A. The safety of our employees and restoration workforce was the highest priority of ELL, and the restoration safety performance was generally outstanding. Despite very difficult circumstances in the field, there were zero fatalities among all of the workers employed by the EOCs while they were engaged in restoration efforts following Hurricanes Laura, Delta, and Zeta. The total number of OSHA recordable injuries for all three storms was 22, with only 5 of those resulting in lost time. In addition, we experienced 53 ANSI reportable vehicle accidents. Table 8 provides a breakdown of the OSHA recordable injuries and ANSI vehicle accidents for all of the affected EOCs for each hurricane.

Table 8

	OSHA Recordable Injuries/Illnesses	ANSI Vehicle Accidents
Hurricane Laura	20	41
Hurricane Delta	2	5
Hurricane Zeta	0	7
Total	22	53

Q108. WHAT STEPS DID ELL TAKE TO ENSURE SAFETY AMONG ITS EMPLOYEES AND THE THOUSANDS OF CONTRACTOR PERSONNEL IN LINE CREWS, VEGETATION CREWS, AND OTHER CAPACITIES THAT WERE UTILIZED DURING THE HURRICANES LAURA, DELA, AND ZETA RESTORATIONS?

A. All employees helping with restoration were given a safety orientation prior to starting work. A copy of the orientation was also given to all of the supervisors of the visiting crews. The orientation included all safety rules, locations for medical attention, identification of local hazards, and contact numbers for all safety professionals in case questions arose. An Entergy System safety coordinator was assigned an area with

instructions to make contact with all crews each day. Crew rosters were utilized to assure all crews received the safety orientation presentation.

Entergy Crew Leads were provided updated safety information every day in order to inform the visiting crews where hazards had been identified. In addition, a "Safety Stand Down" topic was developed by our Safety department to be used in the Company-led safety meetings. Visiting contractors were encouraged to attend at least one safety meeting with their crews each day.

Workers were required to report all accidents to the Entergy System's Safety organization. Additionally, First Aid Stations located in staging areas reported each instance of first aid and medical attention.

VII. WINTER STORM URI

Q109. PLEASE DESCRIBE WINTER STORM URI.

A. In February 2021, back-to-back winter storms brought freezing rain and ice to Louisiana. Ice accumulation damaged vegetation, causing sagged or downed trees, limbs and power lines, which, in turn, caused damage to the Company's distribution system. In total, Winter Storm Uri knocked out power to approximately 228,000 ELL customers.

Q110. PLEASE DESCRIBE THE DAMAGE CAUSED TO THE COMPANY'S SYSTEM AS A RESULT OF WINTER STORM URI.

A. Winter Storm Uri involved multiple waves of ice, snow, and temperatures below freezing and caused significant damage to ELL distribution equipment and facilities, including 260 distribution poles, 158 transformers, and 1,863 spans of wire.

Q111. DID WINTER STORM URI PRESENT ANY CHALLENGES THAT MADE RESTORATION DIFFICULT AND TIME-CONSUMING?

A. Yes. First, predicting outages caused by winter storms is challenging due to their nature. Areas of freezing temperatures and precipitation can vary widely with just a few degrees difference in the predicted and resulting weather.

Second, Winter Storm Uri presented access and mobility issues. Travel was extremely difficult, delaying workers from reaching damaged equipment to make repairs. For example, roads refreezing overnight throughout the week, particularly in north Louisiana, hampered travel until roads thawed. Company personnel and contractors used tire chains when possible, but because Louisiana rarely experiences this level of road ice, the state does not have the salt trucks and snow plows that more northern areas retain.

Third, frozen precipitation, ice and wind cause initial outages from the weight of ice on trees and limbs causing them to contact our equipment and create outages. But the damage to trees results in continued effects on our system. As the ice thaws, we saw additional trees and limbs fall, creating new outages well after the various waves of ice and snow had passed out of affected areas.

Finally, the Company also experienced challenges with cold load pickup. When faults are cleared and power restored, there is initial inrush of current to start motors, crank heaters, and get our lights glowing. That initial in rush of current can be multiple times that of normal load and can be damaging to transformers and other assets. To the extent possible, we staggered the load additions to protect the assets but, in some instances, it not only slowed progress, but also led to recurring outages for the same customers.

Q112. DOES RESTORATION TAKE PLACE DIFFERENTLY AFTER AN OUTAGE IN VERY COLD WEATHER?

A. Yes. Restoration follows a different process in extremely cold conditions due to the challenges with cold load pickup that I just described. Rather than simply energizing an entire power line all at once, the Company must bring customers back online one section at a time to avoid damage to our system, which can slow efforts to restore power in some areas. The reason for the different process involves how much power is being used. During cold weather, customers tend to use a lot of electricity, for example, to heat their homes. Following restoration of an outage, electric heaters in particular will often run continuously for extended periods to bring a home to the desired temperature, creating too much constant power demand. That is in contrast to electric heater usage when there is not an outage, with the heater cycling on and off every 5-10 minutes to maintain the desired temperature. This cycling on and off of all residences on a feeder creates a diversity and balance that does not exist with "cold load" pickup following a winter outage.

When a winter outage occurs, restoring all the customers on a given feeder has the potential to create large, instantaneous power demands. And that power demand could be higher than the built-in protective devices[25] on a line can handle, meaning equipment could trip offline or cause more damage. The Company has devices in place that are designed to protect our system during times of normal, day-to-day operations and power demand, and most weather and other contingencies. But during weather extremes, we must change our

[25] These protective devices include, for example, breakers, reclosers, and fuses.

processes to restore power in a way that best ensures safety and reliability for customers as well as our employees.

Q113. PLEASE DESCRIBE THE COMPANY'S RESTORATION EFFORTS FOLLOWING WINTER STORM URI.

A. A storm team of more than 4,000, including line workers, tree trimmers, and support personnel, worked safely and quickly to restore power to customers who sustained outages as a result of Winter Storm Uri.

In portions of the Baton Rouge area, crews encountered downed trees and damaged equipment in the backyards of homes, locations where restoration work can be complex and slow going. In those situations, crews must transport materials to backyards with rear-alley machines when bucket trucks cannot fit between driveways or behind fences in rear alleys. This type of situation forces line workers to climb poles manually rather than using their trucks to mechanically lift them in the air to repair or install new equipment.

In areas north of Amite to Kentwood and on to the Louisiana/Mississippi State line, crews found significantly more damage than was evident in initial assessments and encountered accessibility issues, downed facilities such as poles, cross-arms and wire, and heavy icing on roadways and in trees, contributing to hazardous driving conditions and impassable roadways, which slowed scouting of damages and restoration activities.

Q114. WHAT WERE THE COMPANY'S PRIORITIES IN RESTORING POWER AFTER WINTER STORM URI?

A. The Company focused first on restoring power to critical infrastructure that was essential to the health and well-being of our communities as well as getting the greatest number of customers back online at a time. In addition, before and during Winter Storm Uri, Distribution Operations worked closely with customer service, public affairs, and incident response personnel to monitor potential effects on COVID-19 vaccination sites and to prioritize restoration efforts so that vital public-health services could continue at those locations when it was safe to do so. Indeed, the Company continues to monitor changes in COVID-19 vaccination sites maintained by the Louisiana Department of Health[26] so that its outage management system is current and able to provide situational awareness to operators and field personnel. The Company also made every effort to prioritize restoring power to customers who had been without service the longest due to Winter Storm Uri. However, heavy icing on roadways and in trees contributed to hazardous driving conditions and impassable roadways, which slowed scouting of damages and restoration activities in some areas.

Q115. WHAT WERE THE TIME FRAMES FOR RESTORATION OF SERVICE FOLLOWING WINTER STORM URI?

A. Customers who were affected by the first storm, including those that lost power days after the storm had passed due to limbs falling after the fact and other scenarios, were restored

[26] *See* https://ldh.la.gov/covidvaccine-locations/.

by February 20. Most customers affected by the second storm were restored by February 22, with isolated cases in the hardest-hit areas restored on February 23.

VIII. STORM COSTS

A. Hurricanes Laura, Delta, and Zeta Storm Costs

1. Distribution-Level Costs

Q116. WHAT ARE THE TOTAL DISTRIBUTION-LEVEL COSTS OF THE COMPANY'S RESTORATION EFFORTS FOLLOWING HURRICANES LAURA, DELTA, AND ZETA?

A. The total ELL Distribution costs (Hurricanes Laura, Delta, and Zeta) were $1.45 billion. These costs include the distribution-related storm costs incurred through February 28, 2021, plus certain estimated costs related to specific projects that were not completed as of February 28, 2021, that are necessary to repair or replace facilities damaged by Hurricanes Laura, Delta, and Zeta. These numbers do not include adjustments for carrying costs. Please see Exhibit JWH-1; Exhibit SMH-1 attached to the Direct Testimony of Company witness Sarah M. Harcus, which is a report summarizing costs by class and major resource category for ELL for Hurricanes Laura, Delta, and Zeta; as well as Exhibit SMH-4 attached to Ms. Harcus's testimony, which includes the transactions underlying the total Distribution-level costs for Hurricanes Laura, Delta, and Zeta.

Q117. WHAT ARE THE DISTRIBUTION RESTORATION COST CATEGORIES?

A. As discussed by Company witness Ms. Harcus, there are five major ELL cost categories: (1) Contract Work, (2) Employee Expense, (3) Labor, (4) Materials, and (5) Other. In

addition, affiliate costs are assigned one of two major cost categories – ESL Billings or Loaned Resources. The Loaned Resources category includes the total labor costs incurred on behalf of and charged to the Company by personnel from other Entergy affiliates. The two remaining cost categories are Mutual Assistance and Adjustments. Company witness Ms. Harcus discusses the Adjustments category in her Direct Testimony.

a. Contract Work

Q118. WHAT DISTRIBUTION DOLLARS ARE ASSOCIATED WITH THE RESTORATION COST CATEGORY "CONTRACT WORK"?

A. Contract Work costs incurred by ELL at the distribution level through February 28, 2021 were $873,522,165 for Hurricane Laura, $137,935,273 for Hurricane Delta, and $115,435,837 for Hurricane Zeta.

Q119. DESCRIBE THE COSTS INCLUDED IN THIS COST CATEGORY.

A. This cost category includes the costs of third-party contractors and workers supplied by other utility companies who assisted in the restoration effort at the distribution level. The types of contractors include: mutual-aid utility, line, vegetation, logistics, trucking and equipment, temporary staffing, investment recovery, engineering, and environmental, all of which resources I discussed above, and which are described in more detail in Exhibits JWH-9, JWH-10, JWH-11, JWH-12, and JWH-13.

Q120. WERE THE CONTRACT WORK COSTS REASONABLE AND NECESSARY?

A. Yes. As described in my testimony, those costs were necessary to restore service to ELL's customers and repair the extensive damage to the distribution system caused by Hurricanes Laura, Delta, and Zeta. Given the massive damage to the system and the urgent need to restore service for the health, safety, and convenience of customers and the regional and national economies, ELL brought in contract personnel from a wide array of mutual-aid utilities and contractors. Through those efforts, an impressive restoration workforce was deployed throughout ELL's service area to address the damage caused by the hurricanes. Working together with ELL's employees, these contractors did an outstanding job, working very long hours in extremely difficult circumstances, to restore service to our customers as quickly as reasonably possible. We are grateful for the assistance they provided us and the professionalism with which they performed their services.

As described in my testimony, ELL engaged these contractors as expeditiously as we could to commence rapid restoration efforts. We continuously monitored the level of contract resources we employed, initially to make sure we had adequate resources to cover all parts of the distribution system that were damaged, and then to make sure that we ramped down the number of resources as the restoration progressed and the level of contract resources needed diminished. This continued on a constant basis throughout the restoration process.

Furthermore, we implemented measures to ensure that the costs paid were reasonable. Before bringing in additional resources, ELL made sure our internal resources were fully utilized. We then called upon our utility partners in mutual-aid agreements to provide crews to assist with our restoration. The pricing terms under those contracts were

reasonable in that the providing utility supplied its crews on an at-cost, non-profit basis, as I explained above.

To the maximum extent possible, we utilized contractors with which we had pre-existing relationships (*i.e.*, their crews were already assigned to the ELL system) and pre-existing contracts. By utilizing contractors with pre-existing contracts, we ensured that the prices for the services had been determined on a competitively-procured basis and/or that they had been subject to negotiation with ELL under non-emergency circumstances, such that the unique circumstances presented in the aftermath of Hurricanes Laura, Delta, and Zeta had not influenced the pricing. Next, we turned to contractors with which we have worked in the past and whose services and costs we deemed to be reasonable. The pricing terms for the services of those contractors were negotiated in advance of their commencing service. Pricing terms were negotiated as favorably as possible under the circumstances. Of course, due to the emergency circumstances, ELL did not have significant leverage to negotiate reduced prices with those contractors, but I can say with confidence that the contractors with whom we dealt treated us fairly, were cooperative in helping us in our moment of great need, and did not take advantage of the situation to charge us unreasonable prices. For all of these reasons, the Contract Work costs were not only necessary, but also reasonable.

b. Employee Expense

Q121. WHAT DISTRIBUTION DOLLARS ARE ASSOCIATED WITH THE RESTORATION COST CATEGORY "EMPLOYEE EXPENSE"?

A. Employee Expense costs incurred by ELL at the distribution level through February 28, 2021 were $33,085,320 for Hurricane Laura, $12,867,952 for Hurricane Delta, and $10,207,615 for Hurricane Zeta.

Q122. PLEASE DESCRIBE THE COSTS INCLUDED IN THIS CATEGORY.

A. The Employee Expense cost category includes the costs of providing lodging, meals, and other logistical items to the internal restoration work force, with the exception of self-contained crews and the large logistical and catering vendors (the costs of which are included in the cost category Contract Work). This category also includes travel expenses, such as mileage, and other reimbursable expenses incurred by the Company's employees. For Hurricanes Laura, Delta, and Zeta, these costs reflect challenges due to the general devastation in the ELL service territory, as well as maintaining COVID-19 safety and health protocols.

Q123. WERE THE EMPLOYEE EXPENSES COSTS REASONABLE AND NECESSARY?

A. Yes. The Employee Expense costs were essential to supporting the restoration workforce by providing the basic human needs of food, rest, shelter, and hygiene. It is a reasonable and necessary business practice to provide lodging and meals for workers who are assigned to a job site for storm restoration events. The costs were reasonable because many of the vendors charged rates similar to those for the same services under non-storm

circumstances. There were some vendors who were retained because they were the only ones available to provide a unique or timely service, but these charges were evaluated and deemed to be reasonable under the circumstances.

Q124. HOW WERE THE EMPLOYEE EXPENSE COSTS CAPTURED AND MONITORED?

A. The costs in this category were captured by both direct vendor invoices to ELL and through the use of lines of credit arranged with Citibank Corporation. These invoices were processed via our normal accounts-payable system applications, PeopleSoft Financials.

Storm invoices directly charged to ELL were reviewed for the accuracy of both quantity and rates, and their payment was approved by Entergy management. Meals and lodging for smaller work groups, as well as supplies for the workers at their job sites, were secured using storm credit cards. Entergy secured lines of credit with Citibank Corporation for credit cards to be used in the event of storm restoration activities. These credit cards were assigned to Entergy employees who were trained in the appropriate management and accounting of storm credit cards prior to the occurrence of Hurricanes Laura, Delta, and Zeta. These employees procured meals, lodging, supplies, and miscellaneous items on an as-needed basis. The individual transactions on the credit card statements were reconciled with vendor receipts.

c. Labor

Q125. WHAT DISTRIBUTION DOLLARS ARE ASSOCIATED WITH THE RESTORATION COST CATEGORY "LABOR"?

A. Labor costs incurred by ELL at the distribution level through February 28, 2021 were $15,834,058 for Hurricane Laura, $4,513,769 for Hurricane Delta, and $4,676,789 for Hurricane Zeta.

Q126. DESCRIBE THE COSTS INCLUDED IN THIS COST CATEGORY.

A. This cost category includes the total labor costs (including employee payroll, benefits, and taxes) incurred on behalf of and charged to the Company by ELL personnel.

Q127. WERE THE LABOR COSTS REASONABLE AND NECESSARY?

A. Yes. As I described above, these employees have first-hand knowledge of ELL's electrical systems and safety procedures. In addition, this labor was provided at cost. The use of ELL employees in the storm restoration was absolutely necessary to restore service in the time frame in which it was accomplished, and these employees were utilized prior to engaging mutual-aid or third-party contractors whenever possible.

Q128. DOES THE COST CATEGORY "LABOR" INCLUDE OVERTIME?

A. Yes. ELL employee overtime is included in the cost category "Labor." For non-exempt employees, overtime was incurred due to both the need for ELL employees familiar with the system to work as much as possible in order to restore power quickly as well as the lack

of other labor resources due to restoration efforts ongoing in other areas due to Hurricanes Laura, Delta, and Zeta.

d. Materials

Q129. WHAT DISTRIBUTION DOLLARS ARE ASSOCIATED WITH THE RESTORATION COST CATEGORY "MATERIALS"?

A. Materials costs incurred by ELL at the distribution level through February 28, 2021, were $67,391,535 for Hurricane Laura, $10,642,626 for Hurricane Delta, and $15,847,593 for Hurricane Zeta.

Q130. DESCRIBE THE COSTS INCLUDED IN THIS COST CATEGORY.

A. This category includes the cost of materials used in the restoration work, including poles, wires, transformers, and related materials obtained from our vendors and Key Suppliers. This category also includes the materials and supply loaders applied to all material issued. Material loaders are costs related to procurement, transportation, inventory management, and other Supply Chain costs that are customarily applied to the cost of each unit. As I previously have testified, there was significant damage to the distribution system from Hurricanes Laura, Delta, and Zeta, mostly from vegetation, wind, and debris. Many material units required replacement because, in most cases, physical and mechanical damage occurred. This category also includes the cost of fuel for line and service trucks and other equipment used during the restorations.

Q131. WHAT PARTICULAR MATERIALS WERE UTILIZED IN THE DISTRIBUTION RESTORATION EFFORTS?

A. Most of the material costs for Hurricanes Laura, Delta, and Zeta were for replacement of transformers, poles, cable/wire, splices, cross arms, reclosers, insulators, clamps, brackets, and lighting fixtures. Other materials used in the distribution restoration effort included parts such as fuses and connectors, and other miscellaneous items such as bolts, tape, rope, and batteries.

Materials were procured, transported, and staged to strategic sites prior to the impact of the storm. The process of procuring materials continued throughout the restoration process to meet the needs that were identified through on-going assessments of damage to facilities. The following is a brief description of each of the material items listed above.

- **Transformer** – A device that reduces voltage from distribution level to a customer utilization voltage. These come in different capacity and voltage ratings.
- **Pole** – This is a structure, typically wooden but sometimes steel or concrete, that supports aerial wires and equipment. Poles come in various heights and strength ratings.
- **Cable/Wire** – This is the metallic medium in which electrical current is transported from source to load. Wire comes in various types of metals and alloys, capacity, strength, and basic insulation levels ("BIL").
- **Splice** – This is a device used to join or rejoin cable and wires. They come in different sizes to accommodate different wire sizes and types.

- **Cross arm** – This is a horizontal support for cables and wires. This support is attached toward the top of the pole, and wooden cross arms are braced with diagonal mounted cross arm braces with galvanized bolts, nuts, and washers of various sizes and lengths. These cross arms come in various sizes, strengths, BIL, and material. In recent years, where appropriate, the Company has been replacing traditional wooden cross arms with more durable fiberglass models.
- **Recloser** – A protective device that automatically interrupts the flow of current under fault conditions. These devices come in various sizes and ratings.
- **Insulator** – Non-conductive hardware that supports cable and wires and prevents current from flowing through undesired paths. They are typically constructed of porcelain or polymer compounds and come in various BIL and strength ratings.
- **Clamp** – A mechanical device used to hold objects suspended. There are numerous types, sizes, and applications.
- **Bracket** – A mechanical device used as a support or securing point for various types of equipment and hardware. There are numerous types, sizes, and applications.
- **Fixture** – Equipment used for private and street/roadway lighting. There are numerous types, sizes, and applications.

Q132. DOES THE COMPANY MAINTAIN INVENTORIES THAT ARE SUFFICIENT TO ADDRESS DAMAGE RESULTING FROM STORMS OF THE MAGNITUDE OF HURRICANES LAURA, DELTA, AND ZETA?

A. No. It would not be cost effective for the Company to maintain inventories of materials large enough to address the extent of damage caused by Hurricanes Laura (*e.g.*, 12,453

poles), Delta (*e.g.*, 969 poles additional poles), Zeta (*e.g.*, 2,424 poles additional poles), or other major storms because of the quantities of materials that would have to be stored. However, the Company usually keeps stores and inventories ample enough to handle normal construction and repair needs without calling for additional supplies from outside vendors. Prior to hurricane season, the Company also increases its inventories of critical materials so that restoration can begin as soon as it is safe to do so after a storm passes. Because a major restoration will exhaust those inventories quickly, the Company's supply chain organization manages strategic contracts with vendors to allow for quick response to match critical inventories and lead times to damage estimates. Both before and after a storm, the Company places those materials in strategic sites to facilitate restoration.

Q133. IDENTIFY THE MATERIALS VENDORS AT THE DISTRIBUTION LEVEL FOR THE HURRICANES LAURA, DELTA, AND ZETA RESTORATIONS, INCLUDING KEY SUPPLIERS, AND DESCRIBE THE MATERIALS SUPPLIED.

A. The materials vendors utilized by ELL for the restoration of its distribution system in the Hurricane Laura, Delta, and Zeta restorations are listed in Exhibit JWH-14 to my testimony.[27] Exhibit JWH-14 also includes the costs charged by each vendor.

[27] Exhibit JWH-14 contains costs referred to as "ELL Inventory." "ELL Inventory" consists of materials used during the Company's restoration efforts that were either on hand prior to each storm or were purchased and shipped to a Company warehouse during the restoration process. Materials that were shipped directly from a vendor to a job site are not included in "ELL Inventory."

Q134. WERE THE COSTS TO OBTAIN THESE MATERIALS REASONABLE AND NECESSARY?

A. Yes. The materials used in the Hurricanes Laura, Delta, and Zeta restorations were necessary to replace equipment that was damaged and/or destroyed and therefore necessary to adequately restore service. ELL acquired and distributed these materials as expeditiously as we could to commence restoration of the distribution system as quickly as possible. We continuously monitored the level of materials in inventory, initially to make sure we acquired sufficient additional materials to address all parts of the distribution system that were damaged, and then to make sure that we ramped down the materials on order as our needs diminished. This was an evaluative process that continued on a constant basis throughout the restoration and reconstruction.

The prices charged by the materials vendors also were reasonable based on Entergy's prior experience with the vendors and the circumstances at the time (*i.e.*, supply shortages). We also implemented measures to ensure that the costs we were paying for these materials were reasonable. As an initial matter, we made sure we were fully utilizing our existing inventories. We then utilized those suppliers with which we had pre-existing relationships and pre-existing contracts. By utilizing vendors with pre-existing contracts, we ensured that the prices for the materials had been determined based on a competitively-procured basis and/or that they had been subject to negotiation with ELL under non-emergency circumstances. Next, we turned to other third-party vendors with which we have worked in the past and whose materials and prices we deemed to be adequate and reasonable. The pricing terms for the materials from those vendors were negotiated in advance of their supplying the materials. We negotiated pricing terms as favorably as

possible under the circumstances. Of course, due to the emergency circumstances, ELL did not have significant leverage to negotiate reduced prices with those vendors, and in some cases the prices reflected the constrained supply within the market, as well as the incremental costs of expedited fabrication and delivery of materials. However, costs for these materials were reviewed and determined to be reasonable under the circumstances, and I can say with confidence that the vendors with whom we dealt treated us fairly.

e. Other

Q135. WHAT DISTRIBUTION DOLLARS ARE ASSOCIATED WITH THE RESTORATION COST CATEGORY "OTHER"?

A. Costs included in the "Other" category incurred by ELL at the distribution level through February 28, 2021 were $8,109,936 for Hurricane Laura, $1,305,098 for Hurricane Delta, and $873,197 for Hurricane Zeta.

Q136. DESCRIBE THE COSTS INCLUDED IN THIS CATEGORY.

A. The "Other" cost category includes additional costs not specifically categorized in the four categories discussed above. Examples include transportation costs (not included in other categories), equipment rentals, network truck and equipment time, and capital suspense costs.

The costs of transportation and equipment rentals consist primarily of the cost to rent buses to transport crews to and from the staging sites. This allowed the large equipment needed to restore the distribution system to be stored and fueled at the staging sites, while the workers were lodged and fed elsewhere. The remainder of the equipment

rental costs is the rental of specialized equipment. Specialized equipment includes cranes, bulldozers, marsh buggies, alley machines, and other equipment that was necessary for the restoration efforts.

Capital suspense is a pool of overhead construction costs, not directly associated with any specific capital job, that is allocated to capital jobs on the basis that the amounts of such overheads reasonably support the capital work.

The remaining costs in this category include items such as the acquisition of the necessary computer hardware and software to replace equipment damaged by the storm, the operation of emergency generators, office supplies required to monitor and document storm restoration, the purchase of media air time to update the public on restoration progress, the purchase of other restoration-related public service announcements, and the cost of communications during and following the restoration periods.

Q137. WERE THESE "OTHER" COSTS REASONABLE AND NECESSARY?

A. Yes. The costs included in the "Other" category were necessary to enable ELL to perform the work required to restore its distribution system. The rates and prices for these cost items are reasonable and are generally consistent with pre-established rates. In addition, the costs for specialized equipment were reasonable because the equipment was obtained at rates that were negotiated based on pre-storm operating conditions.

f. Affiliate Costs

Q138. WHAT WERE THE DISTRIBUTION DOLLARS ASSOCIATED WITH "ESL BILLINGS" AND WHAT DO THOSE COSTS INCLUDE?

A. ESL Billings incurred by ELL at the distribution level through February 28, 2021 were $13,670,148 for Hurricane Laura, $2,037,074 for Hurricane Delta, and $1,696,235 for Hurricane Zeta. This category includes costs related to services provided to ELL by ESL personnel in the distribution restoration efforts following Hurricanes Laura, Delta, and Zeta. ESL Billings also include employee overtime to provide management and corporate support services to ELL such as the System Command Center, Accounts Payable, and Human Resources.

Q139. WHAT WERE THE DISTRIBUTION DOLLARS ASSOCIATED WITH "LOANED RESOURCES" AND WHAT DO THOSE COSTS INCLUDE?

A. Loaned Resources costs incurred by ELL at the distribution level through February 28, 2021 were $5,656,098 for Hurricane Laura, $609,449 for Hurricane Delta, and $2,713,236 for Hurricane Zeta. This category reflects the process by which payroll costs are charged from one department within Entergy to another when an employee is loaned to another department for reasons such as storm restoration. Charges for labor from other EOCs are included in this category and also include employee overtime for the Hurricanes Laura, Delta, and Zeta restorations.

Q140. WHAT PROCESSES WERE IN PLACE TO ENSURE THAT THESE COSTS WERE ACCURATE?

A. All supervisory-level Entergy personnel are periodically reminded of the importance of accurate payroll time entry with regard to storm restoration and support activity. All timesheet entries (including labor charged to capital suspense) in the storm project must be verified for accuracy and approved by a minimum of one level of supervision/management before being uploaded into the Entergy payroll system.

Q141. WERE THESE "AFFILIATE" COSTS REASONABLE AND NECESSARY?

A. Yes. These costs were both necessary and reasonable to the restorations following Hurricanes Laura, Delta, and Zeta. These costs were predominantly associated with employees from our regulated affiliate companies who provided direct restoration support such as line construction, network management, operation and staffing of staging sites, and support and staffing of logistics management.

These services were both necessary and reasonable for several reasons. With regard to managing the restoration efforts following Hurricanes Laura, Delta, and Zeta, the employees of the other EOCs are familiar with our administrative systems and company procedures, whereas outside contractors or utilities generally are not. The construction resources were necessary to effect a timely restoration just like the non-affiliated construction resources provided by ELL, contractors, other utilities, and other third parties. These costs were reasonable because ELL paid the direct labor costs and expenses of using these resources. The labor was provided at cost. Non-affiliated companies would either operate much less effectively in these roles or have increased costs built into their pricing

to account for the training, preparation, and guaranteed availability already in existence for each affiliate's own operational needs.

g. Mutual Assistance Costs

Q142. WHAT IS THE TOTAL AMOUNT OF MUTUAL ASSISTANCE COSTS INCURRED FOR THE HURRICANES LAURA, DELTA, AND ZETA RESTORATIONS?

A. The total amount of restoration costs incurred by ELL for mutual assistance at the distribution level through February 28, 2021 were $67,866,112 for Hurricane Laura, $26,561,210 for Hurricane Delta, and $6,851,514 for Hurricane Zeta.

Q143. WERE THE MUTUAL ASSISTANCE COSTS REASONABLE AND NECESSARY?

A. Yes. As I explained above, when the Company requires aid from its mutual assistance partners, it pays the actual charges for the assisting utility's crews, at the same rates the assisting utility pays its crews. Labor rates, transportation charges, labor overhead, and corporate overhead are reimbursed at the same rates that the assisting utility accounts for these charges in its normal course of business. Moreover, mutual-aid utilities were essential for the restorations after Hurricanes Laura, Delta, and Zeta due to the extensive damage to ELL's distribution system.

2. Estimated Costs

Q144. IS ELL ALSO REQUESTING THE RECOVERY OF THE ESTIMATED COSTS NECESSARY TO COMPLETE THE DISTRIBUTION-LEVEL RESTORATION PROCESS FOLLOWING HURRICANES LAURA, DELTA, AND ZETA?

A. Yes. At the distribution level, ELL is requesting $2,831,535 in estimated costs associated with Hurricane Laura restoration; $2,508,887 in estimated costs associated with Hurricane Delta restoration; and $1,357,996 in estimated costs associated with Hurricane Zeta restoration. These estimated costs are summarized in Exhibit JWH-15.

Q145. PLEASE DESCRIBE THE NATURE OF THE ESTIMATED COSTS.

A. The estimated costs include work and activities undertaken to repair damage to the distribution system after Hurricanes Laura, Delta, and Zeta that were not completed or booked as of February 28, 2021, such as services by investment recovery and environmental contractors. Also included are costs to restore IT/communications systems that were damaged in the storms, as well as attestation audit and invoice processing expenses.

B. Winter Storm Uri Storm Costs

Q146. WHAT ARE THE TOTAL DISTRIBUTION-RELATED COSTS OF THE COMPANY'S RESTORATION EFFORT FOLLOWING WINTER STORM URI?

A. The total ELL Distribution costs incurred due to Winter Storm Uri were $55,890,000. These costs include the distribution-related storm costs incurred through February 28, 2021, plus certain estimated costs. These numbers do not include adjustments for carrying

costs. Please see Exhibit JWH-2; Exhibit SMH-2 to the Direct Testimony of Company witness Ms. Harcus, which is a report summarizing costs by class and major resource category for ELL for Winter Storm Uri; as well as Exhibit SMH-4 attached to Ms. Harcus's testimony, which includes the transactions underlying the total Transmission-level costs for Winter Storm Uri. I note that the costs related to Winter Storm Uri that ELL incurred fall into the same categories of costs and types of activities as those presented above to describe the costs incurred during the restoration efforts following Hurricanes Laura, Delta, and Zeta.

Q147. WERE THESE STORM COSTS REASONABLE AND NECESSARY?

A. Yes. ELL incurred these costs to prepare for Winter Storm Uri and return distribution lines to service as quickly, safely, and efficiently as possible. ELL made necessary expenditures for essential materials labor, and other identified costs to carry out these activities. Moreover, these costs were reasonable, as confirmed by the internal control measures ELL relied on to procure and monitor the material and personnel resources that it utilized for the restoration of its distribution system. As noted above, the Company is a highly skilled purchaser of services and materials for its facilities and is intimately familiar with the products and services of the vendors with which it was working. ELL was thus able to ensure that the prices and terms under which it purchased services and materials were fair and reasonable under the circumstances.

Q148. IS ELL ALSO REQUESTING THE RECOVERY OF THE ESTIMATED COSTS NECESSARY TO COMPLETE THE DISTRIBUTION-LEVEL RESTORATION PROCESS FOLLOWING WINTER STORM URI?

A. Yes. ELL is requesting $34,683,120 in estimated costs associated with Winter Storm Uri restoration for (1) certain projects that were not completed as of February 28, 2021, that are necessary to repair or replace distribution facilities damaged by Winter Storm Uri and (2) certain expenses that were incurred but not accrued as of February 28, 2021. In fact, the majority of costs associated with Winter Storm Uri are estimated, as shown in Exhibit JWH-2, due in large part to the timing of the storm. There were less than two weeks between Winter Storm Uri's impact on Louisiana and February 28, 2021, which is a limited amount of time to receive, process, and accrue invoices from the large number of third-party vendors involved.

IX. CONCLUSION

Q. WERE THE DISTRIBUTION CLASS COSTS INCURRED BY THE COMPANY TO ADDRESS HURRICANES LAURA, DELTA, AND ZETA, AS WELL AS WINTER STORM URI, REASONABLE AND NECESSARY?

A. Yes. For the reasons I describe in my testimony, the costs were necessary to restore service to customers and to reconstruct our distribution system promptly and safely in the wake of the damage caused by Hurricanes Laura, Delta, and Zeta, as well as Winter Storm Uri, in the areas served by the Company. While the amounts expended on materials, labor, and the other cost categories were substantial, it was essential that the Company restore service as quickly as reasonably possible. Had the Company not acquired these resources in the

manner that it did, the restoration of the distribution system to provide power to essential facilities like water plants, sewage-treatment plants, hospitals, nursing homes, and law enforcement facilities, as well as industries critical to the regional, state, and national economies, would have taken substantially longer, as would the time period for restoring power to other customers throughout ELL's service area. Thus, the costs were necessary to restore power safely, timely, and efficiently.

The Company ensured the costs were reasonable by putting in place appropriate measures to procure and monitor the material and personnel resources used for the restoration of its distribution system. A large majority of the storm costs were incurred according to pre-existing contracts with service providers and vendors and cost-based agreements with mutual-assistance utilities, which ensured that the Company did not have to pay a premium for those resources. With respect to the costs incurred from other service providers and vendors, the Company utilized appropriate measures to procure and monitor those resources so that the prices were reasonable, the vendors were not overpaid, and the vendors' services were terminated as soon as they were no longer needed for the restoration efforts.

Given the urgent demand for timely service restoration, the Company was not in a position to bargain-shop for services and materials. The priorities of service restoration, protecting public health and welfare, preserving strategic energy supplies, and supporting emergency responders took precedence over the pursuit of potential cost reductions that ultimately would have added months to the restoration process. Nevertheless, the Company has years of experience in emergency restoration procurement, and, as a highly-skilled purchaser of these services and materials for its facilities, the Company is very

familiar with the costs of the products and services of the vendors with which it was working. Accordingly, the Company was able to ensure that the prices and terms under which it purchased services and materials were fair and reasonable under the extreme circumstances. There may be instances in which the Company might have had to pay higher prices than it would have in a non-emergency situation; however, the Company's processes and experience ensured that the prices and costs it did pay were reasonable under the circumstances. Considering the challenges that the 2020 Atlantic Hurricane Season and the COVID-19 pandemic imposed on our customers and the communities that we serve, the amounts spent on storm restoration, though substantial, were reasonable, necessary to serve our customers, and prudently incurred.

Q149. IN THE LIGHT OF THE FACTS KNOWN TO THE COMPANY AT THE TIME, WAS IT NECESSARY AND REASONABLE FOR THE COMPANY TO ACQUIRE AND UTILIZE THE DISTRIBUTION-RELATED RESOURCES THAT IT DID TO COMPLETE RESTORATION OF SERVICE AND RECONSTRUCTION OF ITS DISTRIBUTION FACILITIES FOLLOWING HURRICANES LAURA, DELTA, AND ZETA, AND WINTER STORM URI?

A. Yes.

Q150. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, at this time.

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF JEFFERSON

NOW BEFORE ME, the undersigned authority, personally came and appeared, **John W. Hawkins**, who after being duly sworn by me, did depose and say:

That the above and foregoing is his sworn testimony in this proceeding and that he knows the contents thereof, that the same are true as stated, except as to matters and things, if any, stated on information and belief, and that as to those matters and things, he verily believes them to be true.

John W. Hawkins

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 22 **DAY OF** April, **2021**

NOTARY PUBLIC

My commission expires: at death

SANDRA DIGGS-MILLER, Notary ID #57834
NOTARY PUBLIC
For the State of Louisiana
My Commission Is Issued For Life