



D. Skylar Rosenbloom
Senior Counsel
Entergy Services, LLC
504-576-2603 | drosenb@entergy.com
639 Loyola Avenue, New Orleans, LA 70113

May 31, 2022

RECEIVED

MAY 31 2022

LA Public Service Commission

VIA HAND DELIVERY

Mr. Brandon Frey
Executive Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, Louisiana 70802

**Re: Entergy Louisiana, LLC Test Year 2021 Formula Rate Plan Evaluation
Report - LPSC Docket No. U-_____**

Dear Mr. Frey:

Enclosed for your further handling is an original and three copies of the Public Version of the Formula Rate Plan ("FRP") Evaluation Report for the test year ending December 31, 2021 ("TY 2021"), filed on behalf of Entergy Louisiana, LLC ("ELL"). This filing is made pursuant to the Stipulated Term Sheet, including the revised ELL Rider Schedule FRP, approved by the Louisiana Public Service Commission ("LPSC" or "Commission") in Order No. U-35565. Please retain the original and two copies for your files and return a date-stamped copy to the courier.

Also enclosed please find five copies of the Highly Sensitive 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 Highly Sensitive portion of the filing contains confidential materials consisting of competitively-sensitive market information, including the initial Distribution Recovery Mechanism ("DRM") Report in accordance with the Stipulated Term Sheet, the public disclosure of which could subject not only ELL but also its customers to a substantial risk of harm. Accordingly, this portion of the filing has been designated Highly Sensitive Protected Materials. Please retain the original Highly Sensitive Version for your files and return to the courier a date-stamped copy. Additional copies of the Highly Sensitive Version of this filing will be provided to the appropriate reviewing representatives of the Louisiana Public Service Commission Staff ("Staff") and made available to intervenors upon receipt of an executed copy of a suitable Confidentiality Agreement and/or Non-Disclosure Certificate adopted in this matter.

Additionally, a copy of the legal notice that is to be placed in the respective official parish journals is also enclosed.

ROUTE TO _____ ROUTE FROM _____
DEPT. Bull DATE 5/31 DEPT. _____
DEPT. _____ DATE _____ DEPT. _____
DEPT. _____ DATE _____ DEPT. _____
DEPT. _____ DATE _____ DEPT. _____
677 65127

Handwritten signature/initials

Summary of Results of TY 2021 Evaluation Period

Pursuant to the terms of LPSC Order No. U-35565 and Rider Schedule FRP, the approved Evaluation Period Cost of Equity ("EPCOE") for the 2021 Evaluation Period is 9.5% with a +/- 50 basis point bandwidth. If the Earned Return on Equity ("EROE") for the Evaluation Period is outside of the 50 basis point bandwidth, rates shall be adjusted by the amount necessary to increase or decrease the EROE by the difference between the EROE and the edge of the bandwidth. However, for TY 2021 and TY 2022, the cumulative increase in Base Rider FRP Revenue is capped at \$70 million. As such, in this filing, FRP Revenue is adjusted accordingly.

As shown on page 2.1 of Attachment F, the TY 2021 Evaluation Report produces an earned return on common equity ("EROE") of 8.33%, which is below the approved FRP midpoint and results in an increase to Base Rider FRP Revenue of approximately \$65.3 million. Other changes in FRP Revenue driven by reduction in the amount of TCJA-related credits, additions to Transmission and Distribution plant in service reflected through the Transmission Recovery Mechanism ("TRM") and Distribution Recovery Mechanism ("DRM") offset by an increase in net MISO revenues leads to a net increase in FRP Revenue of \$152.9 million.

Of particular note, this filing includes the effects of the change in Louisiana state tax law resulting from Constitutional Amendment 2 approved in November 2021 and effective January 1, 2022.¹ Overall, the change in Louisiana tax law has resulted in an increase in ELL's composite tax rate from 26.08% to 26.93%. As such, this filing reflects the calculation of current and deferred income tax expenses as well as the revaluation of accumulated deferred income taxes ("ADIT") based on the income tax laws currently in effect. The Company has proposed, in this filing, that the rate effects associated with the revaluation of ADIT, including the collection of any net ADIT deficiency and any related effects on rate base, should be reflected in the Tax Reform Adjustment Mechanism ("TRAM") consistent with the treatment of similar TCJA-related impacts and consistent with the Commission's TCJA General Order issued February 7, 2019. The effects of the change in tax law on the Company's authorized return on rate base are also reflected in this filing consistent with the treatment cited above, including a charge in the Extraordinary Cost Change mechanism for the prospective change in the Company's authorized return calculated in AJ44 and a charge within the TRAM for under-collection of income tax expense through August 2022.

Additionally, this filing includes customer credits for a prospective adjustment in rates associated with the Washington Parish Energy Center and a true up based on the calculation of the actual first year revenue requirement for the facility, a credit for the TY20 TRM revenue requirement which over-estimated project closings for August 2021, and a credit for the outcome of FERC Docket ER21-748.

¹ Constitutional Amendment 2 originated as Act 134 of the Louisiana Regular Session of 2021 and amends Article VII, Section 4(A) of the Louisiana Constitution of 1974.

Mr. Brandon Frey
May 31, 2022
Page Three

Effects of TY 2021 Evaluation Period

The effects of the changes to total FRP Revenue are different for each Legacy company, primarily due to differences in the Legacy companies' capacity cost changes, including the effect of true-ups, and disproportionate changes in applicable base revenues. Legacy ELL FRP Revenues will increase by \$86 million, which will result in a \$5.77 monthly rate increase for residential customers using 1,000 kWh per month. Legacy EGSL FRP Revenues will increase by \$66.9 million, which will result in a \$4.79 monthly rate increase for residential customers using 1,000 kWh per month. Subject to refund and Commission review, the resulting changes will become effective for bills rendered the first billing cycle of September 2022.

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. Thanking you in advance for your usual courtesies and cooperation, I am

Respectfully submitted,



D. Skylar Rosenbloom

DSR/lp

Enclosures

cc: Official Service List U-35565 (*via electronic mail*)

Notice

Notice is hereby given, pursuant to Article IV, Section 21(D)(1) of the Louisiana Constitution, that on May 31, 2022, Entergy Louisiana, LLC (“ELL”), a public utility providing retail electric and gas service throughout the State of Louisiana, filed with the Louisiana Public Service Commission (“LPSC”) its Formula Rate Plan (“FRP”) Rider Schedule FRP Evaluation Report and Workpapers for Test Year 2021.

Ln No.	Rate Class	Total ELL FRP Rate Adj.
1	ELL- Residential	77.1723%
2	ELL- Small General Service	75.1180%
3	ELL- Large General Service	75.4652%
4	ELL- Large Industrial Power Service	72.1698%
5	ELL- Large Load, High Load Factor Power Service	72.0195%
6	ELL- Large Industrial Service	73.5680%
7	ELL- Lighting	75.9715%
8	EGSL- Residential	73.5187%
9	EGSL- Small General Service	72.2852%
10	EGSL- General Service	72.0406%
11	EGSL- Large Power Service	68.5169%
12	EGSL- High Load Factor Service	68.4199%
13	EGSL- Municipal Water Pumping Service	71.8029%
14	EGSL- Street & Area Lighting	72.0131%

The filing reflects an earned return on common equity (“EROE”) for the 2021 Evaluation Period/Test Year of 8.33%, which is below the approved FRP dead band and results in an increase to Base Rider FRP Revenue of approximately \$65.3 million. Other changes in FRP Revenue driven by reduction in the amount of TCJA-related credits, additions to Transmission and Distribution plant in service reflected through the Transmission Recovery Mechanism (“TRM”) and Distribution Recovery Mechanism (“DRM”) offset by an increase in net MISO revenues leads to a net increase in FRP Revenue of \$152.9 million. The resulting FRP factors to be applied to the respective ELL rate classes (including Legacy ELL and Legacy EGSL rate classes) effective for customer bills rendered on and after the first billing cycle of September 2022, are as follows:

It is estimated that the proposed adjustment in rates will have the following effects upon applicable Legacy ELL customers’ typical monthly bills: for a Residential customer using 1,000 kWh the bill would change by approximately 5.77; for a Small General Service customer using 50 kW and 12,500 kWh the bill would change by approximately \$71.55; for a Large General Service customer using 1,000 kW and 500,000 kWh the bill would change by approximately \$1,655.02.

It is estimated that the proposed adjustment in rates will have the following effects upon applicable Legacy EGSL customers' typical monthly bills: for a Residential customer using 1,000 kWh the bill would change by approximately \$4.79; for a Small General Service customer using 5000 kWh the bill would change by approximately \$27.27; for a Large General Service customer using 500 kW and 255,500 kWh the bill would change by approximately \$685.68.

For questions and comments regarding ELL's filing, please call the LPSC toll free at (800) 256-2397. Additionally, the filing, including its attachments may be viewed in the Records Division of the LPSC at the following address:

Records Division
602 N. Fifth Street, 12th Floor
Baton Rouge, Louisiana 70802
Telephone: (225) 342-3157

ENTERGY LOUISIANA, LLC