded a reasonable opportunity to recover the costs it incurs to serve customers, including both operation and maintenance expenses as well as ELL's ongoing and increasing investment in electric infrastructure, including a reasonable return on that investment. Specifically, as discussed by Company witness Chris E. Barrilleaux, ELL requests, in connection with the Rate Case, that it be allowed to increase the base rate revenue it collects from customers by \$447 million (not including one-time credits[13]) as shown in the following table.

[13] Including the \$17 million in one-time credits explained in note 2, *supra*, results in an initial revenue requirement increase of \$430 million.

Summary of Rate Relief Requested in the Rate Case		
	Description	**Amount ($millions)***
1	Present Base Rate Revenue (1)	$3,186
2	Present FRP Rate Adjustment (2)	(153)
3	Present Revenue from Other Existing Riders (3)	3,064
4	**Present Total Retail Revenue** (Sum of L1 through L3)	**$6,097**
5	Proposed Base Rate Revenue (4)	$3,634
6	Estimated FRP Rate Adjustment (2)(5)	(153)
7	Revenue from Other Existing Riders (3)	3,064
8	**Proposed Total Retail Revenue** (Sum of L5 through L7)	$6,545
9	**Total Retail Revenue Deficiency/(Sufficiency)** (L4 – L8)	$447

Note:
(1) This amount includes FRP revenues rolled into base rates. Reference Exhibit CKE-2 to Ms. Elbe's testimony.
(2) This amount includes FRP revenues attributable to items that were not rolled into base rates, which includes the MCRM, TRAM and one-time credits included in the Extraordinary Costs. Reference Exhibit CKE-2 to Ms. Elbe's testimony.
(3) This amount includes revenue from the following riders: Fuel Adjustment Clause Rider; Fuel Tracker Rider; Environmental Adjustment Clause Rider; Fuel Stabilization Pilot Program Rider ("FSPP"); Financed Storm Cost ("FSC") Riders FSC-III, FSC-IV, and FSC-V; and Storm Cost Offset ("SCO") Riders, SCO, SCO-II, SCO-III Rider, SCO-IV, and SCO-V.
(4) Reference Exhibit CEB-2, page RR-1, to Mr. Barrilleaux's testimony.
(5) This amount is an estimate and will be updated with the implementation of new base rates.
* Amounts do not foot due to rounding.

As shown in Line 4, ELL's Present Total Retail Revenue from customers is $6.097 billion. As shown on Line 8, ELL proposes that its Total Retail Revenue be increased to $6.545 billion. That is an increase of $447 million as shown in Line 9 (the amounts do not foot due to rounding). Mr. Barrilleaux discusses the components of the Proposed Base Rate Revenue (Line 5), Estimated FRP Rate Adjustment (Line 6), and Revenue from Other Existing Riders (Line 7) in his Direct Testimony.

2. *Adjustment To Return on Equity*

The ROE is the cost of attracting and retaining common equity investment in the utility's physical plant and assets. This investment is necessary to finance the asset base needed to provide utility service. Investors commit capital only if they expect to earn a return on their investment commensurate with returns available from alternative investments with comparable risks. Thus, a supportive ROE is important to delivering the cash flows necessary to allow ELL to continue to deliver infrastructure improvements and new technologies to customers without putting ELL in the position of a credit downgrade or reducing investor confidence, thereby increasing costs for customers. Furthermore, ELL's recent earnings track record shows that it has under-earned its authorized return significantly in each of the past three years.

Accordingly, in the Rate Case, ELL is requesting an ROE of 10.5%. The accompanying Direct Testimony supports the position that a reasonable cost of equity for ELL would fall within a range extending from 10.2% to 11.2%. As discussed by Company witness Adrien M. McKenzie, the midpoint of this range, 10.7%, represents a just and reasonable ROE that is adequate to compensate ELL's investors while maintaining the Company's financial integrity and ability to attract capital on reasonable terms. ELL's COS study incorporates an ROE of 10.5%, however, which ROE is below the 10.7% midpoint of Mr. McKenzie's recommended range. The 10.5% ROE used by ELL thus represents a reasonable compromise between balancing the impact of higher rates on customers and the need to provide the Company with a return that is adequate to compensate its investors under today's market conditions.

As discussed by Company witnesses Phillip R. May and Mr. McKenzie, there are a number of reasons why a 10.5% (or higher) ROE is reasonable, each of which influences investors' risk perceptions. First, ELL's Louisiana electric operations are subject to risk factors associated with the Company's ownership of nuclear-powered generating facilities. Second, the Company's service area is located in a storm-prone region, which implies a higher risk operating environment and exposes ELL to the additional financial pressures associated with repairing the damage caused by catastrophic weather events.[14] Third, ELL has a relatively high concentration of industrial load, which exposes the Company to greater cash flow volatility from economic cycles. And fourth, ELL is in the midst of a major capital expenditure program to meet customer demand, expand access to renewable resources, and increase resilience against future storm events.[15] ELL must have sufficient financial health and creditworthiness to meet these challenges effectively.

3. Approval of Updated Depreciation Rates

As discussed by Company witnesses Mr. O'Malley and Dane A. Watson, ELL's electric depreciation rates should be increased so that the customers that receive service from the Company's assets bear the corresponding cost of those assets as they receive service, instead of burdening future customers with higher costs in order to receive the same benefits as current customers from the same assets.

The Company's comprehensive depreciation rates were last approved more than thirty years ago.[16] In support of its request for updated depreciation rates, the Company is presenting the results of a new depreciation study conducted by Alliance Consulting Group. For purposes of

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14 As discussed by Company witness Ryan E. O'Malley, ELL very likely will have limited capacity to use securitization debt to finance any additional storm restoration costs for a number of years.

15 The Company is seeking approval in the Resilience Plan Docket of a Resilience Plan Cost Recovery Rider to permit timely recovery of the Resilience Plan's revenue requirement as ELL completes the plan's resilience improvements and customers begin receiving the benefits of those improvements. ELL is not seeking to recover the costs of the Resilience Plan in this Application.

16 ELL's depreciation rates for Steam Production, Other Production, Transmission, Distribution, and General Plant assets are based upon a study of ELL assets as of December 31, 1986, and were approved by the Commission in LPSC Docket No. U-17906. The depreciation rate for the Waterford 3 nuclear power plant was determined based upon a study of the plant balance as of December 31, 2003, and was approved by the Commission in LPSC Docket No. U-20925 (2004 RRF). The depreciation rates for ELL's newer non-nuclear generating units were determined in proceedings related to the certification of those assets.

the depreciation study, Alliance Consulting Group determined service life and net salvage estimates for production plant. In developing service life recommendations for the Company's depreciable plant, the objective was to project the remaining cost (installation, material, and removal cost) to be recovered and the remaining periods in which to recover the costs. To determine net salvage estimates, Alliance Consulting Group examined the experience realized by the Company by observing the actual net salvage for various bands (or combinations) of years. The method used to establish appropriate net salvage percentages for each account was determined by using the same methodology that was approved by the Commission in prior cases and that is commonly employed throughout the industry.

The proposed, updated depreciation rates are presented with the testimony of Mr. Watson. Those rates are reflected in the COS study included with this Application. Updating the Company's depreciation rates to the level supported by the depreciation study would allow the Company to recover its capital and thereby result in additional cash for reinvestment in connection with the Company's plans to strengthen the grid to improve reliability; to make the grid more resilient in the face of extreme weather; and to add clean, affordable sources of energy.

4. Update for Infrastructure Improvements and New Load

ELL's Application also includes a request to incorporate the net effect of known and measurable infrastructure improvements and offsetting effects of increased load through August 31, 2024. As discussed by Mr. Barrilleaux, the starting point for the preparation of the Company's COS study was the unadjusted or "per book" rate base, revenues, and operating expenses for the Test Year twelve-month period ending December 31, 2022. Because the rates presented in the Rate Case would go into effect in September 2024, the Company has proposed pro forma adjustments to the per book accounting data to ensure that the resulting rates are representative of the known and measurable costs to be incurred and revenues to be received by the Company when the new rates become effective. Mr. Barrilleaux, Ms. Elbe, and Mr. O'Malley support the pro forma adjustments that were made in determining the adjusted rate base and operating income for the Company's COS study.

5. Tax-Related Cash Flow Effects

As discussed by Company witnesses Mr. O'Malley and Stacey L. Whaley, ELL expects to be eligible for PTCs under the Inflation Reduction Act of 2022 and potentially subject to the corporate alternative minimum tax ("CAMT") at some point in the future. With PTCs being tied to a generator's output, the PTCs may be quite significant. Accordingly, ELL seeks a constructive ratemaking solution that flows the benefits of the PTCs, net of any costs associated with PTC monetization (*i.e.*, any proceeds derived from the sale of PTCs to a third party for cash), over a longer time period, such as the remaining useful life of the resource generating the PTCs. Such a proposal would prevent sharp increases in rates when the PTCs phase out and would support intergenerational equity by allowing the benefits from the PTCs to be flowed over the asset's remaining useful life to the various customers bearing the cost of the resource generating the PTCs.

As explained in supporting testimonies, due to the existence of ELL's net operating loss ("NOL") carryforwards, the negative cash flow from immediately providing credits to customers for the grossed-up value of the PTCs would likely be damaging to ELL's financial condition, which would already be stressed by the Company's plans for extensive capital investment as described above and in the accompanying Direct Testimony. Also, ELL may be subject to the CAMT in the near future, which would also negatively affect cash flow. ELL's ratemaking proposal seeks to address these dynamics as well. This proposal would preserve ELL's cash flow and assure that ELL is able to access capital at reasonable costs, which benefits customers by facilitating ELL's ability to make the many necessary investments to serve its customers. As Company witness Alyssa Maurice-Anderson describes, ELL would flow the benefits of the PTC proceeds to customers through the FRP.

6. Modifications to ELL's Existing Rider FRP

In the Rate Case, ELL is requesting that the Commission re-authorize implementation of an FRP for a three-year term following implementation of rates resulting from the COS study. The use of an FRP provides significant administrative efficiencies (both in terms of cost and time) as compared to base rate cases. The FRP also helps to ensure that adjustments to rates will be made in a timely fashion, which benefits both customers and the Company. Moreover, ELL needs the cash flow support and mitigation of regulatory lag provided by the Additional Capacity Mechanism ("ACM"), the TRM, and the DRM to execute its capital plans.

The FRP submitted with the Application is based in large part on the Company's current FRP. The elements of the FRP's procedural structure, such as the timing and form of the annual filings, period of review by the parties, the revenue bandwidth (100-basis point bandwidth), rate redetermination that resets changes in revenue to the edge of the applicable band, timing of rate implementation, and the dispute resolution process have all been retained. Several of the major adjustment mechanisms, including, among others, the ACM, largely retain their operational characteristics but are modified in a way that formalizes in one document the steps that have been taken (in practice) for many years to implement the FRP provisions under the authority of the Commission. Similarly, with respect to the DRM and TRM, the structure of those mechanisms has been largely retained, but the Company's request in this proceeding contemplates expansion of the amount of costs eligible for recovery through the DRM.

In particular, the Company's proposed changes to Rider FRP that are necessary to meet the additional needs for timely recovery of investment include, for example:

- Changes to the ACM including clarifying language to expressly reflect the manner in which the Commission has administered the recovery of the cost of new generation for at least the past decade. The Company has also proposed to add a provision specific to renewable resources and address revenues generated under various optional renewable tariffs like the recently-approved Rider Geaux Green Option ("Rider GGO")[17] and others pending approval.
- Changes to the treatment of the tax mechanism contained in Section 5 of the FRP to make the mechanism flexible enough to address other changes to tax laws that will affect the Company's revenue requirement, including ad valorem taxes and PTCs for clean energy available under the Inflation Reduction Act of 2022.
- Modifications to the DRM required to better facilitate the Company's necessary investment in the distribution grid, including removing the cap on the amount of investment that is eligible for recovery through the DRM; continuing of the DRM Performance Accountability Standards, subject to certain needed modifications (discussed by Mr. Benyard) to hold ELL accountable for delivering the reliability benefits associated with distribution investments; and updating the depreciation rate that will be assumed for the calculation of the applicable DRM revenue requirement.
- Procedural enhancements to ensure timely resolution of Test Year filings.

[17] It should be noted that the Company's proposal as to Rider GGO is consistent with the conditions on which the Commission approved the Rider in Order No. U-36190.

Details regarding these and the Company's other proposed modifications are discussed by Ms. Maurice-Anderson, and Exhibit AMA-2 to her testimony contains all of the Company's proposed modifications to the FRP. If the Commission re-authorizes implementation of an FRP following the COS study, the Company requests that it do so in the form of Exhibit AMA-2.

7. *Other Modifications to Tariffs and Rates Included in the Application*

The Direct Testimony filed with the Company's Application also includes certain additional proposals that are intended to help ELL better meet its customers' needs now and into the future. These include the following requests (which are discussed in more detail in the accompanying Direct Testimony):

- To consolidate the rate options for Legacy ELL and Legacy EGSL across several customer classes and propose rate combinations for residential and certain other customers such that they have access to the same set of base rates and riders (subject to the eligibility criteria in each tariff), regardless of their physical location;
- To simplify rates and tariffs where feasible, add new rate schedules and rate riders, withdraw certain rate schedules and rate riders, and make certain modifications to rate schedules and riders;
- To modify a number of separate fees for customers, including reducing late fees, modifying (and in some cases eliminating) certain miscellaneous fees, and lowering additional facilities charges;
- To expand available discounts for low-income senior citizens;
- To add new voluntary customer options to support new technologies, namely, the Charging Infrastructure Rider and the Demand Adjustment Rider;

- To approve the shift of trust funding from the River Bend decommissioning trust to the Waterford 3 decommissioning trust without changing the current combined decommissioning revenue requirement;
- To increase the Company's storm reserve accrual from $5.6 million to $12.4 million per year, and to recover, over ten years, minor storm costs currently recorded in the storm reserve;[18] and
- To eliminate the Company's Fuel Tracker Rider.

V. RATE MITIGATION PROPOSAL

The Rate Mitigation Proposal is the Company's recommended approach to best support the Company's comprehensive grid strengthening efforts. The Rate Mitigation Proposal recognizes that affordability is a major concern for ELL's customers, particularly as ELL does the necessary work to make the grid stronger and more reliable. Through the Rate Mitigation Proposal alternative to the Rate Case, ELL is proposing a rate increase that is significantly less than the increase supported by the COS study. More specifically, under the Rate Mitigation Proposal, ELL proposes that the Commission extend the current FRP for three (3) years (2023-2025), with limited but necessary modifications to ELL's Rider FRP, which extension will reduce the revenue requirement increase to less than half of the increase supported by the Rate Case. The Rate Mitigation Proposal also includes multiple initiatives to make it easier for customers to do business with ELL, including reduced late and certain other fees assessed to customers, lowering additional facilities charges, providing eligible low-income seniors with monthly discounts on their electric bill, and adding new voluntary customer options to support new transportation electrification

[18] Such an increase will permit the recovery of storm restoration costs from less severe storms on a timely basis and help to preserve the storm escrow account for use after major hurricanes, winter storms, and other severe weather events.

technologies. ELL also is pledging $2 million in shareholder funding to support programs to assist customers in need and make free home energy efficiency kits available to customers. And the Commission can approve the Rate Mitigation Proposal on a more efficient schedule than a traditional rate case.

Under the Rate Mitigation Proposal, ELL is proposing to accept lower rates, including a lower ROE for its owners, in order to achieve an outcome for its customers that maintains ELL's low rates while at the same time providing certainty with respect to the ratemaking construct. This nearer-term certainty will be viewed favorably by potential investors and credit rating agencies and, in turn, enable the substantial investments needed to deliver resilient, reliable, sustainable, and affordable service. Specifically, as part of the Rate Mitigation Proposal, ELL proposes:

- An initial revenue requirement increase of approximately $173 million (net of one-time credits), less than 50% of the increase supported by the COS study;
- A lower target ROE of 10.0% compared to the Rate Case;
- Reducing depreciation expense compared to the Rate Case, limiting the update to nuclear depreciation rates only, with the more limited increase to depreciation expense being phased in over three (3) years; and
- Eliminating the Company's Fuel Tracker Rider.

As with the Rate Case, the Rate Mitigation Proposal includes implementing a residential rate combination to move the Company toward a simplified set of rates. Again, the Rate Mitigation Proposal also incorporates the reductions in late fees and facilities charges, expansion of discounts for low-income seniors, and proposals to support transportation electrification that are included with the Rate Case.[19] In addition, the same modifications to the Company's current FRP that are discussed in Ms. Maurice-Anderson's testimony and that are reflected in Exhibit AMA-2 (following implementation of rate resulting from the COS study) would be necessary under the Rate Mitigation Proposal to meet the Company's needs for timely recovery of investment. (These include, among others, the changes to the ACM and to the treatment of the tax mechanism in Section 5 of the FRP, as well as modifications to the DRM mechanics and performance targets.[20]) If the Commission approves the Rate Mitigation Proposal, the Company suggests that the Company's proposed Rider FRP that is attached to Ms. Maurice-Anderson's testimony as Exhibit AMA-2 be used as the starting point for doing so. Exhibit AMA-2 would also be subject to additional modifications to reflect the Rate Mitigation Proposal recommended by the Company. Those adjustments can be addressed in discussions among the parties.

In summary, the Rate Mitigation Proposal balances rate affordability for customers, the need to upgrade and strengthen the electric grid for customers, and the need for ELL to maintain the financial health and creditworthiness required to perform that work at a reasonable cost to customers. Whether the Commission pursues extension of a modified FRP in the form of the Rate Mitigation Proposal or authorizes an FRP to take effect following implementation of rates resulting from ELL's COS study, the results produced from either alternative will result in just and reasonable rates. But when compared to the Rate Case, the Rate Mitigation Proposal reflects a

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[19] The Company's Rate Mitigation Proposal requests approval of the Company's requested changes to Schedules FRP, AFC, and MS; approval of the new Schedules RS, RS-SC, CI, and DA; withdrawal of Schedules RS-G, RS-L, RS-SC-G, A-L, A-1-L, AFC-G, AFC-L, and FT; and appropriate edits to other ELL tariffs to update the late fee policy and remove embedded facility charges in Legacy ELL schedules, all as discussed in Ms. Ingram's testimony with respect to the Rate Case. Other non-price-related modifications to the Tariff Book (Exhibit ECI-7 to the testimony of Ms. Ingram) proposed in connection with the Rate Case would not be a part of the Rate Mitigation Proposal but could be considered in a separate phase of the proceeding.

[20] ELL also understands that the Commission is interested in exploring broader performance-based rate provisions beyond the DRM, and the Company is open to collaborating on such mechanisms to further the important goals of transparency and accountability to customers.

more streamlined, cost-effective process for establishing new rates and provides a greater level of certainty regarding the FRP as a predictable mechanism of rate recovery. This nearer term certainty is consistent with investor expectations and should be viewed more favorably by potential investors and credit rating agencies, thus supporting ELL's ability to maintain its access to capital on reasonable terms. If accepted by the Commission, the Company's Rate Mitigation Proposal will reduce the time and expense of a traditional rate case; keep in place an efficient FRP mechanism and improve it in ways that support ELL's effort to build a stronger, more reliable grid; provide rate mitigation for customers; result in just and reasonable rates under the circumstances; and send positive signals about the ratemaking construct and ELL's creditworthiness, to the benefit of customers.

VI. SUMMARY OF WITNESSES SUPPORTING THE APPLICATION

The Direct Testimony and associated exhibits for the following witnesses (attached hereto and filed herewith) support the Company's requested relief. The proposed rate schedules to produce the level of rate relief sought herein at this time by the Company as part of the COS or "Rate Case" aspect of the Company's Application are among those exhibits. The testimony also fully supports the relief that the Company is requesting from the Commission in connection with the Rate Mitigation Proposal. It is anticipated that the following witnesses, as well as any necessary rebuttal witnesses, will be called to testify at the hearing of this matter on the subjects indicated below:

- **Phillip R. May** – President and Chief Executive Officer of ELL. Mr. May provides an overview of ELL's current operations and addresses certain risks that support ELL's requested relief. He also discusses ELL's investment in its transmission, distribution, and generation systems, and describes the Company's objectives of meeting customer expectations and growth opportunities in the Louisiana communities that ELL serves and the additional investment in the grid that is required to accomplish those objectives. Finally, he describes the relief that ELL is seeking in this proceeding, including a summary of both the Rate Case and the Company's Rate Mitigation Proposal, and explains the Company's recommendation to implement the Rate Mitigation Proposal.

- **Steven N. Benyard** – Vice President of Reliability. Mr. Benyard describes the Power Delivery Organization, which is responsible for planning, operating, and maintaining ELL's transmission and distribution systems, as well as the Capital Projects Organization, which designs and constructs ELL's transmission and distribution systems. He also provides an overview of the Company's transmission system, and discusses ELL's transmission planning procedures, including transmission reliability planning in connection with ELL's participation in the Midcontinent Independent System Operator, Inc. Regional Transmission Organization. He also provides details about ELL's planned financial investment in maintaining and improving the reliability of its transmission system, which includes discussion of some of the major transmission improvement projects that ELL anticipates constructing in the coming years. In addition, Mr. Benyard provides an overview of ELL's distribution system, including details about ELL's planned financial investment in maintaining, modernizing, and improving the reliability of its distribution system. Finally, he explains the unique challenges posed to ELL's distribution system, describes ELL's distribution reliability performance relative to the DRM Performance Accountability Standards adopted in LPSC Order No. U-35565, and discusses the accountability targets ELL proposes to put in place as part of its plan to continue, and expand, the DRM, which modified targets would apply under both the Rate Case and the Rate Mitigation Proposal.

- **Laura K. Beauchamp** – Director, Resource Planning and Market Operations. Ms. Beauchamp describes the Company's present and upcoming needs (during the 2023-2027 time period) for investment in additional generation resources – particularly solar photovoltaic ("PV") generation resources – as well as the nature of additional transmission investments the Company anticipates making during that time. She also describes how ELL's recent past investments in modern, dispatchable, gas fired generation have paved the way for integrating renewable resources into ELL's generation portfolio in a manner that preserves reliability and allows ELL's customers to enjoy the economic benefits that solar PV resources can provide. Finally, she explains the growing demand for renewable resources from ELL's customers and new customers looking to invest in the State of Louisiana (a determining factor of which is the utility's ability to serve the customer with renewable generation), which demand is driven by these customers' sustainability targets and those of their own customers and investors.
- **Ryan E. O'Malley** – Controller of Utility Operations Accounting. Mr. O'Malley explains how the continuation of a constructive regulatory environment is critical to maintaining ELL's creditworthiness and enabling it to make needed investments. In connection with the Rate Case, he supports the basis for Adjustment AJ35 (Plant Transfers) and also summarizes the major projects driving the plant closings reflected in the adjustment. Finally, he supports ELL's request as part of the Rate Case to increase the storm reserve accrual from \$5.6 million to \$12.4 million per year and to recover over ten years minor storm costs currently recorded in the storm reserve.

- **Alyssa Maurice-Anderson** – Director of Regulatory Filings and Policy for ESL. Ms. Maurice-Anderson provides an overview of the Company's existing FRP, including a discussion of how both the Company and its customers have benefitted from the current FRP and its components, and describes the benefits of continuing to use the FRP for setting rates for a new three-year term (Evaluation Periods 2024-2026). She also discusses some of the modifications that are necessary (under both the Rate Case and the Rate Mitigation Proposal) to meet the additional needs for timely recovery of investment. Finally, she explains why both the Rate Case and the Rate Mitigation Proposal provide a reasonable outcome for customers, would provide an appropriate framework for setting just and reasonable rates for ELL and, therefore, are in the public interest.
- **Elizabeth C. Ingram** – Director, Regulatory Affairs. Ms. Ingram describes the tariff changes proposed by the Company, including two new rate riders to support customers in transportation electrification (which the Company proposes to add under both the Rate Case and the Rate Mitigation Proposal). She also addresses the policy reasons for the Company's proposals to streamline and simplify many of its rates, including rate combinations identified by Mr. Klucher, reductions in late fees and certain other fees, elimination of the Company's Fuel Tracker Rider, as well as a few other policy issues.
- **Adrien M. McKenzie, CFA** – President, FINCAP, Inc. Mr. McKenzie presents an independent assessment of the just and reasonable ROE for the Company's jurisdictional electric utility operations. He also examines the reasonableness of the Company's capital structure, considering both the specific risks faced by the Company, as well as other industry guidelines.

- **Todd A. Shipman, CFA** – Principal, Utility Credit Consultancy LLC. Mr. Shipman explains what credit ratings are, the importance of utility credit ratings in regulatory decision-making, and the analytical framework used for determining utility credit ratings. He also provides information regarding the overall utility industry's financial outlook from a ratings perspective. Finally, Mr. Shipman summarizes ELL's current credit ratings and discusses what the credit rating agencies monitoring ELL would view as a supportive decision in this proceeding.
- **Stacey L. Whaley** – Senior Manager, Regulatory Income Tax. Ms. Whaley provides income tax-related information and recommendations in support of the relief requested in the Rate Case. Specifically, her recommendations concern the Company's proposed ratemaking treatment of accumulated deferred income taxes ("ADIT") arising out of the Inflation Reduction Act of 2022 and ADIT subject to Financial Accounting Standards Board Interpretation No. 48.
- **Chris E. Barrilleaux** – Senior Manager, Regulatory Filings. Mr. Barrilleaux provides a summary of ELL's requested $447 million base rate revenue increase (not including one-time credits) as supported by the COS study, along with its components. He also supports the accuracy of the Company's per book accounting data for electric operations for the twelve-month historical test period ended December 31, 2022 ("Test Year"), as well as the pro forma adjustments to the Test Year. Finally, he describes the COS study prepared by the Company.
- **Crystal K. Elbe** – Manager of Utility Pricing and Analysis. Ms. Elbe supports the Rate Case aspect of the Company's Application, specifically, the development of the Company's (1) Present Base Rate Revenue by rate class used in the development of the

COS study, (2) rate design that reflects changes to base rate schedules necessary to produce the level of revenue consistent with the retail revenue requirement resulting from the COS study, and (3) Proposed Base Rate Revenues that result from the application of the proposed base rates to the appropriate billing determinants. She also sponsors the calculation of the updated additional facilities charge rate and the rate calculation, accounting treatment, and depreciation rate for the proposed Charging Infrastructure Rider. Finally, Ms. Elbe presents the typical bills that would result from the base rates proposed by ELL that were developed based on the COS study.

- **Matthew S. Klucher** – Director, Utility Rates and Pricing. Mr. Klucher addresses the Company's rate design goals and the rate design principles relied on to move toward a single set of tariffs for all customers. In doing so, he supports the Rate Case aspect of the Company's Application, namely, the revised Company retail rate classes, certain modifications to the residential rate schedules, and the development of the external allocation factors used by the Company in the COS study. He also describes ELL's proposed revenue allocation by rate class and discusses why, in the Rate Case, ELL is not setting the revenue to be recovered from each rate class based solely on the results of the COS study.
- **Kenneth F. Gallagher** – President, KFG, Inc. Mr. Gallagher supports the Rate Case aspect of the Company's Application. In doing so, he provides the updated funding requirements for the decommissioning trusts maintained for the LPSC-retail jurisdictional portions of the Waterford 3 and River Bend generating facilities owned by ELL. These funding requirements support Adjustment AJ30 (Decommissioning Expense Adjustment)

discussed by Mr. Barrilleaux. Mr. Gallagher also presents the Lead-Lag analysis, which supports Adjustment AJ19 (Cash Working Capital) discussed by Mr. Barrilleaux.

- **<u>Dane A. Watson, PE, CDP</u>** – Partner, Alliance Consulting Group. Mr. Watson sponsors and explains the depreciation rate study for ELL's depreciable tangible assets subject to the Commission's jurisdiction that was conducted by Alliance Consulting Group. He also supports and justifies the recommended depreciation rate changes in the Rate Case for ELL's facilities based on the results of the depreciation study.

VII. SERVICE OF NOTICES AND PLEADINGS

The Company requests that notices, correspondence, and other communications concerning this Application be directed to the following persons:

Lawrence J. Hand, Jr.
Elizabeth C. Ingram
Entergy Louisiana, LLC
4809 Jefferson Highway
Mail Unit L-JEF-357
Jefferson, Louisiana 70121
Telephone: (504) 840-2528
Facsimile: (504) 840-2681
lhand@entergy.com
eingram@entergy.com

Harry M. Barton
Matthew T. Brown
Erin M. Murphy
Entergy Services, LLC
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-2984
Facsimile: (504) 576-5579
hbarton@entergy.com
mbrow12@entergy.com
emurph6@entergy.com

ELL requests that the foregoing persons be placed on the Official Service List for this proceeding and respectfully requests that the Commission permit the designation of more than one person to be placed on the Official Service List for service in this proceeding.

VIII. REQUEST FOR CONFIDENTIAL TREATMENT

Portions of the Company's evidence supporting this Application contain information considered by the Company to be proprietary and confidential. Disclosure of certain of this information may expose the Company and its customers to an unreasonable risk of harm.

Therefore, in light of the commercially sensitive nature of such information, the Company has submitted two versions of each of the affected documents, one marked "Non-Confidential Redacted Version" and the other marked "Confidential Version." In anticipation of the execution of a suitable confidentiality agreement in this docket, the Confidential Versions bear the designation "Highly Sensitive Protected Materials" or words of similar import. Although the confidential information and documents included with this Application may be reviewed by appropriate representatives of the LPSC Staff and intervenors pursuant to the terms and conditions of a suitable confidentiality agreement once such an agreement has been executed in this Docket, this confidential information also is being provided pursuant to, and shall be exempt from public disclosure pursuant to, the Commission's General Order dated August 31, 1992 and Rule 12.1 of the Rules of Practice and Procedure of the Louisiana Public Service Commission.

IX. PROPOSED PROCEDURAL SCHEDULE

In accordance with Article IV, Section 21(D)(2) of the Louisiana Constitution of 1974, the Company proposes the following procedural schedule, which includes the Company's hosting three (3) technical conferences prior to the end of 2023, in order to facilitate the parties' review of the Company's Application and the discussions contemplated therein. In particular, those technical conferences are intended to allow for timely consideration of the Rate Mitigation Proposal and facilitate efforts to avoid the costs of a fully litigated Rate Case.

Week of October 2-6, 2023	Technical Conference
Week of November 6-10, 2023	Technical Conference
Week of December 4-8, 2023	Technical Conference
February 2, 2024	Deadline for filing of Commission Staff Direct Testimony and for filing of Intervenor Direct Testimony
March 15, 2024	Deadline for filing of Commission Staff and Intervenor Cross-Answering Testimony
May 17, 2024	Deadline for filing of ELL Rebuttal Testimony
June 14, 2024	Last day for issuing written discovery and taking of depositions
June 19, 2024	Deadline for Joint Pre-Hearing Statement
July 3, 2024	Deadline for Pre-Hearing Briefs
Week of July 15-19, 2024	Hearing

X. PRAYER FOR RELIEF

WHEREFORE, Entergy Louisiana, LLC respectfully requests that the Commission, consistent with the fullest extent of its jurisdiction, grant relief as follows:

1. Promptly commence hearings upon the Company's request for relief;
2. Adopt the proposed procedural schedule;
3. Find that Entergy Louisiana, LLC has complied with all applicable orders of the Commission; alternatively, to the extent that Entergy Louisiana, LLC has not so complied, grant a waiver therefrom;
4. Direct that notice of all matters in these proceedings be sent to Lawrence J. Hand, Jr., Elizabeth C. Ingram, Harry M. Barton, Matthew T. Brown, and Erin M. Murphy as representatives of Entergy Louisiana, LLC;

5. Find, as provided in the Commission's Special Order No. 7-2000, dated March 22, 2000, that the confidential testimony, exhibits, and other materials referenced in this Application shall be exempt from public disclosure pursuant to the Commission's General Order dated August 31, 1992 and Rule 12.1 of the Rules of Practice and Procedure of the Louisiana Public Service Commission;
6. Find, after due proceedings are had, that the proposed extension of Entergy Louisiana, LLC's FRP for a three-year term (2023-2025), including all of the proposed modifications thereto, as set forth in the Company's Rate Mitigation Proposal, is just and reasonable; find that the Company is entitled to determine its rates pursuant to such FRP; and issue an appropriate Order accepting and approving the proposed Rate Mitigation Proposal and modified Rider FRP, which will be submitted during the course of these proceedings following discussions among the parties, which Order:
    - Approves an initial revenue requirement increase of approximately $173 million (net of one-time credits);
    - Approves a target return on equity of 10.0%;
    - Approves a $60 million increase in nuclear depreciation rates, to be phased in over three (3) years;
    - Approves the Company's proposed ratemaking treatment of Production Tax Credits recently enabled by the Inflation Reduction Act of 2022;
    - Approves the Company's implementation of a combination of legacy residential rates intended to move the Company toward a simplified set of rates;
    - Approves the Company's modifying fees assessed to customers and lowering additional facilities charges;

- Approves the Company's adding new voluntary customer options to support new technologies;
- Approves the elimination of the Fuel Tracker Rider; and
- Provides for consideration of other, non-price-related modifications to the Tariff Book (Exhibit ECI-7) in a separate, bifurcated phase of the proceeding.

7. Solely in the alternative, find, after due proceedings are had, that the rates proposed in the Rate Case are just and reasonable; find that the Company is entitled to such rates under the law; and issue an appropriate Order accepting and approving the rates to provide the Company with the net additional revenues to which it is entitled and that:
    - Approves an initial revenue requirement increase of $430 million (net of one-time credits) to allow the Company to earn its authorized rate of return;
    - Approves a target return on equity of 10.5%;
    - Approves the Company's updated depreciation rates that return capital to ELL on a timeline that aligns with the expected life of the underlying asset;
    - Incorporates the net effect of known and measurable increases to rate base and offsetting the effects of increased load through August 31, 2024;
    - Approves the Company's proposed ratemaking treatment of Production Tax Credits recently enabled by the Inflation Reduction Act of 2022;
    - Re-authorizes the Company's implementation of an FRP for a three-year term (Evaluation Periods 2024-2026) following implementation of rates informed by the Company's COS study, taking into account certain modifications to the Company's existing FRP that are necessary to meet the Company's needs for timely recovery

of investment and that are set forth in Exhibit AMA-2 to the Direct Testimony of Ms. Alyssa Maurice-Anderson;

- Approves the Company's implementing legacy rate combinations intended to move the Company toward a simplified set of rates across several customer classes;
- Approves the Company's simplifying, adding, withdrawing, and modifying certain rate schedules and riders;
- Approves the Company's modifying fees assessed to customers and lowering additional facilities charges;
- Approves the Company's adding new voluntary customer options to support new technologies;
- Approves the Company's shifting of trust funding from the River Bend Station decommissioning trust to the Waterford 3 Steam Electric Station decommissioning trust without changing the current combined decommissioning revenue requirement; and
- Increases the Company's storm reserve accrual from $5.6 million to $12.4 million per year, and approves the Company's recovering over ten years minor storm costs currently recorded in the storm reserve.

8. Grant any other approvals or authorizations that may be required by the Commission; and
9. Grant any and all other general and equitable relief that the law and the nature of the case may permit.

Respectfully submitted,

By: ______________________
Harry M. Barton, La. Bar No. 29751
Matthew T. Brown, La. Bar No. 25595
Erin M. Murphy, La. Bar No. 36601
Entergy Services, LLC
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-2984
Facsimile: (504) 576-5579
hbarton@entergy.com
mbrowl2@entergy.com
emurph6@entergy.com

-and-

Stephen T. Perrien, La. Bar No. 22590
Taggart Morton, L.L.C.
1100 Poydras Street, Suite 2100
New Orleans, Louisiana 70163
Telephone: (504) 599-8500
Facsimile: (504) 599-8501
sperrien@taggartmorton.com

-and-

W. Raley Alford, III, La. Bar No. 27354
Alison N. Palermo, La. Bar No. 31276
STANLEY REUTER THORNTON
ALFORD LLC
909 Poydras Street, Suite 2500
New Orleans, Louisiana 70112
Telephone: (504) 523-1580
Facsimile: (504) 524-0069
wra@stanleyreuter.com
anp@stanleyreuter.com

-and-

Scott R. Olson, TX Bar No. 24013266
Stephanie Green, TX Bar No. 24089784
DUGGINS WREN MANN & ROMERO, LLP
One American Center
600 Congress Avenue, Suite 1900
Austin, Texas 78701
Telephone: (512) 744-9300
Facsimile: (512) 744-9399
solson@dwmrlaw.com
sgreen@dwmrlaw.com

ATTORNEYS FOR ENTERGY LOUISIANA, LLC