

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-37594

ENERGY LOUISIANA, LLC, EX PARTE

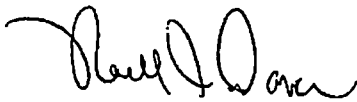
In re: Docket No. U-37594 Entergy Louisiana, LLC Test Year 2024 Formula Rate Plan Extension Report

ERRORS AND OBJECTIONS REPORT

The Louisiana Public Service Commission Staff ("Staff") hereby submits this "Errors and Objections Report" pursuant to Section 2.B.2 of the Entergy Louisiana, LLC ("ELL") "Formula Rate Plan Rider Schedule FRP, Effective Date 8/30/2024 ("FRP"). Pursuant to the FRP, ELL shall file with the Commission on or before May 31 of each year an Evaluation Report of the Company's earnings for the preceding calendar year in accordance with the FRP requirements, and the Staff and Intervenors have until August 20 of the filing year to review the Evaluation Report and identify any disputed issues through an Errors and Objections Report. ELL made the required filing on May 30, 2025, it was noticed in the Commission's official bulletin #1351 dated June 6, 2025, and the Louisiana Energy Users Group ("LEUG") filed a timely intervention on June 11, 2025. No other parties intervened.

The Staff reviewed the Evaluation Report and accompanying information, as well as responses to discovery served upon ELL. Staff prepared the attached analysis of the Evaluation Report ("Staff Evaluation Report") that presents the detailed results of its review. The FRP Evaluation Report shows that ELL experienced approximately \$32 million in annual revenues

above the midpoint, and it is implementing a \$191 million customer credit returned over a 2-month period (September and October 2025 Billing Cycles) to comply with the requirements of the FRP. Staff has reviewed the calculation and finds it consistent with the terms of the Global Settlement Stipulation Agreement (GSSA), which was approved by the Commission in Order No. U-36959, dated September 13, 2024, and which remains in effect through the 2026 evaluation periods. However, Staff reserves the right to determine whether the amounts returned in those two months equal the amount of revenue required to be returned to customers pursuant to the terms of the GSSA. Otherwise, Staff raises no disputed issues, errors, or objections regarding the Test Year 2024 Evaluation Report that is the subject of this proceeding.



Noel Darce, La. Bar No. 01813
Dana Shelton, La. Bar No. 24643
Stone Pigman, LLC.
909 Poydras Street, Suite 3150
New Orleans, Louisiana 70112
Telephone: (504) 581-3200
ndarce@stonepigman.com
dshelton@stonepigman.com

**ATTORNEYS FOR
LOUISIANA PUBLIC SERVICE
COMMISSION STAFF**



Justin Bello, La Bar No. 35039
Louisiana Public Service Commission
P.O. Box 91154
602 North Fifth Street, Galvez Bldg., 12th FL.
Baton Rouge, Louisiana 70802
Ph. (225) 342-7871
Email: justin.bello@la.gov

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing has been served upon all parties of record by email, fax or United States Mail, properly addressed and postage prepaid, on this August 20, 2025.



JUSTIN BELLO

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-37594

**ENTERGY LOUISIANA, LLC
EX PARTE**

In re: Test Year 2024 Formula Rate Plan Filing

Contents

Staff Evaluation Report.....	2
DISPUTES.....	Error! Bookmark not defined.
TY2024 FRP Summary.....	3
Second Year Compliance with GSSA, LPSC Docket U-36959.....	4
Special Earnings Test.....	4
Other One-Time Adjustments.....	5
Benchmark Rate of Return on Rate Base.....	7
Executive Compensation.....	8
Rate Case Expenses.....	9
Cash Working Capital (CWC).....	9
Vidalia Section 475 MTM ADIT.....	10
SAIFI and SAIDI Reliability Performance.....	10
FRP Revenue Adjustment.....	11
Outside the Bandwidth (OTB) Recovery.....	12
Extraordinary Cost Change (ECC).....	13
DRM.....	13
Transmission Recovery Mechanism (TRM).....	15
Additional Capacity Revenue Requirement (ACRR).....	15
MISO COST RECOVERY MECHANISM (MCRM).....	16
Tax Adjustment Mechanism TAM.....	17
Five Year History of Rate Base.....	19
Net Utility Operating Income and O&M.....	20
Bill Impact.....	21

Staff Evaluation Report.

Staff has reviewed the Test Year 2024 Formula Rate Plan (FRP) filing submitted by Entergy Louisiana, LLC (ELL) pursuant to the Global Settlement Stipulation Agreement (GSSA), which remains in effect through the 2026 evaluation period. The Company's TY2024 filing complies with the required procedural format and includes all standard attachments and supplemental documentation.

This is the second FRP review conducted under the GSSA, and the first that is not constrained by the terms of the black box settlement reached in the prior year. Staff has accordingly conducted a full review of the FRP and its component elements, including the revenue requirement, rate base, O&M expenses, and compliance with earnings sharing and refund provisions. While many adjustments in TY2024 are formulaic and mechanical, certain elements — including the temporary nature of the Special Earnings Test refund and the final disposition of incentive compensation adjustments — required additional scrutiny.

TY2024 FRP Summary

Table 1 summarizes the TY2024 ELL FRP application and compares the current FRP to previous filings since TY19.

Table 1: TY2024 Summary Statistics and Six Year History of previous FRPs

ROE (Att. D & Att. B1)	TY19	TY20	TY21	TY22	TY23	TY24	YOY %
Commission allowed ROE	9.80%	9.50%	9.50%	9.50%	9.70%	9.70%	
Debt Cost Rate	4.29%	3.99%	3.80%	3.88%	3.82%	4.09%	
Equity Ratio	48.63%	49.98%	49.41%	49.51%	50.81%	50.91%	
Benchmark Return on Rate Base	6.97%	6.74%	6.62%	6.66%	6.81%	6.95%	
Rate Base	11,997,510,052	13,602,316,239	14,439,895,831	15,671,715,618	16,412,640,023	16,684,422,105	6.82%
Required Operating Income	836,085,139	917,190,601	955,390,985	1,043,588,280	1,117,310,408	1,158,908,731	6.75%
Net Income	863,434,398	872,972,165	905,993,243	992,345,414	1,089,569,929	1,213,196,576	7.04%
Earned ROE	9.66%	8.45%	8.33%	8.33%	9.05%	9.98%	
Revenue Deficiency	11,248,474	96,281,164	114,175,949	123,868,307	75,655,619	(31,870,949)	
FRP Revenue Adjustment	0	63,000,000	65,315,864	4,874,106	120,000,000	0	
FRP Revenue (att F)							
Annualized FRP Revenues	899,124,207	1,013,775,807	1,153,757,382	1,315,900,457	1,414,444,549	1,523,956,945	
Adjustment to FRP	0	63,000,000	65,315,864	4,874,106	120,000,000	0	
One-Time Adjustments	0	0	0	0	(69,491,162)	(276,289,934)	
Extraordinary Cost Change	(5,800,424)		137,267	(21,381,103)	(2,835,052)	(25,329,862)	NT ¹
Additional Capacity	111,519,263	35,865,246	(5,725,980)	(1,499,019)	(508,420)	7,077,117	NT
Transmission Recovery	44,762,617	11,615,952	45,021,212	33,142,747	14,285,162	21,044,791	NT
Distribution Recovery (Annual)	NA	31,417,467	24,957,288	25,137,389	40,310,019	38,327,277	5.10%
MISO Rec. (MCRM)	(37,279,750)	(44,773,007)	(80,198,195)	(94,326,020)	(82,720,220)	(114,161,011)	25.09%
Tax Adjustment Mechanism (TAM)	(97,836,403)	(101,693,726)	(43,693,207)	(37,780,650)	(46,030,489)	(108,082,078)	NT
Total Rider FRP Revenue	914,489,510	999,029,225	1,190,930,062	1,275,886,063	1,471,792,573	1,207,544,798	5.7%
Base Rate Revenue	1,669,488,102	1,624,444,319	1,612,728,864	1,654,927,119	1,736,043,951	1,719,141,657	0.6%
Aggregate FRP Percent	54.8%	61.5%	73.8%	77.1%	84.8%	70.2%	5.1%
1000 Kwh Residential Bill (EGSL) 1/	\$104.98	\$109.80	\$120.94	\$127.23	\$135.82	\$130.08	4.4%
1000 Kwh Residential Bill (ELL) 1/	\$112.01	\$115.22	\$128.61	\$136.01	\$136.95	\$130.74	3.1%

Table 1 provides a comprehensive summary of Entergy Louisiana's Formula Rate Plan (FRP) performance over the past six test years (TY2019 through TY2024), covering key indicators such as earned return on equity (ROE), revenue adjustments, rate base growth, and bill impacts. The table is not simply a snapshot of Test Year 2024; it reveals a pattern of steady financial improvement under the FRP framework—culminating this year in the Commission-authorized ROE being fully met and then exceeded, however that is prior to implementation of the provisions of the current FRP requiring a full refund back to the authorized rate of return.

¹ NT: no trend.

In addition, the filing includes several other one-time revenue requirement adjustments resulting from legal settlements and stipulated credits, totaling approximately \$276 million. These adjustments sharply reduce the Company's FRP revenue requirement and result in temporary bill reductions for customers during the September–October 2025 billing cycles.

Second Year Compliance with GSSA, LPSC Docket U-36959

This is the second Formula Rate Plan evaluation conducted under the Global Settlement Stipulation Agreement (GSSA), but it is the first year in which Staff has been able to conduct a full review of all FRP components. In TY2023, FRP adjustments were overridden by a negotiated \$120 million black box settlement, effectively placing many of the underlying cost and revenue requirement issues out of reach. By contrast, the TY2024 filing was submitted in full compliance with GSSA procedures, allowing Staff to independently review the Company's cost of service, FRP adjustments, and earnings calculations.

Of particular importance this year is the Special Earnings Test (SET), which was triggered by ELL's earnings exceeding the midpoint of the Commission-authorized FRP bandwidth. The GSSA requires that all earnings above the midpoint be refunded. The FRP Annual report shows that ELL experienced approximately \$32 million in annual revenues above the midpoint and is implementing a \$191 million customer credit returned over 2 months to comply with the requirements of the FRP. Staff has reviewed the calculation and finds it consistent with the terms of the GSSA. However, Staff reserves the right to determine whether the amounts returned in those two months equal the amount of revenue required to be returned to customers pursuant to the terms of Section IV.E of the GSSA

In summary, the TY2024 FRP represents a return to standard regulatory oversight, with adjustments grounded in observable data and subject to full Staff review. This year's filing restores transparency to the FRP process and allows for a more complete assessment of the Company's financial performance under the GSSA framework.

Special Earnings Test

The GSSA requires ELL to refund all earnings above the midpoint of the FRP bandwidth through a Special Earnings Test (SET). The SET refund is calculated based on the difference between ELL's earned ROE and the Evaluation Period Cost of Equity (EPCOE), applied to the Louisiana jurisdictional rate base and grossed up to reflect income taxes. Unlike a normal FRP adjustment, the SET refund is designed as a one-time customer credit and is not annualized into base rates.

For TY2024, ELL reported an earned ROE of 9.98%, exceeding the EPCOE of 9.70% by 28 basis points. Applying this difference to the jurisdictional rate base of \$16.7 billion, using an equity ratio of 50.91% and a revenue conversion factor of 1.35572, results in a calculated refund of \$31.87 million per month. However, the GSSA stipulates that this refund is to be applied only to two billing cycles (September and October 2025). Accordingly, the total refund is multiplied by a factor of 6, resulting in a one-time customer credit of \$191,225,697.

Staff has reviewed ELL's SET calculation and confirmed that it complies with the methodology required under the GSSA. However, the implementation raises concerns about refund adequacy, as the September–October period coincides with shoulder months when residential usage is relatively low. If billing determinants are insufficient, the actual refund realized by customers may fall short of the \$191 million obligation. Staff has designated this as a pending issue for resolution and recommends that ELL be required to perform a compliance true-up to verify full delivery of the refund.

The SET refund is included in Attachment F as a one-time adjustment, and summarized alongside other adjustments in Table 2.

Table 2: Special Earnings Test, TY2024

Line No.	Line Description	Amount
1	Earned Rate of Return on Equity (EROE)	9.98%
2	Evaluation Period Cost of Equity (EPCOE)	9.70%
3	EROE in excess of EPCOE	-0.28%
4	Rate Base	16,684,422,105
5	Adjusted Common Equity Ratio	50.91%
6	Revenue Conversion Factor	1.35572
7	One-Time Customer Credit (Ln. 3* Ln. 4 * Ln. 5 * Ln. 6)	(31,870,949)
8	Expansion Factor for 2 month recovery (12/2)	6
	Total One-Time Customer Credit Adjustment	(191,225,697)

Other One-Time Adjustments

In addition to the \$191 million Special Earnings Test refund, the TY2024 FRP includes several other one-time adjustments to revenue requirements, largely stemming from legal settlements and specific provisions of the GSSA. These are recorded in Attachment F under "Adjustments to FRP Revenue Requirement" and are summarized below:

1. GSSA Rate Credits: A \$73 million credit resulting from the final resolution of prior dockets and IRS audits for tax years 2016–2018. These credits were negotiated as part of the GSSA and are treated as one-time adjustments in TY2024.
2. Nuclear Depreciation Expense Adjustment: An increase of \$15 million in depreciation expense tied to nuclear assets, consistent with Section III.C.4 of the GSSA.
3. Offsetting Revenue Requirement Impact of Depreciation: A \$218,176 reduction to the revenue requirement, representing the rate base offset associated with the nuclear depreciation increase.
4. Mid-Cycle FRP Rate Adjustment (2025): A \$25.1 million one-time credit reflecting a mid-cycle FRP adjustment required under Section III.B of the GSSA.
5. Transmission Revenue Mechanism (TRM) True-Up: A \$1.7 million reduction to reflect final reconciliation of TRM-related revenue requirements (Attachment AJ30).
6. Special Earnings Test Refund: The \$191 million refund described in the prior section.

Although the TY2024 FRP includes a total of \$276 million in one-time adjustments, their effect is heavily front-loaded. As shown in Table 3, nearly all of these adjustments—especially the \$191 million Special Earnings Test (SET) refund—are applied only to the September and October 2025 billing cycles, after which they expire or are no longer reflected in rates.

In contrast, by November 2025, FRP rates will revert to a level reflecting only a small subset of the original adjustments, mostly depreciation-related items. This illustrates the transient nature of the bill relief associated with TY2024, and suggests that residential customers may experience abrupt increases in their electric bills following the brief refund period.

Table 3: Onetime Adjustments to FRP, Attachment F-1, TY2024

	TY23	Sep - Oct, 25	Nov-25
Global Settlement Stipulation Agreement Rate Credits (1)	(111,000,000)	(73,000,000)	(73,000,000)
Settlement Agreement U-34951	(5,800,000)	-	-
Nuclear Depreciation Expense Increase (3)	15,000,000	15,000,000	15,000,000
Nuclear Depreciation Revenue Requirement Impact(4)	NA	(218,176)	(218,176)
2025 Mid-Cycle FRP Rate Adjustment (2)	NA	(25,142,760)	(25,142,760)
Other one time Revenue Adjustments	30,686,295	-	-
TRM Revenue Requirement True-Up (5)	1,622,543	(1,703,301)	(1,703,301)
Special Earnings Test (6)	-	(191,225,697)	-
Total Other One-Time Adjustments	(69,491,162)	(276,289,934)	(85,064,238)

Table 4 summarizes the relationship between these one-time adjustments and residential bill levels across three key time points: the current rate level (August 2025), the temporary low point during the refund period (September–October 2025), and the return to higher rates once those adjustments expire (beginning November 2025).

Table 4: Onetime Adjustments and Residential Bills

Rate Month 2025	Current (Aug)	Sep=Oct	Nov 25 – Sep 26
One time adj.	(69,491,162)	(276,289,934)	(85,064,238)
Residential FRP percentage	84.99%	76.16%	87.28%
1000 KWH Residential Bill EGSL	139.03	135.01	140.56
1001 KWH Residential Bill ELL	139.13	134.73	140.27

These tables underscore that ELL’s customers will see a short-term drop in bills, followed by a reversion to the cost of the current bills prior to the implementation of the FRP rate adjustments. In summary, bills are projected to remain flat after a 2 month reduction.

Benchmark Rate of Return on Rate Base

The Global Settlement Stipulation Agreement (GSSA) prescribes the parameters used to calculate the Benchmark Rate of Return on Rate Base (BRORB) for each evaluation year. For TY2024, these include:

1. An Evaluation Period Cost of Equity (EPCOE) of 9.70%, consistent with the authorized midpoint of the FRP bandwidth.
2. A cost of debt of 4.09%, an increase from 3.82% in TY2023, reflecting higher interest rate conditions.
3. A capital structure based on a three-year average of the most recent test years, including TY2024.

As shown in Table 5, the resulting capital structure for TY2024 reflects an equity ratio of 50.91%, slightly above the prior year’s average of 50.81%. Applying the EPCOE and debt cost to this capital mix produces a benchmark return on rate base of 6.95%, up from 6.81% in TY2023. After tax gross-up (based on a composite tax rate of 25.345%), the before-tax BRORB is 8.62%, nearly flat from last year.

This BRORB figure serves as the core reference point for evaluating ELL’s financial performance under the FRP. The Company’s actual earned return of 9.98% exceeds the EPCOE midpoint, thereby triggering the Special Earnings Test refund discussed earlier. From a policy standpoint, the sustained increase in ELL’s earnings indicates that prior deficiencies in authorized return recovery have now been rectified, and future rate adjustments should be limited to structural cost changes rather than automatic earnings recovery.

Table 5: TY2024 FRP Cost of Capital

Test Year	TY2023	TY2024
Equity Ratio (3-Year Average)	50.81%	50.91%
Debt Ratio (Implied)	49.19%	49.09%
Cost of Equity	9.70%	9.70%
Cost of Debt	3.82%	4.09%
Benchmark Return on Rate Base (after tax)	6.81%	6.95%
Before-Tax BROBR (using 25.345% tax rate)	8.63%	8.62%

Executive Compensation

The GSSA imposes specific limitations on the recovery of executive compensation through the FRP, particularly for incentive payments tied to financial performance metrics such as earnings per share (EPS) and total shareholder return (TSR). Beginning with the TY2024 evaluation, ELL is required to exclude the following components from its FRP revenue requirement:

1. The portion of Resource Codes 002 and 061 attributable to the financial component of the Entergy Annual Incentive Plan (EAIP), whether paid by ELL or allocated from affiliates (ESI or EOI);
2. The entirety of Resource Code 060 (Stock Options);
3. The entirety of Resource Code 064 (Long-Term Incentive Plan performance units);
4. Any unvested or performance-based Restricted Share Awards and Restricted Units under Codes 066 and 067; and
5. Any other incentive compensation tied to Entergy financial metrics not otherwise enumerated.

In response to Staff Interrogatory 1-16(a), ELL provided detailed workpapers identifying adjustments made in AJ23 to exclude incentive compensation embedded in both O&M and capital project costs. Staff reviewed the affiliate transaction records and verified that stock option costs billed through ESI to capital projects were removed, and that no recoverable amounts remained in plant accounts.

Although the Company's documentation was initially incomplete, the supplemental materials ultimately demonstrate compliance with the executive compensation provisions of the GSSA for TY2024. As a result, Staff is not proposing any disallowance at this time.

In addition to removing executive compensation from O&M, ELL also removed incentive-based compensation from Construction Work in Progress (CWIP). This step ensures that such compensation does not flow into physical plant accounts through capitalization. Once closed to plant, it becomes part of rate base and subject to depreciation recovery over time. By excluding executive incentive costs at the CWIP

stage, ELL effectively prevents these costs from being embedded in rate base and recovered indirectly in future years. Staff acknowledges this treatment is consistent with both the letter and spirit of the GSSA, and notes that it provides a stronger firewall against inappropriate recovery of financial performance-based compensation.

Rate Case Expenses

The Company submitted its updated rate case expense report in Attachment AJ13. The amounts included in TY2024 are consistent with prior years and reflect routine costs associated with the preparation and administration of the FRP filing. Staff reviewed the supporting documentation and found no material discrepancies or abnormal items. As such, no adjustments or disallowances are recommended. The treatment of these costs remains consistent with Commission precedent, and their impact on the FRP revenue requirement is minimal.

Cash Working Capital (CWC).

Pursuant to the GSSA, the CWC included in rate base for Test Years 2024 and 2025 must be calculated using the lead/lag study provided in Exhibit KFG-2 to the Direct Testimony of Ken Gallagher, filed in Docket No. U-36959. That study is deemed the most recent Commission-approved methodology. Under this approach, CWC is derived by estimating the net lag days (i.e., the number of days between when an expense is incurred and when it is recovered in revenues). For some categories, net lag days are negative, indicating a prepayment or accelerated recovery.

Table 6 summarizes the TY2024 CWC calculation and provides a comparison to TY2023.

	TY2024			TY2023			Change
	Average Daily Cash	Net Lag Days	Working Cash	Average Daily Cash	Net Lag Days	Working Cash	
Taxes Other than Inc.	592,493	(109.43)	(64,834,010)	572,171	(107.74)	(61,642,994)	(3,191,016)
Current Income Taxes	600,402	0.45	270,239	603,061	0.42	255,834	14,405
O&M	6,950,757	3.26	22,646,847	6,978,113	4.20	29,288,401	(6,641,553)
Interest	1,071,521	(51.80)	(55,504,790)	970,529	(51.80)	(50,273,406)	(5,231,384)
Total CWC	9,215,173	(10.57)	(97,421,713)	9,123,875	(9.03)	(82,372,165)	(15,049,549)

Key Observations

1. Increased Negative Offset: The net CWC increased as a negative offset to rate base, from (\$82.4 million) in TY2023 to (\$97.4 million) in TY2024. All else equal, this reduces the revenue requirement.
2. O&M Lag Shrinks: The net lag days for O&M fell from 4.20 days in TY2023 to 3.26 days in TY2024, reducing the working capital requirement in that category by approximately \$6.6 million.

3. Tax Lag Stable: Tax-related categories remained relatively stable, with minor fluctuations.
4. Structural Rate Base Reduction: The increase in the CWC offset, contributes to the overall reduction in TY2024 rate base.

Vidalia Section 475 MTM ADIT

The Section 475 Mark-to-Market (MTM) ADIT adjustment stems from the original LPSC-approved business combination (Order No. U-33244-A), in which Entergy committed to exclude a deferred tax liability associated with the Vidalia power purchase agreement from rate base. This exclusion gave rise to the Guaranteed Savings and Contingent Credit mechanisms used to return value to customers. The GSSA now reverses that exclusion, bringing the MTM ADIT into the FRP over two years (\$100M in TY2024, \$50M in TY2025), while reducing the Contingent Credit balance by the same amount. Although the Section 475 ADIT is not formally a replacement for the Guaranteed Savings credit, both adjustments trace back to the same regulatory origin: the tax treatment of Vidalia's contract. In that sense, the GSSA unwinds the final elements of the Vidalia credit structure, shifting the benefit from an annual ECC credit to a permanent rate base offset.

SAIFI and SAIDI Reliability Performance

The GSSA requires ELL to annually report its System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI), which are standard industry metrics for service reliability. These metrics are intended to track the number and duration of outages experienced by customers and provide a baseline for performance monitoring.

The reliability accountability measures set by the GSSA are SAIDI at 163.59 and SAIFI at 1.16 for the term of the Extended FRP Rider. The Company shall calculate its SAIFI and SAIDI measures in the same manner they were calculated in LPSC Docket No. U-22389.

1. The 2024 System SAIFI performance met the minimum performance levels: Total Number of Customer Interruptions/Total Number of Customers Served performance was 1.065 occurrences which is compliant with the minimum of 1.16 set by GSSA order IV. I.2.
2. The 2024 System SAIDI performance met the minimum performance levels: Sum of all Customer Minutes of Interruption/Total Number of Customers Served performance was 149.9 minutes which is compliant with the minimum of 163.69 set by GSSA order IV. I.2.

FRP Revenue Adjustment

The FRP Percent is the single percentage applied to customer bills to determine revenue recovery under the FRP. It is the outcome of the algorithm applied in Attachment F and reflects the sum of all component changes to the Company’s revenue requirement for the test year.

Contrary to common focus on the Base Rider Revenue Adjustment or the ROE refund mechanism, the FRP Percent is shaped by a much broader set of inputs. With the exception of the Base Rider Revenue Adjustment, all other elements of Attachment F are excluded from the earnings sharing mechanism and FRP revenue cap. This means that increases in these components pass directly to ratepayers without limitation or balancing offsets. The FRP components that bypass the sharing and cap mechanisms are:

1. Annualized FRP Revenues,
2. Base Rider Revenue Adjustment (in TY24, this recovery was replaced by the Special Earning Test),
3. One Time Adjustments including the Special Earning test,
4. Extraordinary Cost Change, ECC,
5. Additional Capacity Mechanism, ACRR,
6. Transmission Recovery Mechanism (TRM),
7. Distribution Recovery Mechanism (DRM),
8. MISO Cost Recovery Mechanism,
9. Tax Adjustment Mechanism (TAM).

Of these, the ACRR, TRM, and DRM deserve special attention. They are outside-the-band mechanisms designed to accelerate returns on capital investment by circumventing the "half-year rule" applied to plant additions. In the case of TRM and DRM, the mechanisms go further by projecting a return on forward test-year plant additions, allowing ELL to recover on plant that is not yet in service.

Thus, while the FRP often draws attention for its treatment of earnings and ROE, the majority of its annual rate adjustments are unrelated to shared earnings. Table 7 summarizes the changes in Attachment F over the past five years, showing the rising share of FRP revenue derived from components outside the base ROE construct.

Table 7: Five Year History of FRP Adjustments and percentages

DESCRIPTION	TY20	TY21	TY22	TY23	TY2024	YOY %
-------------	------	------	------	------	--------	-------

Annualized FRP Revenues	1,013,775,807	1,153,757,382	1,315,900,457	1,414,444,549	1,523,956,945	10.7%
Adjustment to FRP	63,000,000	65,315,864	4,874,106	120,000,000	0	100.0%
One-Time Adjustments				(69,491,162)	(276,289,934)	
Extraordinary Cost Change	(10,264,925)	137,267	(21,381,103)	(2,835,052)	(25,329,862)	NA
Additional Capacity	35,865,246	(5,725,980)	(1,499,019)	(508,420)	7,077,117	-33.4%
Transmission Recovery (TRM)	11,615,952	45,021,212	33,142,747	14,285,162	21,044,791	16.0%
Incremental Distribution Recovery	31,417,467	24,957,288	25,137,389	40,310,019	38,327,277	5.1%
Annualized Distribution Recovery	86,411	31,358,431	51,818,156	84,338,185	141,001,555	535.6%
MISO Rec. (MCRM)	(44,773,007)	(80,198,195)	(94,326,020)	(82,720,220)	(114,161,011)	26.4%
Tax Adjustment Mechanism	(101,693,726)	(43,693,207)	(37,780,650)	(46,030,489)	(108,082,078)	1.5%
Total Rider FRP Revenue	999,029,225	1,190,930,062	1,275,886,063	1,471,792,573	1,207,544,798	4.9%
Base Rate Revenue	1,624,444,319	1,612,728,864	1,654,927,119	1,736,043,951	1,719,141,657	1.4%
Aggregate FRP Percent	61%	74%	77%	84.8%	70.2%	3.4%

Key Observations

1. TY2024 marks a shift in FRP dynamics. Despite the absence of a base revenue adjustment (replaced by the SET refund), the total FRP revenue remains high due to large one-time adjustments and growth in plant-related riders.
2. Non-ROE components now drive the majority of FRP changes. The traditional ROE sharing mechanism has become less relevant in determining customer rates. Instead, adjustments tied to capital recovery (ACRR, TRM, DRM) and exogenous mechanisms (ECC, TAM, MISO) now account for the bulk of annual FRP movement.
3. Capital investment mechanisms are growing in size and influence. Annualized distribution recovery rose from \$51.8 million in TY2022 to \$141 million in TY2024 — a 172% increase over two years. These riders, unlike traditional plant-in-service accounting, allow recovery on forecasted plant additions.
4. Rate volatility is increasing despite stable base revenue. Between TY2020 and TY2024, base rate revenue increased only 5.8%, while the aggregate FRP percent grew from 61% to 70.2%. This divergence is driven by adjustments that lie outside the cap and sharing mechanisms.

Outside the Bandwidth (OTB) Recovery

The following sections describe components of the FRP that operate outside the earnings sharing bandwidth and FRP cap. These mechanisms allow for direct recovery or refund of specific categories of

cost — including tax effects, capacity additions, and reliability investments — without triggering the earnings test or bandwidth limits. Each is reviewed individually below.

Extraordinary Cost Change (ECC)

Extraordinary Cost Changes (ECCs) are one-time adjustments that do not recur in subsequent years and are not incorporated into the Annualized FRP Revenues (see WP AJ01A.5). For TY2024, all prior ECC items — including the longstanding Guaranteed Savings adjustment from the Entergy–Gulf States merger — have been discontinued.

The only remaining ECC for TY2024 is a negative incremental tax expense of (\$25,329,862), which reduces the FRP revenue requirement. Historically, ECC has been used to reflect regulatory assets or liabilities arising from changes in tax law, ADIT balances, or accounting methods. Staff notes that a similar ECC appeared in TY2021 — in that case, a positive \$10 million recovery, which received heightened scrutiny. Supporting workpapers can be found in WP F2.6 and the related tax tabs of Attachment H. Staff accepts the TY2024 ECC but reserves the right to revisit the underlying accounting treatment in future years if similar entries reappear on the recovery side.

DRM

The DRM allows ELL to recover costs of new distribution investments outside the earnings band. These investments are valued at year-end and return is calculated using the full pre-tax FRP WACC. Depreciation is also included using a 3% annual rate.

The GSSA increased the DRM cap from \$350 million to \$375 million. For TY2024, ELL closed \$857.5 million in new distribution plant during the evaluation and filing periods. However, only \$333.2 million qualifies as DRM basis under the cap and floor rules. The calculation is detailed in Table 5 and yields a DRM revenue requirement of \$37.9 million (Table 8), including both depreciation and return on rate base.

Staff concludes that the DRM calculation complies with Order U-36959 and the GSSA. Table 7 shows that the DRM basis has remained stable in recent years, though the increase in the cap from \$350M to \$375M allows for modest growth in recoveries.

Table 8: TY2024 DRM Basis

Line No.	Description	2024 TY (Evaluation Period)	2025 Filing Year	Total
Plant in Service				
1	Plant in Service - Distribution Closings ⁽¹⁾	539,734,976	308,234,889	847,969,865
2	Less: Net Distribution Closings Reported on previous DRM Update	(150,000,000)	N/A	(150,000,000)
3	Less: Floor ⁽²⁾	(150,000,000)	(100,000,000)	(250,000,000)
4	Subtotal (Ln1 + Ln2 + Ln3)	239,734,976	208,234,889	447,969,865
5	DRM Cap	125,000,000	250,000,000	375,000,000
6	DRM Basis (Lesser of Ln4 & Ln5)	125,000,000	208,234,889	333,234,889

The DRM revenue requirements follow directly from the DRM basis indicated in Table 9.

Table 9 TY2024 DRM Revenue Requirement

DRM Revenue Requirement				
7	Plant in Service	125,000,000	208,234,889	333,234,889
8	ACC Dep. 3% Annual Rate	(3,750,000)	(6,247,047)	(9,997,047)
9	Rate Base (Ln7 + Ln8)	121,250,000	201,987,842	323,237,842
10	Return On (BRORB) ⁽⁴⁾	8.62%	8.62%	8.62%
11	Return On RB (Ln9* Ln10)	10,454,865	17,416,541	27,871,406
12	3% DRM Depreciation Rate)	3,750,000	6,247,047	9,997,047
13	DRM Revenue Requirement (Ln11 + Ln12) ⁽⁵⁾	14,204,865	23,663,588	37,868,453

Table 10 indicates the last five years if DRM recovery in the FRP.

Table 10 History of DRM basis and Rev. Req.

Year	DRM Basis	DRM Rev Req.
TY20	281,476,227	31,417,467
TY21	225,000,000	24,957,288
TY22	225,000,000	25,137,389
TY23	350,000,000	40,310,019
TY24	333,234,889	37,868,453

Transmission Recovery Mechanism (TRM)

The TRM allows return on incremental transmission investment outside the FRP cap. The GSSA increased the TRM basis cap to \$375 million beginning in TY2024.

ELL's TRM basis for TY2024 is \$198.97 million, up from \$134.87 million in TY2023. As Table 8 shows, this amount remains well below the cap, and year-to-year variations reflect normal investment cycles. Depreciation and return are calculated using the FRP pre-tax WACC, yielding a TRM revenue requirement of \$20.8 million.

Table 11 shows that TY2024 TRM amounts are below the five-year average, both in basis and revenue requirement. Staff finds the filing compliant with GSSA provisions, and that the TRM mechanism has not been overused.

Table 11: History of TRM basis and Rev. Req.

Year	TRM Basis	TRM Rev Req.
TY20	113,061,651	11,584,091
TY21	441,231,346	44,897,725
TY22	277,935,959	29,005,164
TY23	132,175,194	14,101,783
TY24	194,993,041	20,792,859
Five-year average	231,879,438	24,076,325

Additional Capacity Revenue Requirement (ACRR)

The ACRR mechanism allows recovery of incremental capacity-related costs, subject to a true-up between projected and actual expenses.

ELL reports a TY2024 ACRR of \$200.5 million, compared to \$208.1 million in TY2023. However, ELL restated the TY2023 baseline to \$193.4 million, resulting in a \$15.1 million downward revision. This revision reflects:

1. Removal of a \$14.5 million Grand Gulf charge associated with the MSS-4 Replacement Tariff, and

2. A \$0.85 million true-up adjustment consistent with Special Order No. 69-2024 under the SERI Global Settlement.

The resulting TY2024 ACRR true-up is \$7.1 million, as shown in Table 12. Staff finds the filing accurately reflects the revised SERI treatment and complies with both the ACRR framework and GSSA requirements.

Table 12: Comparison of TY2024 ACRR to TY2023 ACRR

Ln #	Category	TY23	TY24
1	Capacity Costs	203,816,528	205,045,169
2	Capacity Cost True-Up Adjustment (2)	1,568,608	(6,945,338)
3	Amortization of Deferred Contracts (3)	-	-
4	Total Amortization of Deferred Capacity	-	-
5	Total Capacity Costs Recoverable in the FRP	205,385,136	198,099,831
6	Revenue Related Expense Factor (4)	1.0130	1.0121
7	Revenue Adjusted Recoverable Costs	208,055,947	200,500,059
8	LA Retail Allocation Factor	1.00	1.00
9	Additional Capacity Revenue Requirement (ACRR) - Current FRP	208,055,947	200,500,059
10	Less Expense for Additional Capacity Rev. Req. in previous FRP ²	208,564,366	193,422,943
11	True-up of Capacity Costs from 2023 FRP	(508,420)	7,077,117

MISO COST RECOVERY MECHANISM (MCRM)

The MCRM offsets certain MISO-related charges and credits. The main driver is the TO-Trust Invoice, which represents transmission revenues received under the MISO Open Access Transmission Tariff (OATT).

As shown in Table 13, the TO-Trust invoice credit grew from \$72.5 million in TY2020 to \$128.7 million in TY2024. Other MISO categories (e.g., administrative costs, Schedule 10) have remained flat or declined. The net result is a growing ratepayer credit — \$114.2 million in TY2024, the largest in the five-year period. Staff finds the MCRM treatment for TY2024 accurate and consistent with prior filings, and notes that the mechanism continues to deliver material benefits to customers.

² (2) The adjustment recorded to additional capacity in FRP for Test Year 2023 of \$(1,493,510) has been adjusted to remove current capacity charge of \$(14,499,526) and capacity true-up of \$851,612 associated with the Grand Gulf portion of the MSS-4 Replacement Tariff agreement with EAL. Reference the LPSC SERI Global Settlement Special Order Number 69-2024.

Table 13: History of MCRM Recovery since fiscal Year 2019.

Description	TY20	TY21	TY22	TY23	TY24	YOY %
Net MISO Charges/(Credits)						
Schedule 10 Invoice	18,982,982	18,475,937	16,486,818	16,825,723	17,990,051	-1.3%
Non-TO Trust Invoice	532,678	255,256	(388,766)	(2,429,414)	(333,499)	NT
TO-Trust Invoice	(72,457,864)	(108,764,073)	(111,830,234)	(112,191,508)	(128,708,374)	15.4%
Sch. 31 – Reliability Service						
Administrative Costs	13,054,873	11,779,680	11,464,534	12,199,256	12,479,842	-1.1%
Other MISO Settlements	(2,133,166)	(1,714,698)	(2,141,867)	(2,360,052)	(6,755,488)	33.4%
Net MISO Charges/(Credits)	(42,020,496)	(79,967,899)	(86,409,515)	(87,955,994)	(105,327,468)	25.8%
Retail Allocation Factor (3)	99%	99%	99%	100%	100%	
Net Retail MISO Costs	(42,136,070)	(80,183,891)	(86,629,296)	(89,099,767)	(106,603,642)	26%
True-up of Revenue Requirement	(2,636,937)	(14,304)	(7,696,724)	6,379,546	(7,557,369)	30%
MCRM Revenue Requirement	(44,773,007)	(80,198,195)	(94,326,020)	(82,720,220)	(114,161,011)	26%

Tax Adjustment Mechanism TAM

The Tax Adjustment Mechanism (TAM) addresses changes in federal and state income tax laws and their effect on Entergy Louisiana's regulatory asset and liability balances, particularly for excess and deficient accumulated deferred income taxes (ADIT). Since its implementation in 2019, the TAM has been used to reflect both refunds and recoveries related to tax law changes in the FRP outside the bandwidth.

The TAM originally focused on the federal Tax Cuts and Jobs Act (TCJA) of 2017, which generated large protected and unprotected ADIT balances requiring long-term amortization and rate base offsets. More recently, however, two Louisiana state tax changes have been reflected in the TAM:

1. **TY2021: LA State Tax Increase (Recovery)** A Louisiana corporate tax law change in TY2021 created a regulatory asset for increased deferred tax expense. The ADIT deficiency was recovered over two years and appeared as a positive TAM adjustment in both TY2021 and TY2022. This recovery affected both protected and unprotected ADIT components, with a particularly noticeable impact on the unprotected portion due to its faster amortization.
2. **TY2024: LA State Tax Decrease (Refund):** A subsequent decrease in the Louisiana state income tax rate in 2024 reversed this effect, creating a new regulatory liability and triggering a refund. This

refund is again allocated between protected and unprotected ADIT. The unprotected refund appears on Tab 8.3 of Attachment H and is being amortized over two years, consistent with past Commission practice.

The result of these opposing state tax changes is a back-and-forth swing in TAM revenue requirements: a positive recovery in TY2021–2022, followed by a negative refund in TY2024. While these fluctuations appear as standalone entries in each year’s filing, they stem from a consistent application of TAM policy in response to state-level tax law changes.

Staff reviewed the calculations in Tabs 8.2 and 8.3 of the Company’s Attachment H and confirmed that the amortization periods, revenue requirement impacts, and gross-up factors are consistent with prior practice. A breakdown of these changes and their impact on the TAM revenue requirement is shown in Table 14 for the last five years of TAM recovery.

Table 14: TAM recovery since TY2019

Ln No.	Description	2020	2021	2022	2023	2024
1	Protected Excess or Deficient ADIT Give-Back	(64,982,736)	(63,794,149)	(66,515,382)	(63,735,150)	(65,587,740)
2	Offsetting Revenue Requirement Increase	7,009,056	8,791,842	10,368,517	11,270,808	12,599,395
3	Net Protected Give-Back	(57,973,680)	(55,002,307)	(56,146,865)	(52,464,342)	(52,988,345)
4	Unprotected Excess or Deficient ADIT Give-Back	(50,556,164)	15,913,620	21,277,777	-	(43,621,354)
5	Offsetting Revenue Requirement Increase	11,641,237	(1,211,594)	(2,256,160)	-	2,646,925
6	Net Unprotected Give-Back	(38,914,927)	14,702,026	19,021,616	-	(40,974,430)
7	Deficient Income Tax Expense (3)		6,947,973			
8	Unprotected Excess ADIT SERI		(2,399,147)			
9	Protected Excess or Deficient True-Up	(10,399,372)	(7,941,752)	(655,401)	6,433,853	184,150
10	Ad Valorem Revenue Requirement Increase		-	-	-	2,324,057
11	Investment and/or Production Tax Credit Give-Back			-	-	
12	FIN 48-Related Interest					
13	MSS-4 Effects of Unprotected ADIT (3)	5,594,253				
	Excess Income Tax Expense (4)					(17,379,355)
	Sales Tax Revenue Requirement Increase					751,845
13	Net TAM Amount	(101,693,726)	(43,693,207)	(37,780,650)	(46,030,489)	(108,082,078)

Five Year History of Rate Base

Table 15 indicates the past five years of rate base recovery. A general observation is that rates set to recover the revenue requirements keep pace with increases in rate base.

Table 15: Five Year History of ELL Rate Base

	TY20	TY21	TY22	TY23	TY24	ARG %
GROSS PLANT IN SERVICE (C)(K)	22,662,854,089	23,764,344,044	25,005,610,610	25,981,446,054	27,075,624,880	4.55%
DEPRECIATION RESERVES (K)	(8,445,863,938)	(8,738,157,635)	(8,944,906,545)	(9,241,216,254)	(9,570,420,858)	3.17%
NET PHYSICAL PLANT	14,216,990,150	15,026,186,409	16,060,704,066	16,740,229,799	17,505,204,021	5.34%
PROPERTY UNDER FINANCIAL LEASE - NET	0	(0)	0	0	0	
PLANT HELD FOR FUTURE USE	(0)	0	0	0	0	
PLANT ACQUISITION ADJUSTMENT (K)	141,561,725	141,561,725	141,561,725	141,561,725	141,561,725	0.00%
ACQUISITION ADJUSTMENT (K)	(34,536,684)	(38,953,410)	(43,370,136)	(47,786,862)	(52,203,588)	10.88%
CONSTRUCTION WORK IN PROGRESS (D)	12,644,845	12,616,904	30,352,984	22,465,728	26,399,220	20.20%
MATERIALS & SUPPLIES (E)	332,348,081	393,197,533	444,108,288	539,160,460	632,608,342	17.46%
PREPAYMENTS (E)	31,510,726	32,513,852	39,043,228	40,330,078	40,621,918	6.56%
CASH WORKING CAPITAL (F)	(43,249,441)	(25,523,806)	13,598,494	(82,372,165)	(97,421,713)	22.51%
OTHER WORKING CAPITAL (E)(G)	(23,948,244)	(30,588,114)	(18,305,183)	63,975,254	25,803,355	
INVESTMENT IN SFI (E)	0	0	0	0	0	
ACCUM DEF W-3 MAINT/REFUEL (H)	15,631,697	17,218,736	13,473,203	(22,857,859)	(8,433,336)	
NUCLEAR FUEL IN REACTOR (E)	0	0	0	0	0	
NUCLEAR REFUELING OUTAGE	8,006,112	8,497,972	7,409,967	66,692,698	54,829,800	61.77%
FUEL INVENTORY (E)	61,960,857	64,377,080	56,584,899	89,610,276	92,470,553	10.53%
W-3 STUDY COST	1,656,664	1,341,109	1,025,553	709,998	394,443	30.15%
RIVER BEND AFUDC GROSS-UP	8,157,378	6,262,578	4,367,778	2,472,978	762,789	44.70%
COAL CAR MAINTENANCE RESERVE	(560,280)	(526,947)	(1,219,565)	(1,182,926)	(589,856)	1.29%
DOE DECOM. & DECONTAMINATION FEE	0	0	0	0	0	
CUSTOMER ADVANCES	0	0	0	0	0	
CUSTOMER DEPOSITS	(151,251,061)	(150,033,780)	(155,863,520)	(162,795,396)	(167,710,065)	2.62%
UNFUNDED PENSION	283,963,285	254,732,325	212,697,362	183,436,168	188,126,506	-9.78%
ACCUM DEFERRED INCOME TAXES	(1,357,294,954)	(1,367,015,070)	(1,223,789,612)	(1,318,341,788)	(1,853,618,141)	8.10%
RATE CASE EXPENSES	0	0	0	0	0	
OTHER (I)(J)	98,725,384	94,030,735	89,336,087	157,331,856	155,616,133	12.05%
	0	0	0	0	0	
Rate Base	13,602,316,239	14,439,895,831	15,671,715,618	16,412,640,023	16,684,422,105	5.24%

Key Observations – Five-Year History of Rate Base

1. Rate base has grown at an average annual rate of 5.24%, primarily due to gross plant additions averaging 4.55% annually.
2. Despite this growth, depreciation reserves have also increased steadily, slightly moderating the rate base impact.
3. Working capital items, especially Materials & Supplies (up 17.5% CAGR) and Cash Working Capital (negative swing), have become increasingly volatile year to year.
4. Large jumps in nuclear outage costs and accumulated deferred income taxes (ADIT) have materially affected year-end balances.

Staff concludes that revenue requirements have largely kept pace with rate base growth, with no major mismatch between physical investment and allowed recovery.

Net Utility Operating Income and O&M

Table 16 indicates the components on net utility operating income, revenues, and operating expenses.

	TY20	TY21	TY22	TY23	TY24	ARG
SALES TO ULTIMATE CUSTOMERS						
LPSC RETAIL	2,708,940,555	2,828,981,681	3,089,490,580	3,285,200,199	3,445,978,540	6.20%
SALES FOR RESALE	21,118,732	32,273,465	41,623,238	0	4,560,704	31.83%
EPP & SYSTEM SALES	167,183,793	160,233,922	180,607,234	206,814,622	198,326,009	4.36%
OTHER ELECTRIC REVENUE	120,554,142	137,977,908	141,208,814	133,453,455	106,704,615	-3.00%
TOTAL OPERATING REVENUES	3,017,797,222	3,159,466,975	3,452,929,866	3,625,468,276	3,755,569,869	5.62%
EXPENSES						
OPERATION & MAINTENANCE						
PRODUCTION	613,567,111	631,001,833	687,866,124	686,384,741	637,920,150	0.98%
REGIONAL MARKET	0	0	0	0	0	
TRANSMISSION	51,530,299	52,606,309	53,074,533	53,903,772	57,107,446	2.60%
DISTRIBUTION	96,605,029	113,572,397	144,408,020	143,630,893	129,807,713	7.67%
CUSTOMER ACCOUNTING	48,110,826	52,499,751	64,752,346	56,796,826	50,994,112	1.47%
CUSTOMER SERVICE	8,087,337	11,479,163	14,602,465	12,531,254	10,872,057	7.68%
SALES	3,799,297	3,606,225	4,864,235	8,757,350	8,306,911	21.60%
ADMINISTRATIVE & GENERAL	285,613,927	298,523,370	318,489,116	323,987,281	301,250,544	1.34%
TOTAL O & M EXPENSE	1,107,313,826	1,163,289,049	1,288,056,840	1,285,992,117	1,196,258,933	1.95%
DISPOSITION OF ALLOWANCES	0	0	0	(40)	0	
DISPOSITION OF UTILITY PLANT	0	0	0	0	15,227	

REGULATORY DEBITS & CREDITS	9,208,266	2,600,876	1,923,349	1,923,350	1,554,127	35.90%
DEPR, AMORT, & DECOM, & ACCRETION	603,797,515	642,801,109	681,545,894	712,053,257	771,981,601	6.34%
PLANT ACQUISITION ADJUSTMENT	4,416,726	4,416,726	4,416,726	4,416,726	4,416,726	0.00%
INTEREST ON CUSTOMER DEPOSITS	7,588,604	7,477,560	7,757,953	8,173,975	8,458,520	2.75%
TAXES OTHER THAN INCOME	180,937,595	192,294,445	205,876,084	209,769,908	214,396,275	4.33%
CURRENT STATE INCOME TAX	41,571,131	27,283,496	61,687,581	61,695,020	68,509,810	13.30%
CURRENT FEDERAL INCOME TAX	126,196,740	99,635,054	159,195,912	158,422,387	150,636,742	4.53%
PROV DEF INC TAX - STATE - NET	22,376,142	29,113,236	23,353,792	33,848,970	35,282,129	12.06%
PROV DEF INC TAX - FED - NET	45,510,063	88,575,219	30,778,322	63,605,484	94,801,163	20.14%
INVESTMENT TAX CREDIT - NET	(4,091,550)	(4,013,038)	(4,008,001)	(4,002,806)	(3,937,960)	-0.95%
OTHER (B)						
TOTAL UTILITY OPERATING EXP	2,144,825,057	2,253,473,732	2,460,584,452	2,535,898,347	2,542,373,293	4.34%
NET UTILITY OPERATING INCOME	872,972,165	905,993,243	992,345,414	1,089,569,929	1,213,196,576	7.04%

Key Observations – Net Utility Operating Income and O&M

1. Operating revenues have increased 5.6% per year, led by LPSC retail growth and EPP/system sales.
2. Despite attention on administrative and production costs, total O&M has grown only modestly (1.95% CAGR), which Staff views as a positive sign of cost control.
3. The steepest O&M increases occurred in Distribution (7.67%) and Customer Service (7.68%), reflecting grid and customer-facing investments.
4. Income tax adjustments (especially deferred taxes) and depreciation expenses remain material drivers of the bottom line.

Staff notes that Net Utility Operating Income has grown at 7.04%, exceeding the rate of revenue growth — which supports the Company's claim that earnings are improving under the FRP.

Bill Impact

The Test Year 2024 FRP filing produces a significant—but short-lived—reduction in residential customer bills due to the Special Earnings Test (SET) refund. The two tables below show estimated bill impacts for 1,000 kWh residential customers on Legacy EGSL and Legacy ELL rate schedules. The refund applies only to the September–October 2025 billing cycles, after which rates return to their pre-refund levels.

The SET adjustment lowers the FRP Rider percentage by roughly 9 points for both legacy rate classes during the refund window. This translates into a \$4–\$5 per month savings for a typical residential customer. However, these savings vanish starting in November 2025, when FRP rates rebound toward their prior levels.

Notably, the analysis also reveals that residential bills under the EGSL and ELL schedules have effectively converged, suggesting that, for most residential customers, the historical rate distinctions between the two legacy systems have largely disappeared—at least under the current FRP framework. The special earnings test results in a sizable reduction in residential bill for the months of September and October 2025, but the impact does not last.

Table 1: EGSL Bill Impact of TY24 and indicating the Ephemeral Nature of the SET

Energy Louisiana-Schedule RS-G (Legacy EGSL)	KWH			1,000	1,000	1,000
	Aug	Sep-Oct	Nov	Aug	Sep-Oct	Nov
Energy Charge	0.03762			37.62	37.62	37.62
Monthly Service Charge	10.00			10.00	10.00	10.00
Schedule AMS	2.20			2.20	2.20	2.20
Subtotal				49.82	49.82	49.82
	August	Sep - Oct	Nov. =			
FRP Rider	84.9935%	76.157%	87.2807%	42.34	37.94	43.48
Rider FSC-EGSL-III	1.2951%			0.65	0.65	0.65
Rider FSC-ELL-IV	18.4837%			9.21	9.21	9.21
Rider FSC-ELL-V	9.9468%			4.96	4.96	4.96
Rider SCO-I	-0.7719%			(0.38)	0.00	0.00
Rider SCO-II	-1.0377%			(0.52)	(0.52)	(0.52)
Rider SCO-III	-0.2163%			(0.11)	(0.11)	(0.11)
Rider SCO-IV	-2.3489%			(1.17)	(1.17)	(1.17)
Rider SCO-V	-0.0886%			(0.04)	(0.04)	(0.04)
Rider EECR-QS	0.00108			1.08	1.08	1.08
Rider EECR-PE	0.00026			0.26	0.26	0.26
Fuel Adjustment Clause	0.03142			31.42	31.42	31.42
Environmental Adjustment Clause	0.000047			0.05	0.05	0.05
Fuel Stabilization Pilot Program Rider	0.000005			0.01	0.01	0.01
Resilience Plan Cost Recovery Rider	2.9505%			1.47	1.47	1.47
Total				139.03	135.01	140.56

Table 1: ELL Bill Impact of TY24 and indicating the Ephemeral Nature of the SET

			KWH	1,000	1,000	1,000
				Aug	Sep-Oct	Nov
Entergy Louisiana-Schedule RS-L (Legacy ELL)						
Energy Charge	0.03762			37.62	37.62	37.62
Monthly Service Charge	10.00			10.00	10.00	10.00
Schedule AMS	2.20			2.20	2.20	2.20
Subtotal				49.82	49.82	49.82
	August	Sep- Oct	November			
FRP Rider	84.9935%	76.157%	87.2807%	42.34	37.94	43.48
Rider FSC-ELL-III	2.8162%			1.40	1.40	1.40
Rider FSC-ELL-IV	18.4837%			9.21	9.21	9.21
Rider FSC-ELL-V	9.9468%			4.96	4.96	4.96
Rider SCO I	-1.3604%			(0.68)	(0.68)	(0.68)
Rider SCO II	-0.9666%			(0.48)	(0.48)	(0.48)
Rider SCO III	-0.4471%			(0.22)	(0.22)	(0.22)
Rider SCO IV	-2.3489%			(1.17)	(1.17)	(1.17)
Rider SCO-V	-0.0886%			(0.04)	(0.04)	(0.04)
Rider SLGO-L	-0.5746%			(0.29)	(0.29)	(0.29)
Rider EECR-QS	0.00108			1.08	1.08	1.08
Rider EECR-PE	0.00026			0.26	0.26	0.26
Fuel Adjustment Clause	0.03142			31.42	31.42	31.42
Environmental Adjustment Clause	0.000047			0.05	0.05	0.05
Fuel Stabilization Pilot Program Rider	0.000005			0.01	0.01	0.01
Resilience Plan Cost Recovery Rider	2.9505%			1.47	1.47	1.47
Total				139.13	134.73	140.27

Key Observations – Bill Impact of the SET

1. The Special Earnings Test (SET) refund sharply reduces residential bills for September–October 2025 by ~\$5/month for 1,000 kWh customers. However, the reduction is temporary: rates return to near-August levels in November 2025 once the SET expires.

**Service List for U-37594
as of 8/20/2025**

Commissioner(s)

Jean-Paul P. Coussan
Mike Francis
Davante Lewis
Foster L. Campbell
Eric Skrmetta

LPSC Staff Counsel

Justin Bello, LPSC Staff Attorney

LPSC Staff

Donnie Marks, LPSC Utilities Division
Robin Pendergrass, LPSC Auditing Division

LPSC Consultant

R. Lane Sisung
United Professionals Company
3850 North Causeway Blvd., Suite 1930
Metairie, LA 70002
Email: lane@sisung.com
Fax: (504)544-7701; Phone: (504)544-7724

Julie Viviano
United Professionals Company
3850 North Causeway Blvd., Suite 1930
Metairie, LA 70002
Email: julie@sisung.com
Fax: (504)544-7701; Phone: (504)544-7711

Tom McGuckin

United Professionals Company

3850 North Causeway Blvd., Suite 1930

Metairie, LA 70002

Email: tom@sisung.com

Fax: (504)544-7701; Phone: (504)544-7730

Jake Chapman

United Professionals Company

3850 North Causeway Blvd., Suite 1930

Metairie, LA 70002

Email: jake@sisung.com

Fax: (504)544-7730; Phone: (504)544-7701

Jonathan Bourg

United Professionals Company

3850 North Causeway Blvd., Suite 1930

Metairie, LA 70002

Email: jbourg@sisung.com

Fax: (504)544-7702; Phone: (504)544-7728

LPSC Special Counsel

Dana Shelton

Stone, Pigman, Walther, Wittmann, LLC

909 Poydras Street, Suite 3150

New Orleans, LA 70112-4042

Email: dshelton@stonepigman.com

Fax: (504)596-0810; Phone: (504)593-0810

Noel Darce

Stone, Pigman, Walther, Wittmann, LLC

909 Poydras St, Ste 3150

New Orleans, LA 70112-4041

Email: ndarce@stonepigman.com

Fax: (504)581-3361; Phone: (504)581-3200

Justin A. Swaim

909 Poydras Street, Suite 3150

New Orleans, LA 70112-4042

Email: jswaim@stonepigman.com

Fax: ; Phone: (504)581-3200

Company : Entergy Louisiana, LLC

Harry M. Barton

Entergy Services, Inc.

639 Loyola Avenue

Mail Unit L-ENT-26E

New Orleans, LA 70113

Email: hbarton@entergy.com

Fax: (504)576-5579; Phone: (504)576-2984

Intervenor :

Louisiana Energy Users Group

Randy Young

Kean Miller, LLP

400 Convention Street, Suite 700 (70802)

Post Office Box 3513

Baton Rouge, LA 70821-3513

Email: Randy.Young@keanmiller.com

Fax: (225)388-9133; Phone: (225)387-0999

Carrie R. Tournillon

Kean Miller, LLP

400 Convention Street, Suite 700 (70802)

Post Office Box 3513

Baton Rouge, LA 70821

Email: carrie.tournillon@keanmiller.com

Fax: (225)388-9133; Phone: (225)387-0999

Gordon D. Polozola

Kean Miller, LLP

400 Convention Street, Suite 700 (70802)

Post Office Box 3513

Baton Rouge, LA 70821

Email: gordon.polozola@keanmiller.com

Fax: (225)388-9133; Phone: (225)387-0999