Entergy Services, LLC
639 Loyola Avenue (70113)
P.O. Box 61000
New Orleans, LA 70161-1000
Tel 504 576 6825
Fax 504 576 5579
lhand@entergy.com

Lawrence J. Hand, Jr.
Associate General Counsel
Legal Services - Regulatory

May 29, 2020

RECEIVED
By Terri Bordelon at 1:25 pm, May 29, 2020

Via Electronic Mail (brandon.frey@la.gov)
Brandon Frey, Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North 5th Street
Baton Rouge, LA 70802

Re: *Entergy Louisiana, LLC, Ex Parte. Application of Entergy Louisiana, LLC for Extension and Modification of Formula Rate Plan*

Dear Mr. Frey:

Attached please find the Public Redacted Version of the Application of Entergy Louisiana, LLC for Extension and Modification of its Formula Rate Plan. In support of this Application, Entergy Louisiana, LLC, ("ELL") submits herewith the Direct Testimony and Exhibits of Phillip R. May, Joshua B. Thomas and Anthony P. Arnould. This filing is being submitted electronically in accordance with the Commission's Special Order No. 23-2020.[1]

Also attached is 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 information and includes financial projections that are required to be provided on a confidential basis. For this reason, this material is confidential and commercially sensitive. The public disclosure of the information contained herein would subject not only ELL, but also its customers, to a substantial risk of harm. Accordingly, it is critical that this information remain confidential.

Please file the Public Redacted Version in accordance with the Commission's Special Order No. 23-2020 and acknowledge receipt thereof. Please file the HSPM version under seal in

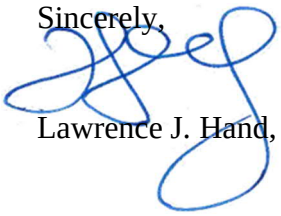
[1] This filing is being submitted in accordance with the Commission's Special Order No. 23-2020 dated April 29, 2020 (*In re: Discussion and possible vote to ratify Executive Order dated March 24, 2020 creating Emergency Electronic Filings due to COVID-19 and adopt draft Special order*). Within thirty (30) days of the expiration of this Special Order, the original signed documents and two copies will be submitted to the Commission; at that time, the HSPM attachment will be sent to eligible reviewing representatives via overnight carrier.

accordance with Rule 12.1. Please do not hesitate to contact me should you have any questions, or if I otherwise may be of assistance to you in connection with this filing.

Please note that ELL's application requests expedited consideration by the Commission by the end of the third quarter of 2020. To aid the Commission Staff in reviewing ELL's request, the Commission previously retained United Professionals at the December 2019 Business and Executive Session.

Thanking you for your usual courtesy and assistance with this matter, I am

Sincerely,



Lawrence J. Hand, Jr.

Cc lpsc.records@la.gov
All Commissioners (public version only)
Phillip R. May
Mark D. Kleehammer
Karen H. Freese

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ENTERGY LOUISIANA, LLC, *EX PARTE*. APPLICATION OF ENTERGY LOUISIANA, LLC FOR EXTENSION AND MODIFICATION OF FORMULA RATE PLAN	**)** **)** **)** **)** **)**	**DOCKET NO. U-_____**

APPLICATION OF ENTERGY LOUISIANA, LLC
FOR AUTHORITY TO EXTEND FORMULA RATE PLAN

Entergy Louisiana, LLC[1] ("ELL" or the "Company") respectfully files this Application with the Louisiana Public Service Commission ("LPSC" or the "Commission") for authority to extend its formula rate plan ("FRP"), and for related relief as described below. Specifically, ELL requests authorization to extend its current FRP for a three-year term, with certain modifications necessary to address, among other items, increasing capital investment requirements, particularly in the area of distribution investment. As explained below, this request is being made so that the FRP will result in just and reasonable rates that will permit the Company to continue making investments that will yield direct benefits to customers in the form of enhanced reliability and performance.

Introduction

I.

ELL, like the overall electric utility industry in the United States, remains in a period of evolution and modernization. As the Company continues to position itself to provide safe, reliable,

[1] On October 1, 2015, pursuant to 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 (*i.e.*, "ELL") ("Business Combination"). Upon consummation of the Business Combination, ELL became the public utility that is subject to LPSC regulation and now stands in the shoes of Legacy EGSL and Legacy ELL.

and cost-effective service well into the future, ELL faces several challenges to maintaining the financial strength required to make necessary investments in a manner that maximizes benefits and minimizes costs to the Company and its customers.

II.

With the Commission's support, ELL has already made significant investments in generation and transmission that have transformed the foundational aspects of its service and resulted in cleaner energy, better access to wholesale markets, and some of the lowest rates in the country. ELL is now shifting its focus to the "last-mile" of the electric grid – the distribution system – with the aim of improving delivery and reliability to distribution-level customers (who are the vast majority of ELL's customers). These improvements to the distribution system are time-consuming and capital-intensive due to the large amount of equipment involved and the broad geographic footprint of ELL's system, which includes over 32,000 miles of distribution lines across 58 parishes in Louisiana. Yet these improvements, and the resulting benefits to all customers from a more modern electric grid, will be particularly visible and meaningful to the Company's distribution-level customers who depend on ELL to keep their homes and businesses running.

III.

The Company recognizes that this Application comes at a time of great difficulty to many individuals, households, and businesses in Louisiana—and around the world—as a result of the COVID-19 pandemic. Recognizing the impact that COVID-19 is having on ELL's customers, its employees, and the communities that it serves, the Company has taken several steps to provide support and protection during these times of unprecedented challenge. Effective March 13, 2020, consistent with the Commission's Executive Order of that date, ELL suspended electric and natural

gas service disconnections for nonpayment. The Company is developing and enhancing bill payment solutions to help customers on a case-by-case basis to pay any accumulated balances once the disconnect moratorium is lifted.[2] For example, customers will now have the ability to extend payments of their past due amounts over a longer period. Residential customers will have the option to fold-in their past due amounts using Levelized Billing, a program that averages payments for a more consistent monthly bill. Commercial and small industrial customers also will be offered flexible payment arrangements to help in their recovery. To help working families experiencing financial hardships as a result of the pandemic, the Entergy Charitable Foundation has established the COVID-19 Emergency Relief Fund, which will make grants to United Way organizations and other nonprofit partners that are providing services to impacted households in ELL's service area. Already in place, moreover, is Entergy's Power to Care program, which provides emergency bill payment assistance to seniors and disabled individuals. And, as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the federal government has provided $900 million in supplemental funding for the Low Income Home Energy Assistance Program, which helps low-income households meet their home energy costs by making payments on a customer's behalf directly to energy suppliers. The Company has maintained communication with its customers through multiple platforms about the COVID-19 response and tips to manage increased demand for energy at home resulting from school and business closures and telecommuting. One

[2] On April 29, 2020, the Commission adopted Special Order No. 22-2020 and terminated its Executive Order dated March 13, 2020. But, under that special order, the disconnect moratorium remains in place until the State of Louisiana enters "Phase II" of the Opening Up America Again guidelines, https://www.whitehouse.gov/openingamerica/. The special order also provides that unpaid customer balances accrued between March 13, 2020, and the date that Phase II is implemented shall not be subject to late fees. Finally, at its May 27, 2020 Business and Executive Session, the Commission extended the disconnect moratorium through the date of its June 2020 meeting.

of those platforms is an online hub that compiles information and helpful links for residential customers about available local, state, and federal resources.[3]

IV.

To ensure the safety of its employees and operations, the Company began monitoring and preparing for a COVID-19 outbreak in late January and has implemented its incident response plan. Action items have included educating employees around self-checking for symptoms, telecommuting, social distancing, and other precautions to prevent the spread of COVID-19; following official public health recommendations and lowering the density of people at Company locations; and working closely with suppliers as part of ELL's overall business-continuity efforts. As the crisis has unfolded, ELL has stayed in close contact with LPSC Staff and Commissioners, as well as with local, state, and federal authorities. Its operations and facilities have remained safe, secure, and reliable, allowing the Company to provide essential energy to customers throughout the crisis. As ELL responds to spring storms and prepares for the Atlantic hurricane season, it is taking steps to make sure that it has the people and resources necessary to respond to severe-weather outages.

V.

Extending an FRP that has worked well for both the Company and its customers is a particularly appropriate step during a time of such challenge and uncertainty. The Company works to maintain a credit rating that supports a low total cost of capital for customers, while providing the financial stability and flexibility for the Company to support the safe and reliable operation of its business. As the Company faces the cash-flow risks of COVID-19, keeping the credit-

[3] *See* https://www.entergy.com/covid-19/laresources/. To assist its small-business customers, ELL has also created an online hub of resources that provides information about benefits made available under the CARES Act and other federal, state, and local business-assistance resources. *See* https://www.entergy.com/covid-19-lasmbiz/.

supportive FRP in place also is important both to ELL's remaining financially strong and, ultimately, to protecting customers from those risks. Additionally, COVID-19 and declining oil prices will reduce Louisiana state-government collections from taxes, fees, and royalties that are tied to the price of oil. During times when the state is facing significant fiscal challenges, it is important that ELL remain a strong, financially flexible utility that is able to assist economic recovery by providing cost-competitive electric service. Renewal of the FRP with the necessary modifications set forth in this Application will allow ELL to continue its capital investment plan, which will prepare Louisiana for the future by modernizing its electric grid, with particular focus on improving the distribution system, while also benefitting the State's economy as it recovers from the effects of COVID-19. Renewal of the FRP with these necessary modifications will also avoid the need for ELL to file a full rate case in the very near term.

Description of Applicant

VI.

ELL is a limited liability company duly authorized and qualified to do and is doing business in the State of Louisiana, created and organized for the purposes, among others, of manufacturing, generating, transmitting, distributing, and selling electricity for power, lighting, heating, and other uses. As of December 31, 2019, ELL provided electric service to nearly 1.1 million customers across 58 of the 64 parishes in Louisiana. A significant portion of ELL's service area in Louisiana is comprised of communities that are regularly exposed to extreme weather and flooding. Roughly 939,000 of ELL's customers are residential customers, 132,000 are commercial, 10,800 are industrial, and 8,000 are governmental. For calendar year 2019, ELL had Total Retail Electric Sales of 56,027 GWh.

VII.

ELL primarily uses natural gas and nuclear power generation in addition to purchased power to meet its customers' needs. The Company's fuel diversity keeps customer rates as low as reasonably possible, and ELL continues to add emission-free energy to its portfolio. The Company has issued a request for proposals to add up to 250 MW of solar resources in Louisiana by 2023, and, later this year, ELL will begin purchasing power from a 50-MW solar plant currently under construction near Port Allen in West Baton Rouge Parish. For calendar year 2019, the approximate breakdown of the generation fuel mix that ELL used to meet customers' needs was as follows: natural gas, 51%; nuclear, 22%; purchased power, including purchases from the Midcontinent Independent System Operator, Inc. ("MISO") energy market, 22%; renewables, 3%; and coal, 2%.[4]

VIII.

ELL's transmission system is comprised of over 5,300 circuit miles of transmission lines. In addition to the lines, there are approximately 450 substations in the system. ELL's transmission system includes transmission lines and substations operating at voltages of 500 kiloVolts ("kV"), 345 kV, 230 kV, 138 kV, 115 kV, and 69 kV.

IX.

ELL's electric distribution system is the portion of the electric grid operating at voltage levels below 69 kV, which ultimately delivers electric power to most of ELL's customers. ELL's distribution system begins at the substations, where power is transformed from transmission-level voltage into distribution-level voltage, suitable for delivering power directly to residential, and

[4] Notably, the percentage of nuclear generation was lower in 2019 than in 2018 because ELL's Waterford 3 Steam Electric Station and River Bend Nuclear Station had refueling outages last year, and the percentage of natural gas generation increased over 2018 because of the addition of the J. Wayne Leonard Power Station (f/k/a St. Charles Power Station).

certain commercial, governmental, and industrial customers. There are nearly 500 ELL substations that supply power to approximately 1,200 distribution circuits, consisting of over 32,000 distribution circuit miles, of which approximately 28,000 are overhead circuit miles, and approximately 4,000 are underground circuit miles.

X.

As of December 31, 2018, ELL's LPSC-jurisdictional rate base was approximately $10.4 billion, which amount does not include the J. Wayne Leonard Power Station (f/k/a St. Charles Power Station) that closed to plant during the 2019 test year (approximately $818.3 million) and the Lake Charles Power Station that closed to plant in 2020 (approximately $821 million). Its capitalization was 51.36% debt/48.64% equity and its current corporate credit ratings are Baa1 (Moody's) and A- (S&P).

XI.

ELL has a relatively high concentration of industrial load (approximately 53% of retail sales), ownership of two nuclear stations, and challenges presented by maintaining reliable service in an area that has seen more than its fair share of devastation from severe weather. These characteristics, especially when combined with the increased distribution capital spending described in this Application, contribute to ELL's current risk profile and support the Company's request in this proceeding.

XII.

The relief sought in this application would affect all of the Company's retail customers.

ELL's Existing FRP

XIII.

Legacy ELL's rates have been set through an FRP since 1995.[5] The Company's current rates are set pursuant to an FRP rider that was approved by the Commission in Order No. U-34631, Rider Schedule FRP. For each applicable test year ending December 31, the Company files an Evaluation Report with the Commission in May of the following year, and any rate adjustments allowed by the rider are effective September of that year. ELL's current FRP is set to expire with the 2019 test year (with its rate effective period extending through August 2021).

XIV.

ELL's current FRP regulates electric rates by establishing an approved Evaluation Period Cost of Equity ("EPCOE") and then requiring prospective rate changes to occur if ELL's test year operating revenues produce an earned return on equity ("EROE") either higher or lower than the approved EPCOE plus or minus a 60-basis point earnings bandwidth ("Bandwidth"), within which Bandwidth rates do not change (*i.e.*, the "Dead Band").

XV.

If an evaluation period EROE falls within the 120-point basis point Dead Band around the EPCOE (*i.e.*, 9.2%–10.4%), no adjustment to prospective rates is made. If the EROE falls outside the Dead Band – in either direction – the FRP will adjust rates 60% to the edge of the Dead Band to reduce the variance of the earned return from the authorized return. FRP rate change provisions that do not eliminate this variance entirely (*i.e.*, reset to the "midpoint" of Dead Band) are sometimes referred to as a "Sharing Mechanism."

[5] Legacy EGSL's rates have been set through an FRP since 2005.

XVI.

There are several categories of costs that the current FRP allows the Company to recover outside the Sharing Mechanism described above. Some of the more important exceptions include recovery of certain investments in capacity and transmission; extraordinary costs; and certain MISO-related costs/revenues.

XVII.

The Additional Capacity Mechanism ("ACM") and Transmission Recovery Mechanism ("TRM") provisions of the FRP have enabled the Commission to timely review both the benefits and costs of significant capital investment decisions related to generation and transmission and synchronize the cost recovery of those investments with the associated savings resulting from the transactions. Over the course of the current FRP, ELL has increased its focus on making productive investments to enhance service and lower costs and, as a result, customers have benefited from some of the lowest rates in the country while receiving safe and reliable service.

XVIII.

Historically, the trend in the utility industry toward increasing customer usage and customer load has meant that larger utility investments most frequently took the form of generation additions to meet the resulting increasing capacity requirements. This was often the basis for the timing of rate cases, to align with the recovery of these major investments. Several years after adopting an FRP to establish rates for ELL, the Commission recognized that the sharing mechanism of the FRP did not provide a reasonable opportunity for the Company to recover these significant investments and, at the same time, earn reasonable returns. To account for this, mechanisms such as the ACM and TRM were established to allow for recovery of the cost of significant investments concurrent with the benefits that those investments provided to customers.

XIX.

The TRM provisions of ELL's current FRP allow recovery of all transmission capital costs in excess of $100 million annually. This provision has provided benefits to both the Company and customers by enabling the Company's investment in numerous transmission projects that have increased reliability and security, as well as providing economic benefits. More specifically, the TRM provides better alignment of the recovery of these costs with the commencement of benefits associated with these transmission projects. In seeking to extend its current FRP, the Company requests authorization to apply a similar mechanism, the Distribution Recovery Mechanism ("DRM"), to recover the costs of certain capital investments to modernize and improve the reliability of its distribution system.

XX.

Annual FRP reviews provide a timely and efficient mechanism for the Commission to review rates and determine whether adjustments are necessary. The use of an FRP also provides significant administrative efficiencies (both in terms of cost and time) as compared to base rate cases. Both of these features benefit the utility and its customers, as has been the case with the ELL FRP.

XXI.

ELL's FRP has also proven very effective in allowing the Company to efficiently reflect in rates several other transformative changes that have benefited customers without the need for filing costly rate cases. In addition to the modernization of the Company's generation portfolio, these changes include joining MISO, combining Legacy ELL and Legacy EGSL, the termination of the Entergy System Agreement, and reflecting the reduction in the corporate income tax rate

pursuant to the Tax Cuts and Jobs Act of 2017. Indeed, when the Entergy System Agreement terminated on August 31, 2016, the FRP allowed the Company to reflect a resulting $42 million reduction in rates on the day of termination. Additionally, the Tax Reform Adjustment Mechanism in the current FRP has provided a means for the Company to timely and efficiently provide savings to customers resulting from reduced federal income tax expense.

XXII.

The ELL FRP has also helped provide the Company and its predecessor companies an opportunity to recover its costs in a timely fashion, afforded it the opportunity to lower rates prospectively if necessary, and allowed customers the certainty that, even in the event of rising costs, that rise will be mitigated by the operation of the FRP mechanism. And, during this time, customers have benefitted from reasonable electric rates. In 2019, ELL's overall electric rates were among the lowest in the nation and more than 37% below the national average.[6]

XXIII.

The Company desires to continue making investments that will modernize its utility infrastructure and provide customers with direct benefits in the form of enhanced reliability. However, the combination of several factors, including the increased need for capital investment and declining average usage within the residential and commercial sectors, place extreme pressure on the Company's opportunity to earn a reasonable return on its investment. These factors and the principle of matching benefits with burdens support implementation of an FRP mechanism that more effectively provides for cost recovery contemporaneously with when customers realize the benefits of incremental investments. This is not a situation unique to ELL. Many jurisdictions

[6] Preliminary 2019 U.S. Energy Information Administration Form 861M. *See*: Form EIA-861M: https://www.eia.gov/electricity/data/eia861m/.

have responded with versions of formula rate mechanisms that are better at matching cost incurrence with cost recovery. For example, Entergy Arkansas, LLC, and Entergy Mississippi, LLC, utilize a forward test year and forward-looking mechanism, respectively, in an attempt to account for similar changes and allow for a reset fully to the target ROE (or point of adjustment) if earnings fall outside of a bandwidth—unlike the current ELL FRP, which utilizes an historic test year and employs a sharing mechanism to reset only to the edge of the Dead Band. While ELL believes that such wholesale changes to the ELL FRP have merit under the proper circumstances, it is requesting more modest revisions to its FRP, which are tailored to the circumstances of ELL and necessary to ensure that the Company and its customers can continue to realize the benefits of its FRP.

The Company's Requested Relief in This Proceeding

XXIV.

In this Application, ELL seeks to extend its current FRP, with these important modifications:

- Effective Date and Term (Section 5) – ELL seeks to extend the effective date and term to cover an additional three-year term, *i.e.*, Evaluation Periods 2020, 2021 and 2022.
- Distribution Recovery Mechanism (DRM) (Section 3.G) – ELL seeks to add a DRM to the Provisions for other Rate Changes (Section 3) Section of the FRP. This is modeled after the existing TRM that the Commission previously approved for inclusion in the existing FRP. The specific details about how this mechanism would operate and the reasons that it is necessary are described below.
- Rate Base Calculation – ELL seeks to update the method through which rate base is calculated. Note A to Attachment B to the existing FRP indicates that

"beginning/ending average balances are to be utilized except where otherwise noted" in the calculation of rate base. ELL proposes to modify this instruction to utilize end-of-year balances for those accounts that currently utilize a beginning/ending average.

- Outside of Right of Way ("OROW") Vegetation Management – ELL seeks Commission approval to defer the costs of a program for managing OROW vegetation over a three-year period by treating those expenses as a regulatory asset to be amortized into rates over a ten-year period (with the first year of amortization of the expected total costs included as a pro forma adjustment to the 2020 test year).
- One-Time Mid-Point Reset – for the Evaluation Period ending December 31, 2020, ELL proposes to temporarily suspend the sharing provisions of the FRP such that Base Rider FRP Revenue will be adjusted to increase or decrease the EROE fully to the target rate of return of 9.8%. The sharing provisions shall be reinstated for the remaining term of the FRP. As discussed more fully below, the Commission has previously recognized the need to reset the target rate of return in similar circumstances.

XXV.

A redlined version of Rider Schedule ELL FRP that reflects the changes described above, as well as certain ministerial changes that will be necessary to effectuate the Company's requested extension and delete language that has expired and/or is no longer applicable, is attached as Exhibit JBT-2 to the Direct Testimony of Mr. Joshua Thomas.

XXVI.

The Company is not proposing that the EPCOE be changed. The current EPCOE of 9.8% was the result of robust negotiations in 2017 and 2018 following the submission of the Company's

request for the current FRP and the submission of a lead-lag study. The current EPCOE of 9.8% (effective September 2019) already reflects a reduction from the 9.95% that was previously authorized, and current circumstances do not support further reductions. In addition, this Commission has authorized or reaffirmed similar ROEs for the other two LPSC-jurisdictional electric Investor Owned Utilities ("IOUs") in connection with extensions of their respective FRPs: 10% authorized ROE for Cleco Power LLC ("Cleco") through 2019[7] and 9.8% ROE for Southwestern Electric Power Co. ("SWEPCO") through 2017.[8]

XXVII.

As discussed further in Mr. Thomas's testimony, there have been significant new risks to ELL's operations and financial condition over the term of the existing FRP that suggest that the authorized ROE should, at a minimum, remain at current levels to continue to support ongoing operations. For example, the Tax Cuts and Jobs Act of 2017 has reduced a significant source of cost-free cash flow for ELL by reducing the amount of, and changing the valuation of, accumulated deferred incomes taxes ("ADIT") collected by the Company. Additionally, the COVID-19 pandemic will likely put significant strain on ELL's financial condition for multiple reasons, as discussed in the testimony of Mr. Phillip R. May and Mr. Thomas.

XXVIII.

Compared to its LPSC-jurisdictional peers, ELL has a relatively high concentration of industrial load (approximately 53% of retail sales). Industrial customers are generally at a greater risk of leaving the system than other consumers—for example, by choosing to install co-

[7] LPSC Order U-32779 (June 2014); LPSC Order U-33434-A (April 2016).

[8] LPSC Order U-34200-A (May 2017) approved a Settlement Term Sheet requiring SWEPCO to file a rate case by December 31, 2018. Subsequently, LPSC Order U-34806-A (June 2019) required SWEPCO to file a rate case by December 31, 2019. On December 12, 2019 SWEPCO filed its Application for General Change in Rates, review of which is ongoing in LPSC Docket No. U-35441.

generation, shifting load to other locations, or suspending operations when business is not economic—which can make it difficult for the utility to recover its fixed costs. Certain levels of industrial load are also more susceptible to changes resulting from general economic downturns than other types of load. Such risk is magnified by the current economic challenges presented by the COVID-19 pandemic, discussed above, and by the recent drop in oil prices, which particularly affects ELL's customers in the refining industry (among others). ELL also owns two nuclear stations, which provide over 2,100 MW of carbon-free power, whereas its LPSC-jurisdictional peers have no nuclear generation in their portfolios. Due to the extensive safety and regulatory compliance requirements needed for nuclear generation, the limited availability of vendors with the specialized knowledge to provide services to the plants, and the potential for regulatory disallowances of cost recovery, ELL's use of nuclear generation creates unique risks.

Proposed FRP Modifications – Distribution Recovery Mechanism

XXIX.

Over the past decade, the U.S. electric utility industry has invested considerable capital to replace and upgrade aging infrastructure. For its part, ELL has modernized its power plants, adding both cleaner and more efficient energy sources in order to provide its customers with reliable, safe, and low-cost energy. ELL has also invested significantly in its transmission grid to expand for growth and to comply with federal reliability requirements. Just as ELL's customers have benefitted from improvements in generation and transmission, ELL expects to continue to implement grid modernization and improvements to its distribution system that will benefit customers. As Mr. Anthony P. Arnould, Jr., explains in his testimony, ELL has steadily increased its investments in the distribution system during the 2013–2019 timeframe and anticipates that increasing levels of investment in distribution will continue during the 2020–2023 time period. These investments will provide direct benefits to customers that rely on the distribution grid, many

of which benefits will be realized immediately and incrementally—particularly in the form of increased reliability (such as less-frequent outages, fewer customers interrupted, and quicker restoration times).

XXX.

Grid modernization involves investing in and incorporating equipment and tools, as well as specialized sensors and software, which perform more advanced technological functions than the Company's traditional distribution infrastructure. The technological advancements afforded by grid modernization investments are expected to provide additional signals, information, and insights that will facilitate improved reliability performance. Many of these kinds of equipment build on and utilize the capabilities presently being enabled through Advanced Metering System ("AMS") deployment and its associated support systems by collecting, analyzing, and delivering information from the field necessary for grid automation, real-time decision making, and long-term planning. The technology and infrastructure components that comprise a modernized grid can be thought of in three broad categories: Smart Grid Infrastructure, Smart Grid Technology, and Advanced Distribution Planning.

XXXI.

The first category, Smart Grid Infrastructure, includes assets capable of supporting increased bi-directional power flow and which facilitate optimization of distributed energy resources ("DERs") like solar power photovoltaic and battery storage systems. Examples of Smart Grid Infrastructure assets include conductors with increased load and carrying capacity, electronic reclosers to sense and isolate issues, and smart tie switches allowing alternate energy paths.

XXXII.

The second category, Smart Grid Technology, represents the specialized sensors, collectors and associated software systems that collect, analyze, and deliver information for real-time decision making and automation. Examples of technologies in this category include: (i) Smart Grid Sensors: small communication nodes that serve as detection stations in a sensor network, which enable the remote monitoring of equipment such as transformers and power lines; (ii) Distribution Automation ("DA") Enabled Devices: distribution grid devices, such as reclosers, regulators, and capacitors, that are equipped with smart controls that enable the devices to communicate with utility software solutions and perform real-time sensing and reconfiguration of the distribution system; and (iii) Data Analytics Software: computer programs that can use data from smart devices to identify portions of the distribution system reporting abnormal conditions and enable proactive engineering analyses to prevent outages in these areas by replacing equipment before it fails. The DA-enabled devices, together with the Outage Management System and Distribution Management System ("OMS/DMS")[9] presently being deployed by ELL in conjunction with the AMS project, can be utilized to enable Self-Healing Networks, which monitor the distribution system for any outage conditions and automatically reconfigure the path of power to isolate the outage and restore power to all unaffected customers in the surrounding area. Additionally, these investments can reduce power line losses with active management of voltage and reactive power, resulting in opportunities to reduce fuel costs for customers.

[9] OMS/DMS is a software system that integrates real-time networked field devices and advanced metering infrastructure data with a geospatial information system. This system provides more efficient and intelligent energy grid operations and improves situational awareness for operators. Networked field devices include: automated feeder switches, reclosers, capacitors, and voltage regulators. This technology can manage and shift load, identify faults, and improve response time, thereby shortening the overall duration of outages.

XXXIII.

The third category, Advanced Distribution Planning, represents a change in how the distribution system is evaluated and modifications are designed, as enabled by increased data and new analytics from new technologies. Currently, distribution planning is studied at system peak periods, and this practice traditionally has been effective for maintaining ELL's distribution system. However, ELL is transitioning from peak-based analysis to Advanced Distribution Planning, which will leverage additional data captured from AMS and DA to perform more robust analysis during multiple time periods and under differing load conditions to ensure infrastructure upgrade projects meet future load scenarios.

XXXIV.

The grid modernization technologies discussed above complement ELL's traditional distribution reliability and infrastructure improvement programs. As discussed in detail in the testimony of Mr. Arnould, some examples of these programs are the FOCUS Program, which identifies and prioritizes devices where reliability has been adversely affected and makes necessary repairs and improvements; the DA/Sectionalizing Program, which implements automated load transfer ("ALT") schemes to minimize outages to the smallest area possible; and the Backbone Program, which proactively inspects the portions of the distribution line between the substation breaker and the first protective device to identify and correct potential problems. ELL plans to continue its investments in such traditional programs while leveraging technology and incorporating more holistic solutions to establish a modern, resilient distribution system.

XXXV.

An example is helpful to illustrate how ELL is working to modernize its distribution system. Some areas of ELL's system have grown rapidly since the installation of its facilities to

provide electric service to those communities. After newly developed areas mature and the pace of growth slows, reliability problems can emerge as the distribution system ages. In analyzing those problems, the Company may discover opportunities to re-configure circuits utilizing new technological advances in ways that could not have been foreseen when those circuits were first constructed. Mr. Arnould's testimony discusses the recent experience in the University City neighborhood in the City of Kenner, which illustrates ELL's efforts to address reliability problems resulting from aging infrastructure. In addition to replacing over 100 utility poles and over 200 associated components, such as crossarms, brackets, fuse switches, and lightning arrestors, the Company also implemented more automated technologies, such as installation of multiple automatic reclosers and ALT configurations to reduce the number of customers potentially exposed to an outage event. These efforts have significant improved reliability for ELL's customers in that neighborhood.

XXXVI.

The investments in distribution discussed above are necessary to maintain and improve the reliability of the distribution system, to incorporate new and innovative technologies, and to respond to customers' needs and expectations for electric utility service. At the same time, while overall sales and load continue to increase, ELL is experiencing revenue erosion in the residential and commercial customer classes (*i.e.*, the customer classes that will see the most benefit from the Company's investment in the distribution system) due to a continuing decline in average usage per customer across these classes. This trend of declining customer usage is caused by both technology (such as smart thermostats and smart homes) and energy efficiency measures that are well beyond those approved by the Commission. The effects of this trend are exacerbated by the manner in which rates are designed to be collected from customers. As such, enhancements to the FRP are

necessary to offset the effects of these fundamental changes that are facing the industry as a whole and ensure just and reasonable rates that allow the Company a reasonable opportunity to earn its allowed return, while also appropriately and equitably allocating the costs and benefits of investments the Company makes to serve customers.

XXXVII.

The Company proposes to add a DRM to the FRP as Section 3.G. This proposed provision is modeled after the TRM that was approved by Commission Order No. U-34631 and, as proposed, would address recovery of the significant capital investments in ELL's distribution system. It would also allow the costs and the benefits of these investments to be reflected in rates closer to when the benefits are realized by customers, similar to the recovery mechanisms that have been approved and supported by the Commission for other significant plant investments, *i.e.*, the TRM and the ACM.

XXXVIII.

Currently at least 32 utilities in at least 15 different regulatory jurisdictions employ some sort of distribution cost recovery mechanism. Some of these have been more narrowly tailored to certain types of distribution investments, such as storm-hardening, technological advancements or reliability improvements, while others encompass the full spectrum of distribution investments. The common theme amongst these approved mechanisms, however, is the recognition that under traditional ratemaking, utilities will be burdened to fund the necessary investments in distribution infrastructure that are required to overcome growing challenges to providing safe, reliable and cost-effective electric service.

XXXIX.

Like the TRM, the proposed DRM would allow the Company to recover through Rider Schedule FRP, on a dollar-for-dollar basis outside the FRP Bandwidth calculation, the return on rate base and the depreciation expense associated with (i) all distribution capital additions that are placed in service, or expected to be placed in service, between January 1 and August 31 of the Filing Year, subject to a DRM Floor described below ("Filing Year DRM Amount"), and (ii) distribution capital additions placed in service during the Evaluation Period, subject to a DRM Floor as described below ("Evaluation Period DRM Amount"), less the Filing Year DRM amount reflected in the prior year's Evaluation Report.

XL.

For purposes of determining the Evaluation Period DRM Amount, increases in Distribution Plant in Service above a DRM Floor of $100 million per year will be included in the mechanism as Plant in Service. For purposes of determining the Filing Year DRM Amount, Distribution Plant in Service above $66.7 million, which represents the $100 million DRM Floor prorated to eight of twelve months, will be included. Additionally, beginning with the 2021 Evaluation Report, ELL shall include with the FRP Evaluation Report, a true-up report comparing the estimated Distribution Plant in Service through August 31 of the previous Filing Year and the actual Distribution Plant in Service through August 31 of the previous Filing Year and, if the difference exceeds $2 million, include a calculation of a proposed adjustment in the DRM Amount to correct any over- or under-collections due to the use of the estimated Distribution Plant in Service, with carrying costs at the Company's WACC, along with any workpapers supporting that true-up calculation. These proposed mechanics of the DRM are identical to those approved by the Commission for the TRM.

XLI.

For purposes of calculating the DRM revenue requirement only, depreciation expense will be determined using a three percent annual depreciation rate. This does not change the actual depreciation rate approved by the Commission for the capital additions included in the DRM. Rather, the bandwidth mechanism of the FRP will reflect the difference between the three percent used for calculating the DRM and the actual depreciation rate for distribution plant. The net plant amount reflected in the DRM will reflect accumulated depreciation equivalent to the amount of depreciation expense calculated at the three percent rate, which accumulated depreciation will serve as a reduction to DRM Plant in Service. Again, but for the difference in the depreciation rate applicable to distribution assets, this proposed treatment of depreciation expense is the same as that approved by the Commission for the TRM.

XLII.

In each Evaluation Report, the FRP Revenue associated with the prior year's Evaluation Period DRM Amount will be removed from the DRM and included as Present Rate Revenue for the Evaluation Period. Moreover, in each Evaluation Report, the FRP Revenue associated with the prior year's Filing Year DRM Amount, if any, will be removed from the DRM and included as Present Rate Revenue for the Evaluation Period, and the associated revenue requirement therefore will be annualized within the Bandwidth calculation to appropriately compare to Present Rate Revenue. Finally, amounts included in the revenue requirement for the Evaluation Period and the DRM Amount will be excluded from the FRP Bandwidth calculation to avoid double recovery.

XLIII.

The Company has proposed that the DRM Revenue Requirement should be allocated among each of the applicable LPSC retail rate classes based on the applicable class Distribution Plant in Service allocation factor as a percentage of total retail Distribution Plant in Service.[10] Table 4 in the testimony of Mr. Thomas lists the methodologies used to create the Distribution Plant in Service allocation factor, which are the same methodologies used to create the jurisdictional and rate class allocation factors for use in the cost-of-service studies. These methodologies have been historically used by the Company and are consistent with those traditionally approved by the Commission.

XLIV.

Some minor adjustments will be required so that the allocation factors can be used within the framework of ELL's FRP. For example, certain of the Company's rate classes are exempt from the FRP. In order for the Company to have the opportunity to recover fully its DRM revenue requirement, the allocation factors calculated for each rate class will have to be grossed up such that no revenue requirement is allocated to the excluded rate classes. The Company also may have to make certain other adjustments to the allocation factors as determined in the 2020 midpoint reset period to account for large commercial and industrial customers who elect to take service under right to choose rates, as provided in the Business Combination settlement agreement in LPSC Docket No. U-33244. This adjustment would ensure that customers in a given rate class would not be unduly burdened by being allocated costs that should be paid by customers who have taken advantage of the right to choose provisions. Allowing for changes to the factors as determined for

[10] An illustrative example of these allocation percentages (based on a 2017 test year) is included in the testimony of Mr. Thomas as Table 3.

the 2020 midpoint reset period would address the same unintended consequences of the Company's prior revenue annualization methodology and MCRM allocation that were addressed in the Direct Testimony of Mr. Joshua Thomas in LPSC Docket No. U-34631.

Proposed FRP Modifications – Rate Base Calculation

XLV.

Currently, the FRP notes that when calculating rate base, "beginning/ending average balances are to be utilized except where otherwise noted." ELL proposes to modify this instruction to utilize year-end balances instead of the beginning/ending average.

XLVI.

ELL has operated under an FRP mechanism with a similar structure to the current FRP since 1995. Over that twenty-five-year period there have been significant changes to ELL's financial circumstances, and the FRP has been modified over that time to account for those changes. This is also true of the ratemaking mechanisms utilized across the country. Many of these changes have been in response to increased spending requirements to benefit customer in the form of increased security, reliability, economic development, and cost savings. These changes require ratemaking mechanisms that are more responsive to changes in costs to provide utilities with the reasonable opportunity to earn their authorized return.

XLVII.

In earlier years of the FRP, capital spending and depreciation expense tracked to a reasonable degree, which meant that a beginning/ending average methodology for determining the appropriate amount of rate base was reasonable to consider both factors in determining rates. In recent years however, the level of capital spending required of ELL to meet customer needs has

significantly exceeded depreciation expense.[11] On average for the last five years, capital spending has exceeded depreciation by almost a billion dollars a year. While a portion of that spending is now included in mechanisms that match the timing of recovery and customer benefits, a significant portion continues to be included within the traditional FRP mechanism. The use of a beginning/ending average rate base calculation within that mechanism, in addition to the use of a historical test year, results in a significant challenge for ELL to be able to earn a reasonable return on investments recovered through that mechanism. While many utilities transition to a forward-looking mechanism, ELL's current FRP not only reflects an historical test year, it effectively only considers half of that historical test year for the purposes of capital expenditures.

XLVIII.

Another factor is that, historically, increasing revenues both from new customers and existing customers have been able to offset the effects of regulatory lag. However, in recent years, residential customers have been using less, not more, electricity on a year-to-year basis. Whereas residential customer usage increased for the five-year period from 1998 through 2002, supporting investment to serve customers with increased revenues, that usage has been on the decline in the last five years.[12]

XLIX.

The change from the use of a beginning/ending average for rate base in the FRP to a year-end balance will help ELL's FRP better reflect ELL's costs for ratemaking on a timely basis. While overall load and sales continue to increase, the trend of declining sales in the residential and commercial classes reduces the ability for growth in revenues to keep pace with increased

[11] A comparison of capital spending and depreciation expense is included in the testimony of Mr. Thomas as Table 5.

[12] A comparison of per-year residential customer usage is included in the testimony of Mr. Thomas as Table 6.

investment, resulting in a greater effect of regulatory lag on ELL's ability to earn its authorized return. The use of a beginning/ending average was appropriate at a time when sales volume for all customer classes were able to keep pace with the historically modest growth in rate base. However, these factors have changed. As also noted above, in reaction to the effects of increased regulatory lag, ratemaking mechanisms in many jurisdictions have changed to be more forward looking. ELL has similarly proposed changes to its FRP, like the DRM being requested here, to address this challenge. Moving from a beginning/ending rate base calculation in the FRP to a year-end calculation will similarly help to mitigate regulatory lag and provide ELL the continued reasonable opportunity to earn its authorized ROE for the term of the proposed FRP renewal. In times of significant growth in capital investment and lower sales growth, use of beginning/ending average rate base does not afford ELL a reasonable opportunity to earn its authorized ROE.

Proposed FRP Modifications – Outside of Right of Way Vegetation Management

L.

ELL's service area has very dense vegetation with high growth rates. In 2018, the Company saw an increase in vegetation-related Customer Interruptions and Customer Minutes Interrupted over prior years. Although those interruptions decreased in frequency and duration in 2019, vegetation from outside of the Company's rights-of-way contributed significantly to the interruptions in both years. For its transmission and distribution systems, the Company, in addition to maintaining rights-of-way through regular inspection and trimming, seeks to remove trees located outside of the rights-of-way that might endanger the Company's conductors and structures, particularly during storm events. ELL's vegetation management programs rely heavily on contractors, and such danger trees are often identified in the course of their work. As ELL continues work in the next few years to modernize and upgrade the electric grid, there will be more

contract crews working on its circuits, and thus more opportunities to identify and remove danger trees.

LI.

Accordingly, ELL is proposing a three-year program under which it will coordinate the identification and removal of danger trees with its increased investment in the distribution system and continued investment in the transmission system. In his testimony, Mr. Arnould discusses the program and its proposed spending levels, under which more than 70% of project funding will address outside of right-of-way ("OROW") vegetation on the distribution system, with the remainder targeted to the transmission system. Because this coordinated investment is expected to benefit ELL's customers for several years to come by improving reliability and reducing future repair costs, the Company is requesting to defer the expenses of this three-year effort as a regulatory asset to be amortized into rates over a ten-year period. The Company also proposes that the first year of amortization of the expected total costs would be included as a pro forma adjustment to the 2020 test year. The Company believes that this treatment will best align the costs to customers with the expected reliability benefits.

Proposed FRP Modifications – One-Time Midpoint Reset

LII.

Generally, the FRPs adopted by the LPSC for the investor-owned utilities have contemplated that upon expiration of the term of the FRP, either (1) a base rate case would be filed or (2) the FRP would be extended, with or without modification of the terms upon which the FRP operates.[13] Under either circumstance, it is appropriate to reset the required revenues to the level

[13] LPSC Orders U-34200-A (May 2017), U-32220-C (August 2016), U-33434-A (April 2016), U-32220 (July 2014), U-32779 (June 2014).

necessary to produce the target rate of return. Under an FRP extension, the process parallels the results of a rate case in that it allows the Commission to determine whether the ratemaking parameters reflected in the FRP will be appropriate for prospective ratemaking, or if those terms need to be modified to remain just, reasonable and not unduly discriminatory. Like a rate case, a midpoint reset also provides a benefit to customers and the Company alike in that rates are realigned to the Commission-authorized ROE to take into account any changes (increases or decreases) in the cost of service. However, under an FRP extension, these results are achieved without the expense generally incurred in developing a full rate case, which provides an additional benefit to customers.

LIII.

Despite the detailed revenue requirement filings under the FRP structure, the ratemaking adjustment limitations (*i.e.*, limited specified proformas), and the application of the Bandwidth formula, rates are often set at a level to produce earnings that are above or below the Commission-approved target ROE. Although this result is deemed acceptable during the term of the FRP, any systematic over- or under-earnings over time may indicate that underlying base rates may be too high or too low. Because of the size of the existing Bandwidth and function of the Sharing Mechanism, ELL is unable to address this risk only through prudent management of its costs. Given these factors, as well as the fact that an extension serves as a new starting point for the term of the FRP, a midpoint reset to 9.8% is necessary to allow the Company a reasonable opportunity to earn its authorized rate of return for the remainder of the requested FRP extension.

LIV.

Most recently, the Commission approved, in Order U-34631, an extension of ELL's current FRP that provided for a revenue increase to the midpoint ROE of 9.95% (as opposed to the bottom

of the band) in the first year of the extension. And the LPSC routinely approves midpoint resets for co-ops when their Debt Service Coverage Ratio and Times Interest Earned Ratio fall outside of the set bandwidth of their FRP. It is further worth noting that FRPs in some other jurisdictions reset to the midpoint in each year that earnings fall outside of the specified bandwidth.[14]

Proposed FRP Modifications – Renewal of TRM

LV.

The TRM approved in Commission Order No. U-34631 has provided benefits to both the Company and customers by enabling the Company's investment in numerous transmission projects that have increased reliability and security, as well as providing economic benefits. The Company anticipates that its investment in the transmission system during 2020–2023 will continue at the same level seen during 2017–2019.[15] As with the investments made during the 2017-2019 timeframe, the level of investment anticipated for 2020-2023 will be driven by reliability planning, infrastructure maintenance and reliability needs, and generation interconnection projects. It is anticipated that these investments will continue to provide contemporaneous benefits to customers in the form of increased security, reliability, economic development and cost savings. Without the function of the TRM, these significant and necessary investments would be subject to undue regulatory lag. Accordingly, because the factors that necessitated implementation of the TRM for the current FRP will remain in effect for the requested

[14] See, for example, Alabama Power; Alabama Power Company, https://www.alabamapower.com/content/dam/alabamapower/Rates/RSE.pdf; Ameren Illinois Company, https://www.ameren.com/-/media/illinois-site/Files/Rates/AIel16rtmap-p.pdf; Commonwealth Edison Company, https://www.comed.com/SiteCollectionDocuments/MyAccount/MyBillUsage/CurrentRates/61_RateDSPP.pdf; Entergy Arkansas, LLC; Entergy Mississippi, LLC (which resets to the point of adjustment); and Entergy New Orleans, LLC.

[15] Further discussion of the transmission investments made during the term of the current FRP and some of the anticipated transmission investments for the 2020–2023 period is included in the testimony of Mr. May and Mr. Thomas.

term of the FRP extension, the Company believes that the TRM continues to serve the public interest and should be renewed.

Proposed FRP Modification – Other Changes

LVI.

In addition, in several instances, the Company has proposed to delete language within the FRP that is no longer relevant, *e.g.*, language extending the due date for the Evaluation Report for the 2017 Evaluation Period, and language concerning FRP Revenue rate increases for the 2018 and 2019 Evaluation Periods. These deletions, as well as all other proposed revisions, are reflected in the red-lined FRP changes shown on Exhibit JBT-2 to the Direct Testimony of Mr. Thomas.

Company Witnesses' Supporting Testimony

LVII.

The Direct Testimony and associated exhibits for the following ELL witnesses supporting this requested relief are attached hereto and filed herewith as part of this Application. It is anticipated that these witnesses, as well as any necessary rebuttal witnesses, will be called to testify at the hearing of this matter on the subjects indicated below:

1. Phillip R. May. As ELL's President and Chief Executive Officer, Mr. May discusses the Company's ongoing efforts to modernize the electric grid, as well as the risks and challenges faced by the Company, its customers, and other stakeholders as a result of the COVID-19 pandemic and other events. Mr. May also introduces the Company's Application and summarizes the reasons supporting the relief it is seeking, especially with respect to capital investments in the distribution system.
2. Joshua B. Thomas. Mr. Thomas explains the operation of the Company's current FRP, including the capital investments in the Company's transmission system that

have been made pursuant to the previously approved TRM, and discusses the changes to the FRP that the Company is requesting and how they will affect its operations.

3. Anthony P. Arnould, Jr. Mr. Arnould discusses the Company's distribution system and describes the capital investments and improvements in that system that are anticipated in connection with the requested DRM and related benefits to customers from the improvements to the distribution grid. Mr. Arnould also explains the Company's proposed OROW program.

Service of Notices and Pleadings

LVIII.

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

Mark D. Kleehammer
Entergy Services, LLC
4809 Jefferson Highway
Mail Unit L-JEF-357
Jefferson, Louisiana 70121
Telephone: (504) 840-2628
Facsimile: (504) 840-2681
mkleeha@entergy.com

Lawrence J. Hand, Jr.
Courtney R. Nicholson
Harry M. Barton
Entergy Services, LLC
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-6825
Facsimile: (504) 576-5579
lhand@entergy.com
cnicho2@entergy.com
hbarton@entergy.com

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

Request for Expedited Treatment

LIX.

ELL seeks expedited consideration in this proceeding in order to have a Commission decision by end of the third quarter of 2020, so as to avoid the need to file a costly rate case soon thereafter. These expenses will be mitigated substantiality if the Company is operating under a properly structured FRP.

Request for Confidential Treatment

LX.

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.

LXI.

WHEREFORE, Entergy Louisiana, LLC requests:

1. That this Commission promptly commence hearings upon the Company's request for relief and establish a procedural schedule that will enable it to render a decision by the end of third quarter of 2020.

2. That this Commission direct that notice of all matters in these proceedings be sent to Mark D. Kleehammer, Lawrence J. Hand, Jr., Courtney R. Nicholson, and Harry M. Barton as representatives of Applicant Entergy Louisiana, LLC.

3. That this Commission provide for appropriate protection for any confidential information to be produced in this proceeding.

4. That, after due proceedings are had, this Commission find that the proposed FRP, including all of the proposed modifications to the current FRP, is just and reasonable, and that the Company is entitled to determine its rates pursuant to such FRP.

5. That the Commission issue an appropriate Order accepting and approving the proposed FRP, as set forth in Exhibit JBT-2 to the Direct Testimony of Mr. Joshua Thomas.

6. That the Commission approve the Outside of Right of Way Vegetation Management program and the treatment of its expenses as a regulatory asset with a ten-year amortization period (with the first year of amortization of the expected total costs included as a pro forma adjustment to the 2020 test year).

7. All other orders and decrees as may be necessary, and for all general and equitable relief that the law and the nature of the case may permit.

Respectfully submitted,

By: _____

Lawrence J. Hand, Jr., Bar No. 23770
Harry M. Barton, Bar No. 29751
Courtney R. Nicholson, Bar No. 32618
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-6825
Facsimile: (504) 576-5579

ATTORNEYS FOR
ENTERGY LOUISIANA, LLC