BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL TO CONSTRUCT VOTAW AND SEGNO SOLAR FACILITIES, AND FOR COST RECOVERY	DOCKET NO. U-_____

DIRECT TESTIMONY

OF

ROBERT J. FLUTH

ON BEHALF OF

ENTERGY LOUISIANA, LLC

PUBLIC REDACTED VERSION

NOVEMBER 2025

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EXHIBIT LIST

I. INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. My name is Robert J. Fluth. I am employed by Entergy Services, LLC ("ESL")[1] as Director, Power Development. My business address is 2107 Research Forest Drive, The Woodlands, TX 77380.

Q2. ON WHOSE BEHALF ARE YOU FILING THIS DIRECT TESTIMONY?

A. I am filing this Direct Testimony on behalf of Entergy Louisiana, LLC ("ELL" or the "Company").

Q3. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree in Electrical Engineering from North Dakota State University in December 1993. After college, I worked as a Design Engineer with Black & Veatch – Federal Division in Kansas City, MO, where I performed electrical design on new and existing government facilities from January 1994 to June 1997. In June 1997, I joined Black & Veatch – Transmission in Denver, CO as a Project Engineer, leading substation projects. In April 2001, I accepted a position with Sebesta Blomberg & Associates as a Project Manager in Roseville, MN, supporting transmission clients. From April 2003 to January 2005, I served as a Plant System

[1] ESL is an affiliate of the Entergy Operating Companies ("EOCs") that provides engineering, planning, accounting, legal, technical, regulatory, and other administrative support services to each of the EOCs. The EOCs are Entergy Louisiana, LLC; Entergy Arkansas, LLC; Entergy Mississippi, LLC; Entergy New Orleans, LLC; and Entergy Texas, Inc. ("ETI").

Engineer with Great River Energy – Transmission Division in Elk River, MN, providing project management and design engineering for plant and transmission substation projects. In February 2005, I became a Principal Engineering Project Manager with Great River Energy in Maple Gove, MN, managing generation plants and capital projects until March 2012. In April 2012, I joined Entergy as a Manager, Power Development, and was promoted to Director, Power Development in October 2022.

Q4. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

A. As Director, Power Development, I lead the Renewable and Energy Storage Project Development team, which is responsible for the management and administration to develop a portfolio of solar and battery storage projects through Midcontinent Independent System Operator, Inc. ("MISO") South that are offered to the EOCs to support their supply and other business plans. As part of this role, I am the project lead for the Votaw and Segno Solar Facility projects.

Q5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. No, I have not.

Q6. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. My Direct Testimony supports the Company's application for certification by the Louisiana Public Service Commission ("LPSC" or "Commission") of a 141-megawatt ("MW") alternating current ("AC") solar photovoltaic ("PV") electric generation

facility to be constructed in Hardin County, Texas, known as the Votaw Solar Facility ("Votaw") and a 170-MW AC solar PV electric generation facility to be constructed in Polk County, Texas, known as the Segno Solar Facility ("Segno"), collectively referred throughout ELL's Application with Votaw as the "Proposed Solar Facilities." I provide an overview of the Proposed Solar Facilities and also describe how the Proposed Solar Facilities were developed and bid into the 2021 and 2022 Requests for Proposals ("RFPs"), respectively, that were administered by ESL on behalf of ETI.[2] I further provide the current capital cost estimates for each of the Proposed Solar Facilities and the current estimated schedules for completing the projects. Finally, I discuss the contract management strategies the Company intends to employ for these projects, as well as the risk mitigation strategies and measures put into place to control construction and other project risks.

Q7. DO YOU SPONSOR ANY EXHIBITS IN YOUR DIRECT TESTIMONY?

A. Yes. I sponsor the exhibits listed in the Table of Contents.

[2] As explained further below and more fully in the Direct Testimony of Company witness Phong D. Nguyen, the Proposed Solar Facilities were selected from RFPs issued and administered by ESL on behalf of ETI but, for various reasons, ETI is no longer pursuing development of the Proposed Solar Facilities, and the Proposed Solar Facilities are being pursued by ELL.

II. PROJECT OVERVIEWS

A. Votaw

Q8. PLEASE PROVIDE A BRIEF OVERVIEW OF THE VOTAW PROJECT.

A. Votaw is a 141 MW AC solar PV electric generation facility to be constructed in Hardin County near the community of Votaw, Texas, and will include solar PV modules mounted to a single-axis tracking system connected to direct current ("DC")-to-AC inverter stations and a substation with a 138 kilovolt ("kV") main power transformer.

Votaw is a "greenfield" project that was developed by ETI and Urban Grid Solar Projects, LLC ("Developer") pursuant to an Asset Purchase Agreement and Development Agreement ("APA"). ELL and ETI have entered an agreement pursuant to which the Votaw property (including the land agreement and the Generator Interconnection Agreement ("GIA") with MISO) will be transferred to ELL by ETI after the Commission issues a final order, if appropriate, certifying Votaw as being in the public interest. ELL will procure the solar panels and is also a party to an engineering, procurement, and construction ("EPC") contract with Black & Veatch Corporation ("B&V" or "EPC Contractor") for installation services.

As explained more fully by Company witness Phong D. Nguyen, Votaw was one of three projects selected from the bids made into the Request for Proposals for Solar Photovoltaic Resources for Entergy Texas, Inc. ("2021 Solar RFP") administered by ESL on behalf of ETI. As explained by Mr. Nguyen and Company witness Michael Plaisance in their Direct Testimony, ETI ultimately decided not to pursue Votaw, and ELL is now pursuing certification of the Proposed Solar Facilities in order to meet the Company's need for additional capacity and for solar resources to meet customer

demands, including in particular to potentially assist with fulfilling, in part, the Initial Renewable Subscription Amount included in the Corporate Sustainability Rider ("CSR") executed in connection with the large new data center being developed in Richland Parish, Louisiana by Meta Platforms, Inc.'s wholly owned subsidiary, Laidley LLC, as detailed in Docket No. U-37425.[3]

Q9. WHAT IS THE PROPOSED COMMERCIAL OPERATION DATE FOR VOTAW?

A. The proposed commercial operation date ("COD") for Votaw is on or before May 25, 2029.

Q10. PLEASE DESCRIBE HOW THE VOTAW PROJECT WAS DEVELOPED.

A. ETI entered into a Joint Development Agreement ("JDA") with the Developer in July 2021 to develop the Votaw project as a self-build option in response to the 2021 Solar RFP. The JDA delineated the responsibilities between ETI and the Developer with regards to submitting the Votaw project into the RFP and the 2021 MISO Generator Interconnection Queue. I have provided the JDA as Highly Sensitive Protected Materials ("HSPM") Exhibit RJF-1.

Upon the execution of the APA, the JDA was mutually terminated and succeeded by the APA with the Developer. I have provided the APA as HSPM Exhibit RJF-2.

[3] *See* LPSC Docket No. U-37425, *In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana.*

Under the APA, if required regulatory approvals and other necessary conditions are obtained such that all conditions precedent are met or waived, then the Developer is required to sell its rights, titles, and interests in certain assets, subject to certain terms and conditions. As referenced above, if the Commission certifies Votaw as being in the public interest, ETI anticipates closing on the transaction contemplated by the APA and completing the transfer of the relevant assets to ELL. The transaction between ELL and ETI is memorialized in an Assignment and Assumption Agreement (the "Votaw Assignment and Assumption Agreement") that is attached to this Direct Testimony as HSPM Exhibit RJF-3.

Q11. PLEASE DESCRIBE THE ASSETS ETI WOULD ACQUIRE FROM THE DEVELOPER UNDER THE APA AND THAT WOULD THEN BE TRANSFERRED TO ELL UNDER THE VOTAW ASSIGNMENT AND ASSUMPTION AGREEMENT.

A. ETI would acquire the Developer's work product on the project, the project's MISO Generator Interconnection Agreement, and a ground lease for the land where the project will be sited and constructed. Pursuant to the Votaw Assignment and Assumption Agreement, these assets would be transferred to ELL upon regulatory approval and the closing contemplated by the APA.

Q12. HAS THE LEASE FOR THE LAND WHERE THE VOTAW PROJECT WILL BE SITED AND CONSTRUCTED ALREADY BEEN EXECUTED?

A. The APA includes an option for ETI to lease the land where Votaw will be sited. ETI will exercise that option once the Developer exercises its option to purchase the land from its current owner. The lease will then be transferred to ELL, as set forth above.

Q13. WHAT ROLE DID THE POWER DEVELOPMENT GROUP HAVE IN THE DEVELOPMENT OF THE VOTAW PROJECT?

A. Power Development, along with the Developer, other consultants, and internal subject matter experts, provided the personnel and resources needed to develop the Votaw self-build option, including the cost estimate that was submitted into the 2021 Solar RFP.

Q14. DOES ESL HAVE EXPERIENCE WITH BUILDING SOLAR FACILITIES?

A. Yes. ESL supports all EOCs with solar project development and execution activities. Specifically, ESL has provided project development and/or execution oversight for the following solar facilities:

- Entergy Louisiana, LLC – Sterlington Solar Station (49 MW);
- Entergy New Orleans, LLC – New Orleans Solar Station (20 MW) and the New Orleans Rooftop Solar Program (multiple locations, totaling 5 MW);
- Entergy Arkansas, LLC – Searcy Solar Energy Center (100 MW), Driver Solar Station (250 MW), West Memphis Solar Station (180 MW), and Walnut Bend Solar Station (100 MW); and
- Entergy Mississippi, LLC – Sunflower Solar Station (99.96 MW).

Q15. HOW DID THE SELF-BUILD PROJECT TEAM INTERFACE WITH THE ESL GROUP RESPONSIBLE FOR ADMINISTERING THE 2021 SOLAR RFP?

A. Members of the self-build project team worked independently from other ESL personnel to develop designs, cost estimates, and schedules for Votaw. During the development of the proposal, any interactions between the self-build project team and other ESL personnel regarding the 2021 Solar RFP or the self-build cost estimate submitted into that RFP were conducted under the oversight of the Independent Monitor ("IM") to ensure appropriate interaction between the commercial staff developing the Votaw proposal and the staff preparing the 2021 Solar RFP and the associated evaluation plan. Company witness Phong D. Nguyen describes the 2021 Solar RFP (including the involvement of the IM in the 2021 Solar RFP) in additional detail in his Direct Testimony.

Q16. DID YOU ABIDE BY SAFEGUARDS INTENDED TO ENSURE THAT THE 2021 SOLAR RFP PROCESS WAS CONDUCTED IN A FAIR AND IMPARTIAL MANNER?

A. Yes. During the development of the self-build option through the pendency of the evaluation process, I did not engage in any professional contact with any members of the teams that were developing the 2021 Solar RFP or the evaluation protocols or processes, other than the limited communication that was provided for in the 2021 Solar RFP process, which was supervised by the IM. In addition, after the bid was submitted, I participated in discussions with the IM and Burns & McDonnell, the independent

engineering firm that was retained to assist the IM in evaluating the reasonableness of the self-build cost estimate.

Q17. WHAT RESOURCES WERE UTILIZED TO DEVELOP THE OVERALL COST ESTIMATE FOR VOTAW?

A. The following resources were used to develop the project's two major cost components:

1) **EPC contract costs ("EPC Costs"):** The EPC Contractor, at the request of ESL, originally provided a cost estimate based on a preliminary layout developed with the site-specific information gathered by the project team. The EPC Contractor's estimate formed the basis of the EPC Costs contained in the Votaw self-build proposal. The EPC Contractor's estimate was updated in connection with the assignment by ETI to ELL pursuant to the Votaw Assignment and Assumption Agreement.

2) **Costs outside of the EPC agreement ("Non-EPC Costs"):** The self-build project team developed these costs using internal subject matter experts. I will expand upon the components of the Non-EPC Costs later in this testimony.

Q18. WHAT COST ESTIMATE FOR VOTAW WAS SUBMITTED INTO THE 2021 SOLAR RFP?

A. The project's cost estimate submitted in the 2021 Solar RFP in October 2021 was approximately [redacted], which included both direct and indirect cost estimates, short-term financing, contingency, and the costs of transmission interconnection. It is

my understanding that this estimate was further refined through the normal course of the 2021 Solar RFP evaluation process.

Q19. DID THE COST ESTIMATE SUBMITTED INTO THE 2021 SOLAR RFP FOR THE PROJECT INCLUDE A REASONABLE LEVEL OF DESIGN INFORMATION?

A. Yes. The self-build project team, working with the EPC Contractor, developed a site-specific preliminary design and cost estimate. The EPC Contractor utilized job-specific general arrangement computer models, desktop environmental data and studies, and site-specific field work to inform the preliminary layout. Quantities of material and equipment were developed to reflect the Votaw site based off of the layout and equipment assumptions.

The self-build project team reviewed the design and found it reasonable. In addition, Burns & McDonnell also reviewed the design and provided its opinions to the IM during the RFP evaluation. To my knowledge, the IM took no issue with the reasonableness of the design or cost estimate.

Q20. WHAT HAS OCCURRED BETWEEN THE TIME VOTAW WAS SELECTED OUT OF THE 2021 SOLAR RFP AND THIS FILING WITH RESPECT TO THE PROJECT'S DESIGN AND COST ESTIMATE?

A. First, after selection of the Votaw project from the 2021 Solar RFP, the size of the project decreased based on negotiations with underlying mineral rights owners for surface usage of the property. Initial discussions were conducted when the project was developed for submittal into the RFP, and at that time no significant issues related to

the procurement of mineral rights waivers or accommodation agreements from the mineral rights owners were identified. At that time, the underlying mineral rights owners were unwilling to enter into final negotiations until the project was selected from the 2021 Solar RFP. After re-engaging the mineral rights owners, the primary mineral rights owner for a portion of the Votaw site informed ETI that it had entered into a mineral production agreement that prevented it from providing a mineral rights waiver or accommodation agreement. ETI redesigned the Votaw project to avoid the land that impacted this mineral rights owner, resulting in a reduction in the overall size of the Votaw project compared to the design provided as part of the 2021 Solar RFP. As outlined above, the size and cost of the Votaw project submitted into the 2021 Solar RFP was 198 MW and [redacted], respectively. The revised design of the Votaw project reduced the size to 141 MW and the cost (at that time) to [redacted].

In addition, and as described above, ELL obtained an updated cost estimate from the EPC Contractor in connection with the assignment of the project from ETI to ELL. The updated cost estimate from the EPC Contractor resulted in an updated cost estimate for the Votaw project of approximately [redacted].

Q21. WHAT WAS THE PRIMARY DRIVER BEHIND THE INCREASE IN THE COST ESTIMATE FOR THE VOTAW PROJECT?

A. As Company witnesses Michael J. Plaisance and Phong D. Nguyen testify in additional detail, the decision was made by ETI that it would no longer pursue certification of the Proposed Solar Facilities, and ELL identified the Proposed Solar Facilities as potential resources to help with the Company's capacity needs and to potentially help with

fulfilling, in part, the Initial Renewable Subscription Amount for Laidley. Because of the time that elapsed during ETI's initial certification proceeding and the subsequent decision to transfer the Proposed Solar Facilities to ELL, the anticipated commercial operation date for Votaw was delayed. With that delay, the EPC Contractor selected for the Proposed Solar Facilities is unable and unwilling to hold the original contracted price, in particular due to the uncertainty of escalation forecasts and market conditions. Therefore, the EPC Contractor submitted a change request that included an updated contract price as well as a request pursuant to which the equipment and subcontracted scopes of work would be subject to a contractual price adjustment when and if the Final Notice to Proceed ("FNTP") for Votaw is issued.

Q22. IS THE VOTAW PROJECT CONSTRUCTION PRICING FIXED?

A. Most of the pricing will ultimately be fixed, but not all of it. As mentioned earlier, project costs consist of EPC Costs and Non-EPC Costs. The Non-EPC Costs are not fixed, and the EPC contract price has fixed and floating components. The fixed components will be fixed as of the date FNTP is issued and are based on the defined scope of work; however, those components could be adjusted under the contract due to the discovery of new facts, force majeure events, suspension, or changes in law. The floating component of the EPC contract involves a true-up mechanism for the costs of a defined list of equipment, as discussed below.

Q23. ARE THERE ANY IMPORTANT TAX CREDIT-RELATED CONSIDERATIONS WITH RESPECT TO VOTAW?

A. Yes. One of the economic considerations in recent years for developing solar projects is the availability of certain tax credits made available through the Inflation Reduction Act of 2022 (the "IRA"). As relevant here, in the One, Big, Beautiful Bill Act ("OBBBA") signed on July 4, 2025, certain of those tax credits were terminated for applicable solar facilities placed in service after December 31, 2027 unless such solar facilities are safe harbored before the date that is 12 months after the date of enactment of the OBBBA (*i.e.*, July 4, 2026). In addition, the OBBBA enacted a set of prohibited foreign entity ("PFE") rules that, among other things, disallow credits to projects that receive significant "material assistance" from PFEs. Projects safe harbored by the end of 2025, however, are not subject to the "material assistance" portion of the PFE rules.

Q24. BASED ON THE CURRENT STATUS OF THE VOTAW PROJECT, DOES ELL EXPECT THAT THE VOTAW PROJECT WILL BE SAFE-HARBORED UNDER THE OBBBA?

A. Yes. Under the IRS guidance, a solar project may be safe-harbored through "off-site physical work of a significant nature," which may include "the manufacture of components, . . . transformers and other power conditioning equipment." A safe-harbored project may be transferred between related parties without losing the safe harbor status.

Earlier this year (2025), ETI contracted for the manufacture of a step-up transformer required for the project, and the manufacturer completed the construction

of certain safe-harbor transformer components in August. The project remains a safe-harbored project following transfer to ELL.

In addition, a safe-harbored project must satisfy the Continuity Requirement, which is deemed satisfied if the solar facility is placed in service "by the end of a calendar year that is no more than four calendar years after the calendar year during which construction of the solar facility began." The anticipated COD for Votaw is May 25, 2029, which will satisfy the four-year time period that applies to the Continuity Requirement. ELL thus anticipates that Votaw will be safe harbored under the OBBBA.

Lastly, because the Votaw project was safe-harbored in August of 2025, the project is exempt from the "material assistance" portion of the PFC rules that I discussed above.

B. Segno

Q25. PLEASE PROVIDE A BRIEF OVERVIEW OF THE SEGNO PROJECT.

A. Segno is a solar PV electric generation facility to be constructed in Polk County, Texas. Segno will consist of a 170 MW AC solar PV power station and will include solar PV modules mounted to a single-axis tracking system connected to DC-to-AC inverter stations and a substation with a 138 kV main power transformer.

Similar to Votaw, Segno is a "greenfield" project, but in contrast to Votaw, which was developed jointly by ETI and a developer, Segno was developed solely by ETI. Pursuant to another Assignment and Assumption Agreement (the "Segno Assignment and Assumption Agreement"), ETI has assigned the Segno assets to ELL.

ELL will procure the solar panels and has entered into an EPC contract for installation services with the same EPC Contractor that will perform those services at Votaw. A copy of the Segno Assignment and Assumption Agreement is attached to this Direct Testimony as HSPM Exhibit RJF-4.

The Segno project was submitted into the 2022 Request for Proposals for Renewable Resources for Entergy Texas, Inc. ("2022 Renewables RFP"). As with Votaw—and as is also discussed more fully by Company witness Michael J. Plaisance—Segno was originally selected by ETI to assist with that EOC's business needs; after ETI decided to no longer pursue Segno for capital optimization reasons, however, ELL decided to pursue Segno for its capacity needs and with fulfilling customers' demands for sustainable resources, including in particular to potentially fulfill, in part, the Initial Renewable Subscription Amount included in the CSR for the customer whose datacenter project in Richland Parish, Louisiana, was discussed at length in Docket No. U-37425.

Q26. WHAT IS THE PROPOSED COD FOR SEGNO?

A. The proposed COD for Segno is on or before March 30, 2029.

Q27. PLEASE DESCRIBE HOW THE SEGNO PROJECT WAS DEVELOPED.

A. In response to the 2022 Renewables RFP, ESL's Power Development team self-developed the Segno project, which was then bid into the RFP as a self-build project. Prior to submitting the proposal for the Segno project into the RFP, the Segno project was submitted into the 2022 MISO Generator Interconnection Queue. For the land

procurement, a purchase option agreement ("POA") was executed on September 14, 2022 with the Molpus Woodlands Group, LLC ("MWG") that allowed for the purchase of 1,168 acres of land where the Segno project is planned to be sited and constructed. Pursuant to the Segno Assignment and Assumption Agreement, the POA was assigned (with the other Segno assets) by ETI to ELL. The project schedule assumes a closing on the land purchase on or before September 14, 2026 (after which date the option rights expire).

Q28. WHAT ROLE DID THE POWER DEVELOPMENT GROUP HAVE IN THE DEVELOPMENT OF THE SEGNO PROJECT.

A. Power Development, along with other consultants and internal subject matter experts, provided the personnel and resources needed to develop the Segno self-build option, including the cost estimate that was submitted into the 2022 Renewables RFP.

Q29. WAS THE INTERFACE BETWEEN THE SEGNO PROJECT SELF-BUILD TEAM AND THE ESL GROUP THAT ADMINISTERED THE 2022 RENEWABLES RFP THE SAME OR SIMILAR TO THE INTERFACE BETWEEN THE VOTAW SELF-BUILD TEAM AND THE ESL GROUP THAT ADMINISTERED THE 2021 SOLAR RFP?

A. Yes, it was. The Segno self-build project team worked independently from other ESL personnel to develop designs, cost estimates, and schedules for Segno. The IM oversaw all interactions between the Segno self-build team and other ESL personnel, ensuring

appropriate interaction between the staff developing the Segno proposal and the staff preparing the 2022 Renewables RFP and the plan for evaluating proposals.

Q30. AS WITH THE 2021 SOLAR RFP PROCESS, DID YOU ABIDE BY SAFEGUARDS INTENDED TO ENSURE THAT THE 2022 RENEWABLES RFP PROCESS WAS CONDUCTED IN A FAIR AND IMPARTIAL MANNER?

A. Yes. During the development of the Segno self-build option through the evaluation process, I did not engage in any professional contact with anyone involved in developing the 2022 Renewables RFP or the evaluation protocols or processes, other than the limited communication provided for in the RFP process, which was supervised by the IM. In addition, after the bid was submitted, I and the rest of the self-build project team participated in discussions with the IM and Burns & McDonnell, who again assisted the IM in evaluating the reasonableness of the self-build cost estimate.

Q31. HOW DID YOU DEVELOP THE OVERALL COST ESTIMATE FOR THE SEGNO PROJECT THAT WAS BID INTO THE 2022 RENEWABLES RFP?

A. We used the same resources as those used to develop the cost estimate for the Votaw project that I explained earlier: EPC Costs and Non-EPC Costs.

Q32. WHAT COST ESTIMATE FOR SEGNO WAS SUBMITTED INTO THE 2022 RENEWABLES RFP?

A. The project's cost estimate submitted into the 2022 Renewables RFP in January 2023 was approximately [redacted], which included both direct and indirect cost

estimates, short-term financing, contingency, and the costs of the transmission interconnection. It is my understanding that this estimate was further refined through the normal course of the 2022 Renewables RFP evaluation process.

Q33. DID THE COST ESTIMATE SUBMITTED INTO THE 2022 RENEWABLES RFP FOR THE SEGNO PROJECT INCLUDE A REASONABLE LEVEL OF DESIGN INFORMATION?

A. Yes. As with the Votaw project, the Segno self-build project team worked with the EPC Contractor to develop a site-specific preliminary design and cost estimate. The EPC Contractor utilized job-specific general arrangement computer models, desktop environmental data and studies, and site-specific field work to inform the preliminary layout. Quantities of material and equipment were developed to reflect the Segno site based off of the layout and equipment assumptions.

The self-build project team reviewed the design and found it reasonable. Burns & McDonnell also reviewed the design and provided its opinions to the IM during the RFP evaluation. To my knowledge, the IM took no issue with reasonableness of the Segno design or cost estimate.

Q34. IS THE SEGNO PROJECT CONSTRUCTION PRICING FIXED?

A. As with Votaw, most of the pricing will ultimately be fixed, but not all of it. The Non-EPC Costs are not fixed, and the EPC contract price has fixed and floating components. The fixed components will be fixed as of the date FNTP is issued and are based on the defined scope of work; however, these components could be adjusted under the contract

due to the discovery of new facts, force majeure events, suspension, or changes in law. The floating component of the Segno EPC contract involves a true-up mechanism for the costs of a defined list of equipment, similar to that of the Votaw EPC contract.

Q35. BASED ON THE CURRENT STATUS OF THE SEGNO PROJECT, DOES ELL EXPECT THAT THE SEGNO PROJECT WILL BE SAFE-HARBORED UNDER THE OBBBA?

A. Yes. Just like with the Votaw project, ETI contracted in this year (2025) for the manufacture of a step-up transformer for Segno, and that work qualifies as "off-site physical work of a significant nature." In addition, the anticipated COD for Segno is March 30, 2029, which will satisfy the four-year time period that applies to the Continuity Requirement. ELL thus anticipates that, like Votaw, Segno will be safe-harbored under the OBBBA and will be eligible to receive the tax credits that are otherwise being terminated.

Furthermore, as with Votaw, the Segno project was safe-harbored in 2025 and is thus exempt from the "material assistance" portion of the PFC rules I discussed above.

III. ESTIMATED PROJECT COSTS AND SCHEDULES

A. Votaw

Q36. WHAT IS THE CURRENT ESTIMATE OF THE CAPITAL COSTS TO COMPLETE THE VOTAW PROJECT?

A. The current capital cost estimate for the Votaw project is approximately [redacted] The main components of the Votaw project cost estimate include the EPC Costs and the acquisition of solar modules. A summary of the components of the current cost estimate is shown below:

Table 1

Votaw Capital Cost Estimate (Millions)

Cost Category	Current Estimate
EPC Contract	[redacted]
Solar Modules	[redacted]
Sales Tax	[redacted]
Other Vendors	[redacted]
Land	[redacted]
Payroll	[redacted]
Other Expenses	[redacted]
Transmission	[redacted]
Total Direct Cost	[redacted]
Total Indirect Cost	[redacted]
Contingency	[redacted]
Total Project Cost	[redacted]

Q37. WHY DOES THE CURRENT PROJECT COST ESTIMATE DIFFER FROM THE ESTIMATE SUBMITTED INTO THE 2021 SOLAR RFP?

A. There are a few reasons. Before ETI executed the Votaw Assignment and Assumption Agreement, there was a reduction in the cost estimate due to (1) the redesign of the Votaw project discussed previously that reduced the overall size of the project from 198 MW to 141 MW, (2) anticipated cost reductions in market pricing for Tier 1 solar modules based on discussions with the solar module supplier and ongoing external factors discussed below, (3) increases in estimates for transmission interconnection and service scope, and (4) a revision of the assumption of financing interest rates to reflect market conditions. In connection with the execution of the Votaw Assignment and Assumption Agreement, ELL obtained updated EPC Costs based on the passage of time as well as the new, later project schedule that revised the planned in-service date by one year. In addition, ELL determined it qualifies for a manufacturing sales tax exemption in Texas and accordingly updated its tax estimates. The resulting cost estimates are those set forth above in Table 1.

Q38. PLEASE DESCRIBE THE TYPES OF COSTS INCLUDED IN THE ESTIMATE OF EPC COSTS.

A. EPC Costs include costs that will be incurred by the EPC Contractor and billed to the Company in the performance of the EPC contract, including the following:

- Engineered equipment, including the module racking, foundations, piling, and inverters;
- Clearing and grubbing of the site;

- Home office engineering and construction management services, including procurement, project controls, scheduling, and progress tracking;
- Supervisory and administrative staff at the construction site;
- Craft laborers (such as welders, electricians, and pipefitters);
- Construction materials (copper, steel, concrete, etc.) used by both the EPC Contractor and subcontractors;
- Subcontractors;
- The indirect construction costs that support the construction project (such as administrative offices and safety equipment);
- Sales taxes borne by the EPC Contractor on consumables; and
- Labor and materials associated with the dedicated start-up and commissioning teams.

Q39. WHAT COSTS ARE INCLUDED IN THE NON-EPC COST ESTIMATE?

A. Costs included in the Non-EPC Cost estimate will be incurred by the Company directly and include:

- Solar Modules: The cost for the manufacturing of the solar PV modules and delivery of the modules to the project site. As discussed in more detail below, ELL is a party to Module Sales Contracts for both the Votaw and Segno projects with a solar module supplier. These contracts, which are expected to be amended to adjust the project schedule, are provided as HSPM Exhibits RJF-5 and RJF-6, respectively.

- Generator Step Up Transformer: The cost for the manufacturing of the transformer, storage at the manufacturer's facility, and delivery of the transformer to the project site.
- Other Vendors and Expenses: The services captured in the Other Vendors category include expenses such as the development fee, external subject matter experts to advise on the scope of work (including providing engineering and environmental permitting support), rental of temporary office trailers, construction power, environmental permitting services, the cost of permit applications, site inspections and surveys, transmission studies, miscellaneous consumables related to safety and office supplies used during project execution, Builders All Risk insurance, title insurance, and consultant fees.
- Entergy Labor: Project management costs include internal labor and third-party costs for activities such as project oversight and executing the scope of work. Construction management includes internal and third-party personnel to manage any agreements to engineer, procure, and construct the project.
- Allowance for Funds Used During Construction ("AFUDC"): This amount is representative of the project financing cost.
- Other Indirect Costs: This category includes estimated capital suspense and a variable benefits loader. All other payroll loaders are included in the direct costs of the other categories.
- Transmission Interconnection: The amount in this category was based upon estimates for two general categories: (a) transmission interconnection; and (b)

upgrades identified by MISO as necessary to designate the resource as an Energy Resource.

- Contingency: This is a general contingency that addresses the fact that construction projects, such as for Votaw and Segno, have cost elements that are beyond the reasonable control of the Company and its management. Even with a fixed-price EPC contract and well-defined scope, experience demonstrates that unpredictable events, such as discovery of unknown site conditions or changes in laws or regulations, can require change orders that will affect project costs. Thus, a contingency must be included in the estimate in order to provide a reasonable estimate of the ultimate cost to complete the project.

Q40. HOW DID THE SELF-BUILD PROJECT TEAM DEVELOP THE VOTAW PROJECT COST ESTIMATE?

A. As described above, the EPC Contractor developed the EPC cost estimate based on the revised project design, discussed above, and further provided an updated estimate for ELL in connection with the Votaw Assignment and Assumption Agreement. The EPC Contractor has solar industry knowledge, experience, and a proven track record of executing solar facilities of like size. The EPC contract will include a detailed scope of work describing the plant and its required functionality and performance, which was developed by the EPC Contractor based on the specifications detailed in the 2021 Solar RFP scope book.

The estimates for the Non-EPC Costs were developed based on input from internal subject matter experts, vendors, and third-party consultants.

The current cost estimates for the transmission interconnection and upgrades have been developed by internal subject matter experts based on the expected project scope. Transmission modifications and upgrades attributable to the addition of Votaw have been included in the Generator Interconnection Agreement that was produced as a result of MISO's Definitive Planning Phase results for the 2021 Interconnection Study Cycle.

Q41. WHAT ARE THE KEY MILESTONES AND THE CUMULATIVE SPEND FOR THE VOTAW PROJECT?

A. The key milestones and spend commitments are provided in the schedule below:

Table 2

Votaw Key Project Milestones

Milestone	Estimated Date	HSPM Spend to Milestone ($M)
Final Determination from Commission	September 2026	[redacted]
EPC FNTP	September 2026	[redacted]
Mechanical Completion	December 2028	[redacted]
Substantial Completion	February 2029	[redacted]

B. Segno

Q42. WHAT IS THE CURRENT ESTIMATE OF THE CAPITAL COSTS TO COMPLETE THE SEGNO PROJECT?

A. The current capital cost estimate for the Segno project is approximately [redacted] Like Votaw, the main components of the Segno project cost estimate include the EPC

Costs and the acquisition of solar modules. A summary of the components of the current cost estimate is shown below:

Table 3

Segno Capital Cost Estimate (Millions)

Cost Category	Current Estimate
EPC Contract	[redacted]
Solar Modules	[redacted]
Sales Tax	[redacted]
Other Vendors	[redacted]
Land	[redacted]
Payroll	[redacted]
Other Expenses	[redacted]
Transmission	[redacted]
Total Direct Cost	[redacted]
Total Indirect Cost	[redacted]
Contingency	[redacted]
Total Project Cost	[redacted]

Q43. ARE THE EPC AND NON-EPC COST CATEGORIES IN THE SEGNO ESTIMATE THE SAME OR SIMILAR TO THOSE FOR THE VOTAW PROJECT THAT YOU DISCUSSED ABOVE?

A. Yes, the cost categories in the Segno estimate are similar to those for the Votaw project. The three exceptions are:

- Purchased Land: There will be no land leased for the Segno project. The Company plans to purchase the entire project acreage amount from MWG.

- Other Vendors and Expenses: There will not be a development fee associated with the Segno project in the Other Vendors cost category.
- Transmission Interconnection/Contingency: The estimated transmission network upgrade costs to be identified by MISO for Segno to be designated as an Energy Resource are not included in the Transmission Interconnection cost line item. Because of its position in the MISO interconnection queue, the estimated network upgrade costs are uncertain. Therefore, the project team instead increased the contingency line item accordingly to account for this cost uncertainty.

Q44. WAS THE CURRENT COST ESTIMATE FOR THE SEGNO PROJECT DEVELOPED USING THE SAME METHODOLOGY EMPLOYED TO DEVELOP THE VOTAW PROJECT COST ESTIMATE?

A. Yes, except for the estimated transmission network upgrade costs which have not yet been identified by MISO due to extended delays in their interconnection process. Therefore, the project team increased the contingency to account for this uncertainty.

Q45. WHY DO THE SEPARATE ITEMS IN THE COST ESTIMATE FOR THE SEGNO PROJECT DIFFER FROM THOSE IN THE ESTIMATE SUBMITTED IN CONNECTION WITH THE 2022 RENEWABLES RFP?

A. Similar to Votaw, ELL obtained an updated cost estimate from the EPC Contractor in connection with the Segno Assignment and Assumption Agreement. As is also the case with Votaw, the COD for Segno has been delayed. With that delay, the EPC Contractor selected for the Proposed Solar Facilities is unable and unwilling to hold

the original contracted price, in particular due to the uncertainty of escalation forecasts and market conditions. Therefore, the EPC Contractor submitted a change request that included an updated contract price as well as a request pursuant to which the equipment and subcontracted scopes of work would be subject to a contractual price adjustment when and if the FNTP for Segno is issued. Finally, as with Votaw, ELL has determined it qualifies for a manufacturer exemption from sales taxes in Texas, and the tax estimates were updated accordingly. The resulting cost estimate includes the figures set forth above.

Q46. WHAT ARE THE KEY MILESTONES AND THE CUMULATIVE SPEND FOR THE SEGNO PROJECT?

A. The key milestones and spend commitments for Segno are provided in the schedule below:

Table 4

Segno Key Project Milestones

Milestone	Estimated Date	HSPM Spend to Milestone ($M)
Final Determination from Commission	August 2026	[redacted]
EPC FNTP	September 2026	[redacted]
Mechanical Completion	October 2028	[redacted]
Substantial Completion	December 2028	[redacted]

IV. PROJECT MANAGEMENT AND CONTRACTING APPROACH

Q47. HOW DOES THE COMPANY PROPOSE TO MANAGE THE VOTAW AND SEGNO PROJECTS?

A. The project management approach will follow Entergy's Project Delivery System ("PDS") Policy, Standards and Guidelines in support of driving consistency and certainty in project delivery outcomes. The PDS provides a framework to ensure Entergy's business units consistently and effectively develop and implement capital projects. The PDS establishes a Stage Gate Process ("SGP") approach as a single and comprehensive framework for project development, planning, and execution. The SGP provides a roadmap of key deliverables and decisions that need to be completed sequentially to promote consistent, reliable, and high-quality project outcomes. Additionally, the SGP prescribes a continuous systematic evaluation of the project organization, scope, and maturity of project management deliverables that helps ensure projects are successfully executed. This occurs through a series of independent Gate Reviews/Assessments and Approvals.

Q48. WHY WAS THE DECISION MADE TO USE AN EPC CONTRACTOR FOR THE VOTAW AND SEGNO PROJECTS?

A. Neither ETI nor ELL has the in-house capability necessary to self-supply and execute the EPC services for these projects. Therefore, it was determined that it would be appropriate to use an EPC contractor in conjunction with ETI's (and now ELL's) management team. The use of an EPC contractor that can perform all of these functions

under a single contract is cost-effective and common within the power industry for such projects.

The EPC contract leverages the EPC Contractor's considerable project knowledge and proven track record while simultaneously enhancing ELL's experience with solar project development and construction.

Q49. IS THERE A SINGLE COMMON FORM OF EPC CONTRACT?

A. No. There are several types of EPC contracting approaches, and the suitability or desirability of each depends largely on the type of project. From an owner's perspective, fixed-price contracts are preferred because of the certainty they provide to a project's overall cost. However, when a project's scope is uncertain or variable, or when a significant level of uncertainty exists in one or more areas of project costs, EPC contactors will either refuse to contract on a fixed-price basis or will only agree to do so in exchange for a significant risk premium.

Q50. WHAT EPC CONTRACTING STRATEGY WILL BE UTILIZED FOR THE VOTAW AND SEGNO PROJECTS?

A. The form of contract negotiated with the EPC Contractor is, upon issuance of an FNTP, a fixed-price (with certain exceptions related to a defined set of costs that are subject to a true-up provision, as I discuss in more detail below), fixed-schedule form of contract with the EPC Contractor that reflects a detailed scope of work. The EPC Contractor must reach the Substantial Completion milestone by a deadline set forth in the EPC contract or will be required to pay ELL liquidated damages.

Q51. WHAT WAS THE REASON FOR USING THIS FORM OF EPC CONTRACT?

A. The EPC strategy being used by the Company is expected to yield the lowest reasonable cost with an adequate level of risk mitigation.

Q52. PLEASE DESCRIBE THE SELECTION OF THE EPC CONTRACTOR, INCLUDING ITS QUALIFICATIONS AND EXPERIENCE PERFORMING WORK ON SOLAR PROJECTS.

A. Black & Veatch ("B&V") was selected as the EPC Contractor through a formal EPC RFP, as described further below and based on a technical and commercial scorecard developed based on Entergy's procurement policies and procedures. B&V has completed more than 10.6 GW of solar projects in North America since 2014, and was the 5th ranked solar EPC contractor by Solar Power World Magazine in 2024. B&V continues to focus on reducing change orders and is an industry leader with respect to its safety culture.

Q53. PLEASE DESCRIBE THE EPC RFP PROCESS CONDUCTED TO SELECT THE EPC CONTRACTOR FOR BOTH THE VOTAW AND SEGNO PROJECTS.

A. ESL (originally on behalf of ETI) conducted a concurrent EPC RFP for services for both the Votaw and Segno projects in 2023. Prospective bidders were not required to bid on both projects to participate in the RFP. Eleven prospective EPC service providers were interviewed to determine qualifications. Seven EPC service providers were evaluated as qualified and invited to bid on the Votaw or Segno projects, or both. Proposals were evaluated using a matrix that included the following criteria: safety

records, technical completeness and compliance with the RFP scope, proposed cost estimates, commercial terms proposed relative to a model EPC contract template, corporate financials, plans to support diverse and local subcontractors and vendors, and corporate and project-level sustainability plans. Under the oversight of the ESL Supply Chain organization, independent groups for each of the evaluation criteria provided analysis and ranking of proposals using a pre-determined methodology. The Supply Chain organization compiled all independent evaluations to develop an overall rating and ranking of proposals.

Q54. PLEASE DESCRIBE THE EPC RFP SELECTIONS FOR BOTH THE VOTAW AND SEGNO PROJECTS.

A. Of the seven EPC service providers evaluated as qualified and invited to bid on the projects, five provided proposals for the Votaw project and three provided proposals for the Segno project. After proposal evaluations were completed, B&V was determined to have provided the best proposal for both the Votaw and the Segno projects.

Q55. WHAT ACTIVITIES AND TASKS WILL THE EPC CONTRACTOR PERFORM?

A. The EPC Contractor will act as an independent contractor with respect to the services defined in the EPC contract's scope of work. The EPC Contractor also will procure the inverters, racking system, and materials (such as wire and cable) to complete the scope of work. The EPC Contractor will provide a "wrap" agreement (*i.e.*, guarantee) to deliver its commitments on schedule and for its performance for the entirety of each

project. If there are delays or shortfalls in its performance, the EPC Contractor will be required to pay liquidated damages under the contract.

Q56. HAVE THE COMPANY AND THE EPC CONTRACTOR AGREED UPON THE TERMS OF EPC AGREEMENTS FOR VOTAW AND SEGNO?

A. The EPC contracts have been executed and are provided in HSPM Exhibits RJF-7 and RJF-8. The Company and the EPC Contractor are also finalizing change orders for each of the EPC contracts to capture, among other items, the costs and new timelines associated with the change in COD for each of the facilities.

V. CONSTRUCTION RISK MANAGEMENT AND MITIGATION

Q57. PLEASE EXPLAIN WHY IT IS IMPORTANT TO HAVE PLANS IN PLACE TO MANAGE AND MITIGATE POTENTIAL RISKS ASSOCIATED WITH DEVELOPMENT OF THE PROJECTS.

A. Votaw and Segno represent significant capital investments; therefore, it is important that the projects are well-managed. Good management includes proper consideration of the risk that can be reasonably foreseen and the development of a plan to reasonably manage or mitigate those risks where possible. Good project management should not seek to eliminate all potential risks irrespective of costs to do so, but instead should reasonably manage those risks considering the probability of occurrence, potential magnitude of impact, and cost to mitigate.

Q58. HOW ARE RISKS TO ELL'S CUSTOMERS AFFECTED BY THE POTENTIAL, PROPOSED ALLOCATION OF THE PROPOSED SOLAR FACILITIES TO THE INITIAL RENEWABLE SUBSCRIPTION AMOUNT IN THE CSR?

A. Company witness Elizabeth C. Ingram discusses in greater detail the CSR, including the CSR's termination and payment provisions and the manner in which any subscription fees received pursuant to the CSR could serve to offset certain costs of the resources for ELL's customers. Although any cost-related risks to ELL's customers could be mitigated to a significant extent by those subscription fees, there remains a need to ensure that proper risk-mitigation provisions and strategies are in place to protect all of ELL's customers, including both the customer who could subscribe to the Proposed Solar Facilities pursuant to the CSR and the Company's other customers.

A. Solar Modules

Q59. HOW WAS THE SOLAR MODULE MANUFACTURER SELECTED?

A. The selected solar module manufacturer for Segno and Votaw was based on the results of an RFP by ESL's Supply Chain organization for Tier 1 manufacturers. Evaluation criteria in the RFP included module type, production capacity, price per watt, payment terms, delivery schedule, and risk analysis. Bidding participants included seven Tier 1 manufacturers, and the evaluation of those proposals ultimately resulted in the selection of Canadian Solar.

Q60. WHAT IS THE CURRENT STATE OF THE MARKET FOR SOLAR MODULES?

A. As relevant to this Application and the Company's contracting strategy for solar modules, complex and evolving trade actions are expected to substantially impact solar development (and thus the market for solar modules) over the next five years. Recent changes with respect to anti-dumping ("AD") and countervailing duties ("CVD") on cells and modules from Southeast Asia, as well as the introduction of new, non-industry-specific tariffs over the past few months, may lead to supply chain shifts and potential project delays or cancellations, particularly in the utility-scale segment. As part of its investigation of various countries in connection with AD/CVD, the United States Department of Commerce ("DOC") is preparing preliminary CVD findings, which were due October 13, 2025, as well as AD findings, which are currently due December 26, 2025. Final determinations could be made, and possible duties could be imposed, by mid-2026. In addition, various tariffs are impacting the solar module market: as of October 2025, the Section 201 tariff on imported solar modules was 14% (with a February 7, 2026 expiration date), whereas Section 301 tariffs are 50% on solar cells, polysilicon, and solar wafers from China.

As discussed above, the OBBBA has also fundamentally changed the policy landscape for the energy industry. As mentioned, the new law introduced certain requirements for safe-harboring as well as a set of PFE rules that disallow tax credits to solar projects that receive significant "material assistance" from PFEs.

Q61. HOW DOES ELL PLAN TO MITIGATE ITS EXPOSURE TO THE RISKS IN THE SOLAR MODULE MARKET?

A. ELL will monitor and work to address market volatility, trade policy changes, and supplier capacity constraints that could impact ELL. ELL has also secured provisions in its solar module contracts that include protections from Canadian Solar and certain termination rights. In addition, ELL will work to ensure compliance with all government regulations, including in particular any regulations pertaining to AD/CVD and tariffs. As one proactive measure on this issue, Canadian Solar has transitioned all solar module production for ELL and the other EOCs to its domestic manufacturing facility in Mesquite, Texas, and solar cells will be manufactured in a country that is not implicated in any AD/CVD investigations. Moreover, although work has been done to safe-harbor both Votaw and Segno such that those projects are expected to be exempt from the PFE rules (as I discussed above), ELL understands that all Canadian Solar resources in the United States will be directly owned by its parent company, with no Chinese ownership, by January 2026, thus further ensuring compliance with the PFE rules.

Q62. PLEASE DESCRIBE THE PROTECTIONS INCLUDED IN THE MODULE SALES CONTRACTS.

A. Canadian Solar warrants that all modules will be new and comply with all applicable state and federal laws and regulations, including but not limited to public safety, health, and environmental standards. Additionally, Canadian Solar is required to have adequate policies and procedures in place to ensure compliance with both the

requirements of the contracts and the final determinations from the DOC investigations I described above. This includes prompt notification in the event of any contractual violations.

Q63. PLEASE DESCRIBE ELL'S TERMINATION RIGHTS INCLUDED IN THE MODULE SALES CONTRACTS.

A. ELL may terminate the Module Sales Contracts under the following scenarios:

- Termination for cause: Under this provision, [redacted]
- Termination for convenience: [redacted]
- Border Delays: [redacted]
- Change in Tariff; Change in Import Duties: [redacted]

[redacted]

- Change in Law: [redacted]

B. EPC Contracts

Q64. WHAT ARE THE PRIMARY RISKS ASSOCIATED WITH THE EPC CONTRACTS?

A. The primary risks center around the project costs and schedules, including delays and cost increases resulting from change orders.

Q65. HOW ARE THOSE RISKS BEING MITIGATED?

A. The mostly fixed-price structure (upon issuance of FNTP) and well-defined scope of work to be included in the EPC contracts are the principal mitigation tools to minimize the effect that risks may have on project costs. Mitigation plans have been developed, and contingencies have been included in the project cost estimates, both of which are reasonably sufficient to mitigate the risks I described above. Delays in receiving regulatory approvals or the required permits beyond the dates assumed in the project schedules will increase total costs and result in delayed in-service dates. The project schedules were developed by optimizing the sequence of activities to produce the

shortest practical schedules at the lowest reasonable cost. The schedules have built-in contingencies for critical path activities that will help mitigate short delays.

Q66. PLEASE DISCUSS SOME OF THE POTENTIAL RISK MITIGATIONS REGARDING CHANGE ORDERS EXPECTED TO BE CONTAINED IN THE EPC CONTRACTS.

A. The agreed-upon general terms and conditions in the EPC contracts in HSPM Exhibits RJF-7 and RJF-8 provide for fixed prices (upon issuance of FNTP and with some exceptions) and fixed schedules. Any fixed-price contract presents a risk of price increases through change orders and extra work claims. This risk has been mitigated to the extent possible by broadly defining the scope of work assigned to the EPC Contractor as including everything necessary to complete the projects that meets the specification and performance requirements, except for items expressly stated in the scope books to be ELL's responsibility. The agreed-upon EPC contract terms also contain favorable change order provisions that will enable the Company to direct the EPC Contractor to proceed with a change over which there is a good faith dispute between the parties, with the dispute over the price impact to be resolved in arrears. This will protect ELL and its customers from the possibility that the EPC Contractor would threaten to delay work until change order disputes are resolved to its satisfaction. Further, the EPC Contractor must notify ELL before making any changes required by force majeure events or changes in laws, and must document such changes and the resulting impacts before being entitled to any schedule relief, an increase in the fixed price, or additional reimbursement.

Q67. YOU MENTIONED THAT THERE ARE CERTAIN EXCEPTIONS TO THE FIXED PRICE OF THE EPC CONTRACTS. CAN YOU PROVIDE ADDITIONAL CONTEXT?

A. Yes. The global economy continues to experience widespread increases in commodity, material, and other prices across market segments due to factors such as supply chain disruptions stemming from shifts in demand, labor shortages, and other geopolitical issues, such as the conflict in Ukraine. The equipment and material market for solar projects in particular has been subject to cost and schedule impacts from the overall global economy and the solar market's specific supply and demand forces.

In order to avoid ELL potentially overpaying the EPC Contractor to assume these types of market risks, the EPC contract for the Proposed Solar Facilities will include a true-up mechanism for the costs of racking, cabling, inverters, insurance costs, and selected labor costs. This mechanism allows the cost of these items to fluctuate until FNTP, at which point they will be fixed. At that point, the true-up mechanism will compare then-current prices to those under the executed contracts, and adjustments will be made up or down to arrive at the final EPC price.

Q68. WILL THE EPC CONTRACTS HAVE PROVISIONS THAT MITIGATE RISK RELATING TO THE EPC CONTRACTOR'S PERFORMANCE?

A. Yes. The fixed-price, fixed-duration form of contract coupled with liquidated damages for late delivery and output provide a measure of protection for ELL customers. Additionally, the agreed-upon EPC general terms and conditions require that the EPC

Contractor deliver a finished product that meets minimum requirements for performance and to warranty that work for 24 months following Substantial Completion.

The agreed-upon EPC terms establish a milestone payment structure whereby the EPC Contractor will only be paid for the work that has been completed, as verified by ELL. The milestone payments are subject to a cumulative cap with monthly values stated in the contracts that protects the Company's cash flow. After Substantial Completion, the total amount of any remaining milestones will be reduced to an amount equal to the remaining punch list items. These and other contractual protections, as well as applicable indemnities and limits of liability, are explained in the EPC contracts attached as HSPM Exhibits RJF-7 and RJF-8.

Q69. ARE THE CONTINGENCIES REFLECTED IN THE PROJECT COST ESTIMATES DESIGNED TO COVER ALL RISKS THAT COULD INCREASE COST?

A. No. Common project management practice allows for a contingency allowance that is used to *reasonably* mitigate unplanned increases in project cost, whether caused by known or unforeseen risks, not to account for any and all increases that could potentially occur. The use of a contingency recognizes that construction projects that span across years can be adversely affected by events beyond the utility's control. ESL uses a Monte Carlo simulation to determine the level of contingency for each project that would provide a reasonable level of mitigation of known and unknown risks, but it is possible that some of these risks, if realized, could cause cost increases beyond the contingencies included in the cost estimates.

VI. CONCLUSION

Q70. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, at this time.

AFFIDAVIT

STATE OF Texas

PARISH/COUNTY OF Montgomery

NOW BEFORE ME, the undersigned authority, personally came and appeared, Robert J. Fluth, 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.

Robert J. Fluth

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 11 **DAY OF** November **2025**

Amber Abshire
NOTARY PUBLIC

My commission expires: February 5, 2029

AMBER ABSHIRE
Notary ID #12189259
My Commission Expires
February 5, 2029