

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

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

**DOCKET NO. U-\_\_\_\_\_**

**DIRECT TESTIMONY  
OF  
CHRIS E. BARRILLEAUX**

**ON BEHALF OF  
ENTERGY LOUISIANA, LLC**

**AUGUST 2023**

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## **EXHIBITS**

Exhibit CEB-1	Listing of Previous Testimony Filed by Chris E. Barrilleaux
Exhibit CEB-2	Summary of the Cost of Service Study for the Test Year Ending December 31, 2022
Exhibit CEB-3	List of Pro Forma Adjustments to the Test Year in the Cost of Service Study and Allocation Factors
Exhibit CEB-4	Cost of Capital Summary for Entergy Louisiana, LLC
Exhibit CEB-5	Proposed Formula Rate Plan Adjustments

**I. INTRODUCTION**

1  
2 Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, EMPLOYER, AND JOB  
3 TITLE.

4 A. My name is Chris E. Barrilleaux. My business address is 639 Loyola Avenue,  
5 New Orleans, Louisiana 70113. I am Senior Manager, Regulatory Filings, Entergy  
6 Services, LLC.

7  
8 Q2. WHAT ARE YOUR DUTIES AS SENIOR MANAGER, REGULATORY FILINGS?  
9 A. In this role, I am responsible for the development, preparation, and analysis of retail  
10 regulatory filings for several of the Entergy Operating Companies, including Entergy  
11 Louisiana, LLC, ("ELL" or the "Company"). For ELL, this includes among others, the  
12 Formula Rate Plan ("FRP") filings, the Rate Stabilization Plan Rider ("RSP") filings,  
13 Gas Infrastructure Investment Recovery Rider ("IIRR-G") filings, and cost of service  
14 studies.

15  
16 Q3. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
17 BACKGROUND.

18 A. I have a Master of Business Administration degree from the A.B. Freeman School of  
19 Business at Tulane University and a Bachelor of Science degree in Accounting from  
20 the University of New Orleans. I am a Certified Public Accountant licensed to practice  
21 in Louisiana. I am a member of the American Institute of Certified Public Accountants,  
22 and Society of Louisiana Certified Public Accountants.

1 I have been employed by subsidiaries of Entergy Corporation for approximately  
2 36 years and have held various positions in the Accounting and Regulatory Services  
3 organizations. Prior to my employment with the Entergy Companies, I was employed  
4 by the New Orleans & Company (formerly known as the New Orleans Metropolitan  
5 Convention and Visitors Bureau, Inc.) in a key accounting position.  
6

7 Q4. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?

8 A. I am submitting this Direct Testimony to the Louisiana Public Service Commission  
9 ("LPSC" or the "Commission") on behalf of ELL.  
10

11 Q5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY  
12 AUTHORITIES?

13 A. Yes. A listing of my prior testimony is provided in Exhibit CEB-1.  
14

## 15 II. PURPOSE OF TESTIMONY

16 Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. The purpose of my testimony is to provide information to the LPSC in support of the  
18 Company's Application and requested revenue increase for electric operations. I  
19 provide a summary of ELL's requested \$447 million base rate revenue increase and its  
20 components. Next, I support the accuracy of the Company's per book accounting data  
21 for electric operations presented in the Company's Application for the twelve-month  
22 historical test period ended December 31, 2022 ("Test Year"). The per book  
23 accounting data is reflected in Exhibit CEB-2, which summarizes the results of the cost

1 of service study supporting ELL's rate request. My direct testimony further supports  
2 the pro forma adjustments to the Test Year, which are listed in Exhibit CEB-3.

3 My direct testimony also describes the cost of service study prepared by the  
4 Company as the basis for its request for relief in this rate case filing. More specifically:

- 5 • I provide a high-level summary of the results of the electric cost of service study  
6 prepared by the Company as the basis for setting just and reasonable rates in  
7 this proceeding.
- 8 • I discuss the methodology employed in preparing the Company's cost of service  
9 study presented in the cost of service workpapers, including how the per book  
10 amounts are gathered from the accounting books and records of the Company.
- 11 • I present the jurisdictional and class results of the Company's cost of service  
12 study.
- 13 • I present the Company's capital structure and embedded cost rates for debt.  
14 Exhibit CEB-4 presents the Company's proposed cost of capital.

15  
16 **III. SUMMARY OF RATE REQUEST**

17 Q7. PLEASE SUMMARIZE ELL'S RATE REQUEST.

18 A. ELL requests that it be allowed to increase the base rate revenue it collects from  
19 customers by \$447 million as shown in the following table.

<b>Table 1</b>		
<b>Summary of Rate Relief Requested</b>		
	<b>Description</b>	<b>Amount (\$millions)*</b>
1	Present Base Rate Revenue <sup>(1)</sup>	\$3,186
2	Present FRP Rate Adjustment <sup>(2)</sup>	(153)
3	Present Revenue from Other Existing Riders <sup>(3)</sup>	3,064
4	<b>Present Total Retail Revenue (Sum of L1 through L3)</b>	<b>\$6,097</b>
5	Proposed Base Rate Revenue <sup>(4)</sup>	\$3,634
6	Estimated FRP Rate Adjustment <sup>(2)(5)</sup>	(153)
7	Revenue from Other Existing Riders <sup>(3)</sup>	3,064
8	<b>Proposed Total Retail Revenue (Sum of L5 through L7)</b>	<b>\$6,545</b>
9	<b>Total Retail Revenue Deficiency/(Sufficiency) (L4 – L8)</b>	<b>\$447</b>
Note: (1) This amount includes FRP revenues rolled into base rates. Reference Exhibit CKE-2. (2) This amount includes FRP revenues attributable to items that were not rolled into base rates, which includes the MCRM, TRAM and one-time credits included in the Extraordinary Costs. Reference Exhibit CKE-2. (3) This amount includes revenue from the following riders: Fuel Adjustment Clause Rider; Fuel Tracker Rider; Environmental Adjustment Clause Rider; Fuel Stabilization Pilot Program Rider ("FSPP"); Financed Storm Cost ("FSC") Riders FSC-III, FSC-IV, and FSC-V; and Storm Cost Offset ("SCO") Riders, SCO, SCO-II, SCO-III Rider, SCO-IV, and SCO-V. (4) Reference Exhibit CEB-2, page RR 1. (5) As explained below in Q10, this amount is an estimate and will be updated with the implementation of new base rates. * Amounts do not foot due to rounding.		

1 As shown on Line 4 in the above table, ELL's Present Total Retail Revenue from  
2 customers is \$6.097 billion. As shown on Line 8, ELL proposes that its Total Retail  
3 Revenue be increased to \$6.545 billion. That is an increase of \$447 million as shown  
4 in Line 9 (the amounts do not foot due to rounding).

1 Q8. WHAT ARE THE COMPONENTS OF PROPOSED BASE RATE REVENUE IN  
2 LINE 5?

3 A. The Proposed Base Rate Revenue in Line 5 is composed of updated base rate revenue,  
4 which includes the reduction of the Additional Facilities Charge rates of \$11.2 million  
5 discussed by Company witness Crystal K. Elbe and the reduced miscellaneous service  
6 and late fees of \$12.2 million discussed by Company witness Elizabeth C. Ingram.  
7 Additionally, Line 5 includes FRP revenue, which includes \$204.3 million associated  
8 with certain power purchase agreement ("PPA") capacity expense consistent with how  
9 those capacity costs and associated revenues are reflected in the FRP today.

10

11 Q9. WHY IS ELL PROPOSING TO RECOVER REVENUE ASSOCIATED WITH  
12 CERTAIN PPA CAPACITY EXPENSES THROUGH THE FRP?

13 A. As discussed by Company witness Alyssa Maurice-Anderson, ELL is proposing that  
14 certain purchased capacity costs and other costs as approved by the Commission be  
15 recovered through the Additional Capacity Mechanism ("ACM") of the FRP, just as  
16 they are today. Specifically, ELL proposes that capacity expenses associated with the  
17 Entergy Arkansas Wholesale Baseload, capacity expenses associated with the  
18 unregulated portion of River Bend Nuclear Station, and all non-affiliate PPAs, as well  
19 as costs associated with the Midcontinent Independent Operator, Inc. ("MISO")  
20 Planning Resource Auction ("PRA"),<sup>1</sup> continue to be treated in the ACM as they are  
21 today. By leaving these recoveries in the ACM, ELL may adjust these recoveries as

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<sup>1</sup> See, General Order (July 6, 2018), *In Re: Commission Consideration of Potential Rules and Parameters for Participation in the Midcontinent Independent Operator, Inc. ("MISO") Annual Planning Resource Auction ("PRA")*, Docket No. R-33391.

PPAs expire and as other costs change, including true ups for differences between amounts in rates and actual amount of capacity costs incurred, in a transparent, efficient manner and consistent with prior Commission Orders.

Q10. WHAT ARE THE COMPONENTS OF THE PROPOSED FRP RATE ADJUSTMENT IN LINE 6?

A. Line 6 currently includes the estimated FRP rate adjustment for FRP revenue attributable to one-time credits in Other Rate Changes (Section 4 of the proposed FRP tariff), the MISO Cost Recovery Mechanism ("MCRM") (Section 5 of the proposed FRP tariff), and the Tax Adjustment Mechanism ("TAM") (Section 5 of the proposed FRP tariff).<sup>2</sup> ELL proposes that a new FRP be approved in this proceeding with updated FRP Rate Adjustments to become effective concurrent with the implementation of the proposed base rates. The new FRP Rate Adjustments would reflect the continued operation of the MCRM; ACM; and certain components of the Tax Reform Adjustment Mechanism ("TRAM") of the current FRP, which the Company proposes to replace with the proposed TAM as discussed by Ms. Maurice-Anderson.

Q11. HOW WILL THE FRP RATE ADJUSTMENT BE UPDATED?

A. The FRP tariff supported by Ms. Maurice-Anderson provides that the FRP Rate Adjustment will be redetermined concurrent with the effective date of the FRP to reflect

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<sup>2</sup> See Exhibit CKE-2.

1           then-current estimates of MISO and tax-related revenue requirements for the rate  
2           effective period, and to true up the amount existing in rates for actual costs incurred in  
3           2023. Under the current FRP, the MCRM and TRAM (TAM) revenue requirements  
4           reflect estimated net MISO and Excess accumulated deferred income tax (“ADIT”)  
5           credits during the Filing Year. In addition, rates implemented under the current FRP  
6           reflect estimated capacity costs for the rate effective period and revenue requirements  
7           for estimated transmission and distribution closings during the Filing Year and prior to  
8           the rate-effective date that should be updated concurrent with the effective date of the  
9           FRP. Today, those costs are trued up in each annual Evaluation Report filing, and the  
10          Company’s Proposed FRP would maintain that practice as it relates to actual costs for  
11          2023 and for estimated costs for the proposed 2024 filing year.

12  
13   Q12. HAVE YOU CALCULATED THE ESTIMATED FRP RATE ADJUSTMENT  
14       PERCENTAGES THAT WILL BE APPLIED TO EACH RATE CLASS AFTER THE  
15       PROPOSED BASE RATE CHANGE?

16   A.   Yes. In total, the proposed FRP Rate Adjustment is projected to return a net \$153  
17       million on an annual basis to customers when base rates from this proceeding become  
18       effective. The calculation of those percentages by rate class is shown in Exhibit CEB-  
19       5. However, as noted above, the actual FRP Rate Adjustment will be determined by  
20       events that occur while this proceeding is pending.

1

**IV. ELL'S COST OF SERVICE STUDY**

2

Q13. WHAT IS THE OBJECTIVE OF PREPARING A COST OF SERVICE STUDY?

3

A. The objective of preparing a cost of service study is to determine the portion of a utility's costs, as measured by its revenue requirement, for which each of the various rate classes is responsible. This then becomes one of the factors to be considered in determining the revenue level appropriate for each rate class. In addition, a cost of service study provides revenue requirement information by function that is useful in the rate design process.

9

10 Q14. WHAT IS A RATE CLASS?

11 A. A rate class can be defined as a group of customers that are homogenous in terms of  
12 usage characteristics and cost causation.

13

14 Q15. HOW IS THE COST OF SERVICE FILING PACKAGE STRUCTURED?

15 A. The cost of service filing package supports the development of the cost of service study  
16 presented in Exhibit CEB-2. The structure of the cost of service package is shown in  
17 the table below:

Table 2			
Volume	Major Section	Description	Witness
I	RR	Cost of Service Study	Chris E. Barrilleaux
	SUM	Summary by Adjustment	Chris E. Barrilleaux
	RB	Per Book Data - Rate Base	Chris E. Barrilleaux
	RV	Per Book Data - Revenues	Chris E. Barrilleaux
	EX	Per Book Data - Expenses	Chris E. Barrilleaux
II	AJ	Adjustments - Pro Forma Adjustments	Chris E. Barrilleaux
	AF	Allocation Factors:	
	AF 1	Demand	Matthew S. Klucher
	AF 2	Energy	Matthew S. Klucher
	AF 3	Customer	Matthew S. Klucher
	AF 4	Revenue	Chris E. Barrilleaux
	AF 5	Direct	Chris E. Barrilleaux
	AF 6	Internal	Chris E. Barrilleaux
	AF 7	Labor Study	Chris E. Barrilleaux
	AF 8	Payroll Workpapers	Chris E. Barrilleaux
	MD	Miscellaneous Data:	
	MD.1	Summary	Chris E. Barrilleaux
	MD.2	Revenue – Related Tax Rate	Chris E. Barrilleaux
	MD.3	Bad Debt Rates	Chris E. Barrilleaux
	MD.4	Franchise Revenues by Rate Class	Crystal K. Elbe and Chris E. Barrilleaux
	MD.5	Cost of Capital	Chris E. Barrilleaux and Adrian M. McKenzie

- 1 Q16. WHAT IS THE STARTING POINT OF FOR THE COST OF SERVICE STUDY?
- 2 A. The starting point for the preparation of the cost of service study was the unadjusted,
- 3 or “per book,” rate base, revenues and operating expenses for the Test Year twelve-
- 4 month period ending December 31, 2022. As explained below, because the Company
- 5 expects the requested rates to go into effect in September 2024, the Company has

1 proposed appropriate pro forma adjustments to the per book accounting data to ensure  
2 that the resulting rates are as representative of the known and measurable costs to be  
3 incurred and revenues to be received by the Company when the new rates become  
4 effective.

5  
6 **A. Per Book Accounting Data**

7 Q17. PLEASE DESCRIBE THE USE OF A TEST YEAR AND PRO FORMA  
8 ADJUSTMENTS FOR RATEMAKING PURPOSES.

9 A. A test year allows comparison of a defined period's (typically twelve months) total rate  
10 base costs, including operating expenses, with its total revenues from electricity sales.  
11 With a historical test year, the most recent twelve months of *actual* revenue and  
12 expense data is used.

13  
14 Q18. PLEASE DESCRIBE THE SYSTEM OF ACCOUNTS USED IN MAINTAINING  
15 THE COMPANY'S BOOKS AND RECORDS.

16 A. The Company complies with the Uniform System of Accounts ("USofA") as prescribed  
17 by the Federal Energy Regulatory Commission ("FERC"). The Company also applies  
18 Generally Accepted Accounting Principles ("GAAP") as promulgated by the Financial  
19 Accounting Standards Board ("FASB") and the accounting regulations and guidance  
20 promulgated by the Securities and Exchange Commission ("SEC").  
21

1 Q19. WHAT STEPS DOES THE COMPANY TAKE TO ENSURE THAT ELL'S  
2 ACCOUNTS ARE KEPT IN THE PROPER MANNER?

3 A. The Company's financial processes and systems are well-designed, well-controlled,  
4 and are operated by trained professionals, resulting in reliable and accurate financial  
5 reporting. The financial statements of the Company and its affiliates are audited  
6 annually by an independent external audit firm that opines whether the Company's  
7 financial statements are fairly presented and comply with the USofA and GAAP.  
8 Additionally, the external auditor conducts tests of the system of internal financial  
9 controls, as required by the Sarbanes-Oxley Act of 2002, and has expressed unqualified  
10 opinions since the implementation of this legislation as to the effectiveness of the  
11 Company's system of internal controls over financial reporting.

12

13 Q20. WHAT REPRESENTATION DO YOU MAKE HEREIN AS TO THE PER BOOK  
14 AMOUNTS IN THE COMPANY'S ACCOUNTS IN THE COST OF SERVICE?

15 A. The per book historical accounting data included in the cost of service study, as  
16 reflected in Exhibit CEB-2, was compiled under my direction and control. The  
17 accounting information included in the cost of service was taken from the Company's  
18 books and records, and appropriately reflects the rate base of the Company as of  
19 December 31, 2022, and the results of the Company's operations for the twelve-month  
20 period ended December 31, 2022. The per book accounting data represents the baseline  
21 or starting point from which pro forma adjustments are made.

22

1 Q21. HOW HAS ELL VALUED PLANT IN SERVICE AND ADIT IN ITS COST OF  
2 SERVICE STUDY?

3 A. The Company has utilized end of year balances.

4

5 **B. Pro Forma Adjustments**

6 Q22. PLEASE EXPLAIN THE PRO FORMA ADJUSTMENTS YOU ARE SPONSORING  
7 THAT WERE MADE IN DETERMINING THE ADJUSTED RATE BASE AND  
8 OPERATING INCOME FOR THE COMPANY'S COST OF SERVICE.

9 A. A major objective of the pro forma adjustments in a cost of service is to adjust rate base  
10 and net utility operating income to align with the time period rates are expected to go  
11 into effect, as I explained above. Another objective is including adjustments that reflect  
12 prior orders and directives from the LPSC and the Company's typical regulatory  
13 practice before the LPSC along with preparing adjustments that are uniquely required  
14 due to the filing of a cost of service and/or to align costs to the time period rates are  
15 expected to go into effect. As indicated above, a list of pro forma adjustments that I  
16 sponsor is provided in Exhibit CEB-3.

17

18 Q23. PLEASE PROVIDE A SUMMARY OF THE PRO FORMA ADJUSTMENTS THAT  
19 YOU ARE SPONSORING.

20 A. A brief summary of the pro forma adjustments I sponsor are as follows:

21 AJ01. Rate Schedule and Other Revenue Adjustment. The purpose for this  
22 adjustment is to present electric rate revenues adjusted to reflect, on an  
23 annualized and weather normalized basis, the rates in effect at the end

1 of the Test Year. This adjustment removes all retail operating revenues  
2 (base, fuel, riders) and adds Present Base Rate Revenue as described by  
3 Ms. Elbe.

4 AJ02. Interest on Deferred Fuel Over/Under Recovery Adjustment. This pro  
5 forma adjustment eliminates interest income/expense on deferred fuel  
6 over/under recovery from operating income in the cost of service. The  
7 interest income/expense is credited/charged to customers through the  
8 fuel adjustment clause. Exclusion of this interest income/expense  
9 avoids customers being charged or credited for interest income/expense  
10 twice.

11 AJ03. Rider Revenue and Expense Adjustment. This pro forma adjustment  
12 removes expenses that are deemed eligible to be recovered through  
13 other riders, including the fuel adjustment clause ("FAC") and  
14 allowance costs recovered through the environmental adjustment clause  
15 ("EAC"). This adjustment also eliminates deferred expenses associated  
16 with the fuel and environmental costs.

17 AJ04. Miscellaneous Revenues Adjustment. This pro forma adjustment  
18 reflects proposed changes in miscellaneous fee rates prospectively.  
19 Those changes are further supported in the Direct Testimony of Ms.  
20 Ingram.

21 AJ05. Revenue-Related Tax and Uncollectible Expense Adjustment. This pro  
22 forma adjustment adjusts uncollectible expense and revenue-related  
23 taxes other than income taxes (e.g., Franchise Tax and Inspection and

Supervision Tax) to align with the present base revenue changes that occur in AJ01. Rate Schedule and Other Revenue Adjustment.

AJ06. Interest Synchronization Adjustment. This pro forma adjustment eliminates the Test Year interest expense and replaces it with an imputed interest expense amount equal to the test year Rate Base<sup>3</sup> multiplied by the weighted embedded cost of debt. This adjustment increases/decreases taxable income with a corresponding increase/decrease to current federal and state income tax expense.

AJ07. Accumulated Deferred Income Tax Adjustment. This pro forma adjustment eliminates accumulated deferred income taxes not allowed for ratemaking purposes.

AJ08. Current Income Tax Adjustment. This pro forma adjustment eliminates items not allowed for ratemaking purposes, to eliminate prior year adjustments, and to adjust federal and state current income taxes.

AJ09. Grand Gulf Adjustment. This pro forma adjustment removes from operating expenses 18% of Grand Gulf capacity expenses except those associated with the Grand Gulf uprate. In LPSC Order U-16945, ELL (then known as LP&L) agreed to accept a retained percentage (18%) of Grand Gulf.

AJ10. Franchise Fee Adjustment. This pro forma adjustment removes fifty percent of franchise fees that are paid in accordance with LPSC General

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<sup>3</sup> Unless otherwise defined, capitalized terms correspond to the rows in Exhibit CEB-3.

1                   Order in Docket No. R-27859. This adjustment reduces franchise fees  
2                   included in operating expense in the Test Year.

3                   AJ11. Lobbying Expense Portion of Dues Adjustment. This pro forma  
4                   adjustment eliminates the portion of Edison Electric Institute (“EEI”)  
5                   and Nuclear Energy Institute (“NEI”) dues attributable to lobbying  
6                   expenses.

7                   AJ12. Interest on Customer Deposits Adjustment. This pro forma adjustment  
8                   adjusts operations and maintenance (“O&M”) expense to include  
9                   below-the-line interest expense associated with customer deposits  
10                  because this interest is recorded in accounts 431000 and 431001, which  
11                  are not included in per book amounts in the cost of service study.

12                  AJ13. Affiliate Interest Expense Adjustment. This pro forma adjustment  
13                  reclassifies the Entergy Services, LLC (“ESL”) and Entergy Operations,  
14                  Inc. (“EOI”) net interest expense to operating expenses (account  
15                  923000) to be recovered in this filing.

16                  AJ14. Regulatory Debits & Credits Adjustment. This pro forma adjustment  
17                  removes from expenses the amortization of Regulatory Assets and  
18                  Regulatory Liabilities that are non-recoverable, recovered via another  
19                  mechanism, or pro formed in another adjustment. Amortizations that  
20                  are recovered through another mechanism (e.g., a rider) or are otherwise  
21                  non-recoverable must be removed.

1                    AJ15. Grand Gulf Sale-Leaseback Depreciation Refund. The purpose of this  
2                    adjustment is to remove the effects of the initial decision on the Sale-  
3                    Leaseback Refund per FERC Order EL-18-152.

4                    AJ16. Credit Facility Fee Adjustment. This pro forma adjustment  
5                    includes in expense the below-the-line (Account 431) annual credit  
6                    facility commitment fees for the Test Year.

7                    AJ17. Nuclear Refueling Outage Adjustment. This pro forma adjusts the  
8                    Waterford 3 and River Bend refueling maintenance costs in rate base  
9                    based on fifty percent of the estimated cost of the November 2022  
10                  refueling outage and January 2022 refueling outage, respectively, and  
11                  annualizes the associated O&M expense.

12                  AJ18. FAS 106 Adjustment. This pro forma restates Statement of Financial  
13                  Accounting Standard (“FAS”) 106<sup>4</sup> expense for other post-retirement  
14                  employee benefits on a pay-as-you-go basis consistent with LPSC  
15                  policy set in LPSC Order No. U-20181.

16                  AJ19. Cash Working Capital Adjustment. This pro forma adjustment assigns  
17                  the appropriate costs to lead-lag categories defined in the Company’s  
18                  cash working capital study. This adjustment is further supported in the  
19                  Direct Testimony of Company witness Kenneth F. Gallagher.

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<sup>4</sup> Also referred to as Accounting Standards Codification (“ASC”) 715-60. In 2010, the Financial Accounting Standards Board implemented a new structure of accounting and reporting standards that also modified how the standards were referenced. This change in nomenclature did not modify the FAS 106 requirements.

1           AJ20. Unfunded Pension Adjustment. This pro forma removes the effect of  
2           FAS 158<sup>5</sup> from the pension balances. After removal of FAS 158  
3           balances, the net pension asset reflects the difference between the  
4           Company's cash contributions to the pension plan and the amount of  
5           pension costs reflected in rates.

6           AJ21. This pro forma adjustment is not used in this cost of service.

7           AJ22. Image Advertising Adjustment. This pro forma adjustment eliminates  
8           the expenses associated with image advertising from the cost of service.

9           AJ23. This pro forma adjustment is not used in this cost of service.

10          AJ24. This pro forma adjustment is not used in this cost of service.

11          AJ25. This pro forma adjustment is not used in this cost of service.

12          AJ26. Asset Retirement Obligations ("ARO") Adjustment. This pro forma  
13          adjustment reduces Rate Base and Operating Expense by removing per-  
14          book ARO asset balance (plant in service and accumulated  
15          depreciation) and ARO expense activity (depreciation expense,  
16          accretion expense, and regulatory debits/credits), respectively from the  
17          Test Year.

18          AJ27. Incentive Compensation Adjustment. This pro forma adjustment  
19          reduces administration and general expenses for long term incentive  
20          plan, equity awards, and restricted share awards costs related to  
21          executive pay.

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<sup>5</sup> Also referred to as ASC 715-20-50.

1           AJ28. Stock Option Expense Adjustment. This pro forma adjustment is to  
2                               remove the portion of stock option costs that are not authorized for  
3                               recovery.

4           AJ29. Capacity Expense Adjustment. This pro forma adjustment removes per-  
5                               book third party capacity contract expenses from O&M expense and  
6                               includes revenue requirements for third party capacity contract expenses  
7                               included in rates.

8           AJ30. Decommissioning Expense Adjustment. This pro forma adjustment  
9                               adds the nuclear decommissioning revenue requirement for Waterford  
10                              3 and River Bend to O&M expense. This adjustment is further  
11                              supported in the Direct Testimony of Mr. Gallagher.

12          AJ31. Transportation Expense Adjustment. This pro forma adjustment  
13                              removes all corporate aircraft costs.

14          AJ32. Storm Reserve Accrual Adjustment. This pro forma adjustment reflects  
15                              a change to the annual Storm Reserve Accrual, adjusts the Storm  
16                              Reserve in rate base, and amortizes unrecovered charges to Storm  
17                              Reserve. This adjustment is further supported in the Direct Testimony  
18                              of Company witness Ryan O'Malley.

19          AJ33. Storm Costs Reclassification Adjustment. This pro forma adjustment  
20                              removes the flow through effect on state income taxes of tax  
21                              depreciation related to securitized storm assets. Tax depreciation for the  
22                              securitized assets was treated as normalized for securitization and  
23                              ratemaking purposes.

1           AJ34. External Rate Case Expense. This pro forma adjustment is to defer the  
2           estimated rate case expenses of \$4.2 million as a regulatory asset in rate  
3           base net of income taxes and to amortize the balance over a 3-year  
4           period. The estimated rate case expenses are based on external  
5           consultant costs, and the actual amount of rate case expenses may be  
6           more or less than the estimated amount. ELL proposes that it reflect the  
7           actual amount of rate case expenses in its compliance cost of service  
8           study upon conclusion of this proceeding.

9           AJ35. Plant Transfers. This pro forma adjustment adjusts rate base to account  
10          for expected additions and retirements of Plant-In-Service and related  
11          changes to Accumulated Depreciation through August 31, 2024. This  
12          adjustment is also supported in the Direct Testimony of Company  
13          witness Ryan E. O'Malley.

14          AJ36. O&M Payroll Adjustment. This pro forma reflects changes in O&M  
15          expense and related taxes due to wage increases and payroll increases  
16          or decreases associated with changes in the number of employees from  
17          those reflected in the Test Year costs.

18          AJ37. Annualized Depreciation Expense. This pro forma adjustment  
19          annualizes depreciation expense based on adjusted plant balances as of  
20          August 31, 2024, and the proposed depreciation rates supported in the  
21          Direct Testimony of Company witness Dane A. Watson.

22          AJ38. ESL Billing Method Changes. This pro forma adjustment adjusts for  
23          any ESL billing allocation method changes or re-billings during the test

1 period. There were no significant billing method changes or rebills  
2 during the Test Year.

3 AJ39. Miscellaneous. This pro forma adjustment removes miscellaneous  
4 items from the calculation of rate base and operating income.  
5 Specifically, this adjustment removes River Bend 30% non-regulated  
6 revenues and expenses not removed elsewhere in this filing and the  
7 accumulated depreciation balance for the Texas abeyed portion of River  
8 Bend from rate base.

9 AJ40. This pro forma adjustment is not used in this cost of service.

10 AJ41. Gas and Steam Adjustment. This pro forma adjustment removes costs  
11 associated with gas and steam operations and adjusts the allocation of  
12 costs to electric operations for rate base items, including prepayments,  
13 materials and supplies, customer deposits as well as interest expense on  
14 customer deposits, and meter reading expenses, and customer call center  
15 phone call costs.

16 AJ42. Plant Held for Future Use ("PHFU") Adjustment. This pro forma  
17 adjustment removes any property in the PHFU account (105) that does  
18 not have a defined plan to be placed into service in the near future, as  
19 well as the related ad valorem taxes.

20 AJ43. River Bend Deregulated Asset Plan ("DAP") / River Bend 30%  
21 Unregulated Adjustment. This pro forma adjustment removes the DAP  
22 and 30% unregulated River Bend effects from Rate Base and Operating  
23 Expense.

1                    AJ44. Contingent Customer Credit Adjustment. This adjustment reflects the  
2                    calculation of contingent customer credits in accordance with LPSC  
3                    Order No. U-33244-A.

4                    AJ45. River Bend DAP Revenue Requirement. This pro forma adjustment  
5                    includes the River Bend DAP Revenue Requirement in the ELL Retail  
6                    Revenue Requirement.

7                    AJ46. Nelson Rail Spur Adjustment. This pro forma adjustment removes per  
8                    book amounts for the Nelson Rail Spur and includes the actual amounts  
9                    incurred to construct and operate the rail spur.

10                  AJ47. MISO Cost Recovery Adjustment. This pro forma adjustment removes  
11                  MISO revenues and expenses that are included in the MCRM, which is  
12                  a component of the FRP Rate Adjustment.

13                  AJ48. Energy Efficiency Programs. This pro forma adjustment eliminates  
14                  Energy Efficiency expense that is included in a separate rate rider.

15                  AJ49. Environmental Costs Adjustment. This pro forma adjustment removes  
16                  the Account 447 revenue associated with affiliate-related billings of  
17                  EAC costs in order to maintain neutrality in the recovery of the costs  
18                  recovered via the EAC.

19                  AJ50. Major Storm Restoration Cost Adjustment. This adjustment removes  
20                  storm restoration costs for major storms approved for recovery in LPSC  
21                  Docket No. U-35991 and LPSC Docket No. U-36350 from ending  
22                  balance and 13-month average balance.

23                  AJ51. This pro forma adjustment is not used in this cost of service.

1 AJ52. This pro forma adjustment is not used in this cost of service.

2 AJ53. This pro forma adjustment is not used in this cost of service.

3                    AJ54. Westinghouse Credits. This pro forma adjustment removes from other  
4                    revenues certain credits received from Westinghouse consistent with  
5                    LPSC Order U-32812.

6 AJ55. Department of Energy (“DOE”) Awards Adjustment. This pro forma  
7 adjustment removes from operations and maintenance expense the  
8 turnaround of DOE Settlement Awards for Waterford 3, Grand Gulf,  
9 and River Bend.

AJ56. Business Combination External Transaction Costs. This pro forma adjustment records the annual amortization of the external costs to achieve the customer benefits per Stipulated Agreement approved in LPSC Order No. U-33244-A and to remove incremental internal costs incurred during the Test Year.

15 AJ57. This pro forma adjustment is not used in this cost of service.

16 AJ58. This pro forma adjustment is not used in this cost of service.

AJ59. OROW Amortization. This pro forma adjustment includes one tenth of Outside Right of Way Vegetation Management amortization, including carrying costs at the applicable weighted-average cost of capital (“WACC”).

**C. Rate Class Revenue Requirements**

Q24. WHAT ARE THE RATE CLASSES UTILIZED IN ELL'S COST OF SERVICE STUDY?

A. ELL used ten different retail rate classes: Residential Service, Small General Service, General Service, Large Power Service, High Load Factor Service, Large Load High Load Factor Power Service, Municipal Pumping Service, Legacy Industrial Rates, Large Industrial Service, and Lighting Service. The composition of these rate classes is discussed by Company witness Matthew S. Klucher.

Q25. PLEASE BRIEFLY OUTLINE THE GENERAL METHODS EMPLOYED IN THE COST OF SERVICE STUDY TO APPORTION RATE BASE, REVENUE, AND OPERATING EXPENSES TO DETERMINE THE RATE CLASS REVENUE REQUIREMENTS.

A. I have used the industry-accepted approach that utilizes the successive application of the processes of functionalization, classification, and allocation with respect to all components of rate base, revenue, and operating expenses. Immediately below, I address the functionalization and classification process. Because the allocation to rate classes is performed in the cost of service studies on a total company adjusted basis, the allocation process is discussed later in my testimony.

1 Q26. PLEASE DISCUSS THE FUNCTIONALIZATION PROCESS.

2 A. Functionalization is the separation of costs by the major functions of generation (or  
3 production), transmission, and distribution/customer service in order to facilitate the  
4 determination of how to allocate the Company's costs to the various rate classes.  
5

6 Q27. ARE ALL COSTS ASSIGNABLE TO ONE OF THESE THREE FUNCTIONS?

7 A. No. There are many items that represent a combination of more than one of these  
8 functions and must be addressed as an aggregated amount. For example, although  
9 certain parts of general plant may be assigned to one function (i.e., stores equipment),  
10 the majority of general plant (i.e., transportation, laboratory equipment, and  
11 communication equipment) supports multiple functions and, thus, must be addressed  
12 on a composite basis.  
13

14 Q28. PLEASE DESCRIBE THE CLASSIFICATION PROCESS.

15 A. Classification is the separation of functionalized costs into demand-related,  
16 energy-related, or customer-related categories. An example of a demand-related cost  
17 is the cost associated with distribution substations. Energy-related costs are costs  
18 considered to be associated with sales rather than demand. Certain production  
19 maintenance expenses are generally treated as energy-related for cost of service  
20 purposes. Expense charged to Account 512 (maintenance of boiler plant) is an example  
21 of such a cost. Customer-related costs are costs that are incurred even if a customer  
22 does not impose demand on the system or consume energy. The costs of reading meters  
23 and preparing bills are examples of customer-related costs.

1 Q29. PLEASE DESCRIBE IN GENERAL TERMS HOW THE COST OF SERVICE  
2 STUDY PRESENTED IN THE COST OF SERVICE WORKPAPERS TO EXHIBIT  
3 CEB-2 WAS DEVELOPED.

4 A. The starting point for the preparation of the cost of service study was the unadjusted,  
5 or “per book,” rate base, revenues, and operating expenses for the twelve-month period  
6 ending December 31, 2022. The per book data was loaded into the Regulatory Module  
7 where the data was aggregated at the FERC account level to the extent possible to  
8 ensure consistency in treatment of similar costs. The Regulatory Module is a Utilities  
9 International system that includes data used in regulatory filings (i.e., per book data  
10 and pro forma adjustments used in cost of service studies, formula rate plans,  
11 etc.). After all pro forma adjustments were entered in the Regulatory Module, the data  
12 was processed through the cost of service calculation sequence (i.e., model) where it  
13 was functionalized, classified, and allocated to the rate classes. The rate base, revenue,  
14 and expense components in the cost of service study reflected in Exhibit CEB-2 include  
15 per book data, adjustments, and total adjusted results (per book plus or minus  
16 adjustments if applicable). Summaries of the adjusted values are also presented for the  
17 major rate base, revenue, and expense components in Exhibit CEB-2.

18

19 Q30. PLEASE DESCRIBE THE ALLOCATION PROCESS THAT YOU USED TO  
20 DEVELOP THE COST OF SERVICE STUDY.

21 A. The functionalization and classification processes that I discussed earlier provide an  
22 understanding of the nature of the costs and, thereby, make it possible to select the most  
23 appropriate basis on which to allocate individual costs. The allocation process

1           apportions or distributes costs to the various customer groups through the use of an  
2           “allocation factor.” Generally, costs are allocated on the basis of a demand, energy, or  
3           customer relationship. Many cost items cannot be functionalized and classified to the  
4           point that a specific demand, energy, or customer allocation factor can be determined  
5           as being the appropriate allocator. In such cases, related cost items, as they have been  
6           allocated to the customer groups, are commonly used as allocators. For example,  
7           synchronized interest expense in the income tax calculation, which is related to the total  
8           rate base, is typically allocated using a factor consisting of the rate base allocation to  
9           the rate classes.

10

11   Q31.   WHAT METHODS WERE USED TO ALLOCATE THE COMPANY’S ADJUSTED  
12           TEST YEAR COSTS?

13   A.     Mr. Klucher discusses the methods that were utilized to allocate each of the major  
14           function/classification cost categories. He also discusses the development of the  
15           corresponding allocation factors utilized in preparing the Company’s cost of service  
16           study. Costs not directly associated with one of the major function/classification cost  
17           categories were allocated using factors developed in the cost of service study that are  
18           most appropriate for each such cost.

19

20   Q32.   HOW WERE THE ALLOCATION FACTORS APPLIED IN THE COMPANY’S  
21           COST OF SERVICE STUDIES?

22   A.     The Company’s cost of service study in Exhibit CEB-2 shows that, beginning on page  
23           RR 8, the allocation factors are applied to detailed rate base, income, and expense line

items so as to allocate each line item to the proposed rate class. These line items then are used to calculate each rate class's revenue requirement.

Q33. PLEASE DESCRIBE THE RESULTS FROM THE COST OF SERVICE STUDY PRESENTED IN EXHIBIT CEB-2.

A. Page RR 1 of Exhibit CEB-2 summarizes the results of proper functionalization, classification, and allocation of all the Company's costs of providing utility service to its customers. The Company's cost of service study indicates that the current annual base rate schedule revenue requirement for the LPSC retail jurisdiction is \$3.63 billion, as indicated on Page RR 1, Line 23 of Exhibit CEB-2. The annual base rate schedule revenue requirement for each rate class is shown in the table below. As explained by Mr. Klucher, ELL's proposed base rates for each rate class are not designed to recover the rate class revenue requirements shown below, and ELL's revenue allocation and rate design deviate from the results of the cost of service study.

Table 3	
Annual Base Rate Schedule Revenue Requirement by Rate Class	
Rate Class	Annual Revenue Requirement (\$billions)
Residential Service	\$1.506
Small General Service	\$0.523
General Service	\$0.410
Municipal Pumping Service	\$0.020
Legacy Industrial Service	\$0.072
Large Load High Load Factor Service	\$0.548
Large Power Service	\$0.165
High Load Factor Service	\$0.224
Large Industrial Service	\$0.119
Lighting	\$0.045

1

**V. COST OF CAPITAL**

2 Q34. PLEASE IDENTIFY THE COMPANY'S TEST YEAR CAPITAL STRUCTURE  
3 AND WACC.

4 A. The Company's capital structure and the calculation of the Test Year WACC are based  
5 on Test Year 2022 and adjusted for the proposed return on equity ("ROE"), which is  
6 shown on Exhibit CEB-4. The resulting WACC is 7.15%.

7

8 Q35. ARE YOU SPONSORING THE COMPANY'S REQUESTED RATE OF RETURN  
9 ON COMMON EQUITY?

10 A. No. The requested ROE is discussed in the Direct Testimony of Company witness  
11 Phillip R. May and is supported by the Direct Testimony of Company witness Adrian  
12 M. McKenzie.

13

14

**VI. CONCLUSION**

15 Q36. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

16 A. Yes, at this time.


**AFFIDAVIT**

**STATE OF LOUISIANA**

**PARISH OF ORLEANS**

**NOW BEFORE ME**, the undersigned authority, personally came and appeared, **CHRIS E. BARRILLEAUX**, 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.

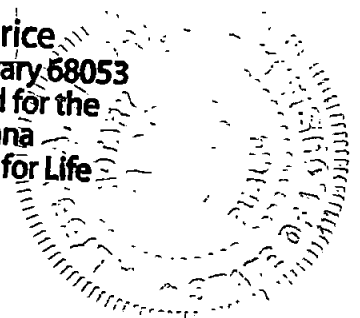
  
Chris E. Barrilleaux

**SWORN TO AND SUBSCRIBED BEFORE ME**

THIS 17<sup>th</sup> DAY OF AUGUST 2023

  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_  
Alyssa A. Maurice  
LA Bar #28388-LA Notary 68053  
Notary Public in and for the  
State of Louisiana  
Commission Issued for Life



**ENTERGY LOUISIANA, LLC**

**Cost of Service**

**List of Previous Testimony  
Filed by Chris E. Barrilleaux**

**Exhibit CEB-1**

**Test Year Ended December 31, 2022**

### Previous Testimony of Chris E. Barrilleaux

FILING DATE	TYPE OF TESTIMONY	JURISDICTION	OPCO	DOCKET
5/29/1998	Surrebuttal Testimony	CNO	ENO	UD-97-1
11/30/1998	Direct Testimony	PUCT	EGSI-TX	20150
10/11/1999	Rebuttal Testimony	LPSC	EGSI-LA	U-23358
11/11/1999	Rejoinder Testimony	LPSC	EGSI-LA	U-23358
1/28/2000	Rejoinder Testimony	LPSC	EGSI-LA	U-24182
6/1/2000	Supplemental Rebuttal Testimony	LPSC	EGSI-LA	U-24182
3/14/2001	Direct Testimony	PUCT	EGSI-TX	22356
8/7/2004	Direct Testimony	PUCT	EGSI-TX	30123
8/15/2005	Direct Testimony	PUCT	EGSI-TX	31544
2/10/2006	Rebuttal Testimony	PUCT	EGSI-TX	31544
9/18/2009	Direct Testimony	PUCT	ETI	37482
12/30/2009	Direct Testimony	PUCT	ETI	37744
2/3/2010	Rebuttal Testimony	PUCT	ETI	37482
6/30/2010	Rebuttal Testimony	PUCT	ETI	37744
11/28/2011	Direct Testimony	PUCT	ETI	39896
4/12/2012	Rebuttal Testimony	PUCT	ETI	39896
9/20/2013	Direct Testimony	PUCT	ETI	41791
1/31/2014	Rebuttal Testimony	PUCT	ETI	41791
4/1/2014	Direct Testimony	APSC	EAI	07-085-TF
5/1/2014	Direct Testimony	PUCT	ETI	42485
5/16/2014	Rebuttal Testimony	APSC	EAI	07-085-TF
6/7/2014	Answering Testimony	FERC	ESI	ER13-432-002
9/30/2014	Direct Testimony	LPSC	ELL/EGSI	U-33244
10/30/2014	Direct Testimony	CNO	ENO/ELL	UD-14-02
11/6/2014	Direct Testimony	CNO	ENO/ELL	UD-14-03
2/13/2015	Direct Testimony	APSC	EAI	07-138-TF

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

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

**DOCKET NO. U-\_\_\_\_\_**

**EXHIBIT CEB-2**

**Summary of the Cost of  
Service Study for the Test Year  
Ending December 31, 2022**

**EXHIBIT IS PROVIDED ON  
CD ONLY**

**AUGUST 2023**

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

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

**DOCKET NO. U-\_\_\_\_\_**

**EXHIBIT CEB-3**

**List of Pro Forma Adjustments  
to the Test Year in the Cost of  
Service Study**

**HIGHLY SENSITIVE  
PROTECTED MATERIAL**

**INTENTIONALLY OMITTED**

**AUGUST 2023**

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

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

**DOCKET NO. U-\_\_\_\_\_**

**EXHIBIT CEB-4**

**Cost of Capital Summary for  
Entergy Louisiana, LLC**

**EXHIBIT IS PROVIDED  
ON CD ONLY**

**AUGUST 2023**

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

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

**DOCKET NO. U-\_\_\_\_\_**

**EXHIBIT CEB-5**

**Proposed Formula Rate  
Plan Adjustments**

**EXHIBIT IS PROVIDED  
ON CD ONLY**

**AUGUST 2023**