

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

DELTA STATES UTILITIES LA, LLC)
AND ENTERGY LOUISIANA, LLC, EX)
PARTE.)

IN RE: APPLICATION FOR)
AUTHORITY TO OPERATE AS)
LOCAL DISTRIBUTION COMPANY)
AND INCUR INDEBTEDNESS AND)
JOINT APPLICATION FOR)
APPROVAL OF TRANSFER AND)
ACQUISITION OF LOCAL)
DISTRIBUTION COMPANY ASSETS)
AND RELATED RELIEF.)

DOCKET NO. U-_____

DIRECT TESTIMONY

OF

ANTHONY P. ARNOULD, JR.

ON BEHALF OF

ENTERGY LOUISIANA, LLC

APPLICATION EXHIBIT 3

DECEMBER 2023

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I. INTRODUCTION

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

A. My name is Anthony P. Arnould, Jr. and I am currently employed by Entergy Services, LLC (“ESL”) as the Director of Gas Distribution. In this capacity, I oversee all aspects of the safe, reliable delivery of natural gas service to the natural gas customers of Entergy New Orleans, LLC and Entergy Louisiana, LLC. My specific responsibilities include, but are not limited to, safety, compliance with applicable pipeline safety regulations, operations, customer service, construction, maintenance, engineering, planning, and gas real-time system monitoring and dispatch for the Company’s gas distribution system. My business address is 5755 Choctaw Drive, Baton Rouge, Louisiana 70805.

Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of Entergy Louisiana, LLC (“ELL” or the “Company”).

Q3. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Science degree in Electrical Engineering and Master of Business Administration degree from Louisiana State University in 1999 and 2013, respectively. I have held several engineering positions with the Entergy Operating Companies and ESL, including in the areas of Transmission, Distribution, Customer Service, Industrial Accounts, Substation, and Operations.

From 2000 to 2007, I supported Substation and Relay, Transmission Lines, and Distribution Design as a Field Engineer. In these roles, my responsibilities included

1 providing technical support as well as analyzing results from maintenance tests, designing
2 and supporting substation equipment and breaker replacements, relay replacements and the
3 replacement of remote terminal units for data acquisition and control of devices. I also
4 performed aerial inspection of transmission facilities and designed and supported the
5 construction of projects for maintenance and system upgrades. While in the Distribution
6 organization during this time, I was responsible for the design of customer-specific work
7 including serving individual customers, new residential and commercial developments,
8 and private area lighting, as well as outage mitigation plans. I also served on a variety of
9 purchasing and design standard committees for the Entergy system.

10 In 2007, I was promoted to Area Design Manager, Distribution. In this role, I
11 supervised a staff of engineers, engineering assistants, and support positions. My
12 workgroup was responsible for the Distribution Design activities in the West Region of
13 Louisiana. My responsibilities included management of the department spending and
14 working with Customer Service and Business Development groups to provide costs and
15 designs to commercial and residential customers and developers. I coordinated vendor
16 training for design and operation workgroups. I also assessed and evaluated proposed
17 projects, ensuring coordination with operations and regulatory workgroups to improve
18 infrastructure and reliability throughout the region.

19 In 2011, I became the ELL Regional Customer Service Manager in the West
20 Region.¹ In that role, my workgroup was responsible for investigating and resolving the
21 concerns of residential and small business customers. Also, I served as a liaison to local

¹ The ELL-West Region is headquartered in Lake Charles and generally described as West of the Atchafalaya Basin to the Texas border and South of US-190 to the Gulf Coast.

1 government and elected officials and supported media relations and customer
2 communication within the region. Additionally, during this time, I led a system effort to
3 develop a messaging system to keep the public informed of restoration progress following
4 major events.

5 In January of 2014, I became Area Substation Supervisor for ELL. In this role, I
6 supervised a group of employees as well as contractors that performed maintenance of
7 ELL's Substation and Relay equipment in the West Region. I also served as the
8 jurisdictional expert for the Project Management and Construction organization during the
9 scoping, design, and execution of capital projects, including infrastructure upgrades and
10 emergency failure replacements within the region.

11 In August of 2014, I became Sr. Manager of Industrial Accounts for ELL and
12 became responsible for managing positive relationships with the Company's industrial
13 customers, including, among other things, providing oversight for negotiating and
14 managing the commercial terms of sales and service contracts.

15 In 2016, I began serving as the West Region Sr. Manager of Customer Service. My
16 responsibilities included managing distribution operations and coordinating engineering
17 and customer service efforts for the West Region. In October 2020, I was named Sr.
18 Manager of Distribution Operations for Louisiana, and provided, among other things,
19 oversight to various support functions across the regions until August 2022 when I assumed
20 my current role as the Director of Gas Distribution Business.

1 Q4. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY PROCEEDING?

2 A. Yes. I have previously testified in LPSC Docket No. U-35565, *Entergy Louisiana, LLC, ex*
3 *parte., In re: Application of Entergy Louisiana, LLC for Extension and Modification of*
4 *Formula Rate Plan.*

5
6 Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

7 A. The purpose of my testimony is to describe the current state of ELL's gas business and its
8 gas distribution system, as well as discuss my understanding of the transaction proposed in
9 this docket and the effects of that transaction on the gas business and gas distribution
10 system.

11
12 **II. CURRENT STATE OF GAS DISTRIBUTION SYSTEM AND THE COMPANY'S**
13 **GAS BUSINESS**
14

15 Q6. PLEASE PROVIDE A BRIEF DESCRIPTION OF ELL'S GAS BUSINESS.

16 A. ELL's local distribution company ("LDC") provides gas service for approximately 96,000
17 residential, commercial, industrial, and governmental customers located within East Baton
18 Rouge Parish and is responsible for the safe and reliable operation, planning, engineering,
19 construction, maintenance, and monitoring of the gas system. ELL, ENO, and ESL
20 (together, "Entergy") collectively employ more than two hundred (200) people to conduct
21 these activities.

22
23 Q7. PLEASE PROVIDE A BRIEF OVERVIEW OF ELL'S GAS DISTRIBUTION SYSTEM.

24 A. ELL's current gas system is comprised of approximately 1,916 miles of distribution mains,
25 and approximately 1,412 miles of distribution service lines, as of December 31, 2022. As

1 discussed below, ELL regularly evaluates its system for safety and reliability concerns and
2 files the results of these evaluations with the State of Louisiana's Department of Natural
3 Resources, Office of Conservation, Pipeline Division ("LDNR"). In addition to the regular
4 capital improvements that occur, ELL also employs an accelerated pipe replacement
5 program that addresses the more pressing safety and reliability concerns that are identified.
6 ELL Witness Ryan D. Jones discusses the mechanisms for the recovery of costs connected
7 with its gas distribution system, including the Rate Stabilization Plan ("RSP") and the Gas
8 Infrastructure Investment Recovery Rider ("IIRR-G Rider"). Further, ELL plans
9 appropriately to respond to natural disasters, like hurricanes or flooding, in compliance
10 with state and federal requirements. Entergy's gas operations were recognized by the
11 American Gas Association ("AGA") in three out of the last five years as an industry leader
12 in accident prevention, earning Accident Prevention Certificates in 2018, 2021, and 2022
13 by achieving DART (incident rate below the industry average). Entergy's gas operations
14 were also chosen by the AGA as a benchmark Leading Practice Company with regards to
15 leak response and Entergy presented to fellow utilities at the 2021 Gas Utility Operations
16 Best Practices Program.

17
18 Q8. PLEASE PROVIDE A DESCRIPTION OF THE ACCELERATED PIPE
19 REPLACEMENT PROGRAM.

20 A. ELL's accelerated pipe replacement program is intended to modernize and upgrade its gas
21 infrastructure to improve the safety and the reliability of the gas distribution system. The
22 program does this by identifying, through ELL's Integrity Management ("IM") program,
23 certain materials that present safety and reliability concerns and replacing those identified

1 materials with newer, more modern materials. ELL developed its accelerated pipe
2 replacement program in response to a 2009 directive from the U.S. Department of
3 Transportation Pipeline and Hazardous Materials Safety Administration (“PHMSA”). The
4 PHMSA directive required that operators identify segments of their pipelines where an
5 incident could cause serious consequences and ELL implements a program to prioritize
6 replacements of these pipeline segments. Consistent with the PHMSA directive, ELL
7 developed its IM program to analyze its gas distribution pipelines and identify and manage
8 risks to and posed by the pipelines. Data reported by PHMSA emphasizes the focus on
9 replacing aging distribution pipelines that are susceptible to age-related failure, including
10 those made of wrought iron and bare steel. ELL’s IM Program has been reviewed and
11 accepted by state pipeline safety regulators within the Department of Natural Resources,
12 Office of Conservation, Pipeline Division. The IM Program continues to be a tool used to
13 guide the Company’s overall planning processes and provides a framework for the
14 Company’s efforts to identify, evaluate, and mitigate threats and risks inherent in the
15 operation of a gas system.

16 As an example of the work done through the accelerated pipe replacement program,
17 ELL has worked to replace cast iron, bare steel, and early vintage plastic pipe with medium-
18 density, distribution pressure polyethylene pipe through a directional boring process, which
19 is intended to minimize the effect on traffic and on customers. The polyethylene pipe is
20 industry standard and resistant to corrosion; it is also cost-effective. As this new pipe has
21 been installed, an excess flow valve also has been installed, which helps to minimize the
22 gas flow if the line is severed, and thus further improves the safety of the system. Replacing
23 the materials identified by the IM program has allowed for the conversion from low

1 pressure to high pressure, which also increases operational safety and reduces risk. For
2 instance, this conversion allows for a hardening of the gas system that makes it less prone
3 to flood damage. More information on ELL's accelerated pipe replacement program can
4 be found in LPSC Docket No. U-36338.

5
6 Q9. DID THE COMMISSION APPROVE AN EXTENSION OF THE IIRR-G RIDER
7 BEYOND THE CURRENT TERM?

8 A. Yes. Consistent with the gas industry trend, ELL has worked to continue its accelerated
9 pipe replacement program in order to further improve the safety and reliability of its gas
10 distribution system for the benefit of the Company and its customers. While the IIRR-G
11 Rider is in its initial term, the accelerated pipe replacement program has focused, and
12 continues to focus, on the replacement of cast iron, bare steel, and early vintage plastic pipe.
13 The Company sought, and the Commission approved, the extension of the IIRR-G Rider
14 program so that the accelerated pipe replacement program can, beginning in 2025, focus on
15 the replacement of vintage steel pipe that has been identified by the IM program as in need
16 of replacement. The accelerated pipe replacement program continues to be necessary and
17 beneficial for customers, and the IIRR-G Rider that supports that program is approved to
18 continue through 2034. For more information on the extension of the IIRR-G Rider, please
19 see LPSC Docket No. U-36338.

20
21 Q10. PLEASE ELABORATE ON THE NATURAL DISASTER RESPONSE PLAN.

22 A. Pursuant to federal regulations promulgated by PHSMA and state regulations enforced by
23 LDNR, ELL has established procedures to minimize hazards resulting from a potential gas

1 pipeline emergency, including providing for a prompt and effective response to natural
2 disasters. The ELL service area is sometimes subject to severe storms, (*e.g.*, hurricanes,
3 tornados, etc.) that may result in hazards like flooding. ELL plans for these types of storm
4 events, in order to minimize the impacts and to lower and mitigate the risks that result from
5 such events. For example, ELL's plans provide for different levels of staffing to address
6 different levels of risk and the implementation of an Incident Command System ("ICS")
7 that aligns with the National Incident Management System ("NIMS") created and designed
8 by the Federal Emergency Management Agency. The goal of these plans is to allow ELL
9 to continue to ensure the safety and reliability of the gas distribution system, even during
10 natural disasters.

11
12 **III. FUTURE OF GAS DISTRIBUTION SYSTEM AND THE COMPANY'S GAS**
13 **BUSINESS**
14

15 Q11. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE TRANSACTION
16 PROPOSED IN THIS DOCKET.

17 A. My understanding is that ELL has entered into a purchase and sale agreement ("PSA")
18 with an affiliate of Bernhard Capital Partners ("BCP"), Delta States Utilities LA, LLC
19 ("DSU LA"), pursuant to which DSU LA will purchase ELL's gas distribution business.
20 Specifically, certain assets and liabilities identified in the PSA related to ELL's gas
21 distribution business are being sold to, or assumed by (in the case of liabilities), DSU LA,
22 as discussed further in the testimony of DSU LA witness Mr. Jeff Yuknis.

1 Q12. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION WILL BE FAIR AND
2 REASONABLE TO ELL'S GAS EMPLOYEES?

3 A. Yes. As noted above, the proposed transaction is not expected to close until approximately
4 July of 2025, and during that time period, ELL will continue to operate the gas LDC
5 business in ordinary course. No reduction in the workforce is expected during this time.
6 Further, it is my understanding that DSU LA and its parent and affiliate entities ("DSU
7 Utilities") have made robust commitments regarding the employment, compensation, and
8 employee benefits (including certain post-employment benefits) of ELL's employees who
9 are primarily involved in the gas operations, as discussed in greater detail in the testimony
10 of Mr. Yuknis.

11
12 Q13. DO YOU BELIEVE THAT DSU WILL CONTINUE TO PROVIDE AN EQUIVALENT
13 LEVEL OF SERVICE AS ELL?

14 A. Yes. Mr. Yuknis provides more detail regarding the plans for future service, but to my
15 knowledge, DSU LA intends to provide service of an equivalent quality as ELL is currently
16 providing. As I detailed above, ELL's service to customers is safe and reliable and ELL
17 maintains programs to ensure that it remains so. My understanding is that DSU LA plans
18 to continue these programs, including the accelerated pipe replacement program. It is also
19 my understanding that DSU LA plans to continue the current natural disaster response plan
20 with only minor adjustments for the time being (*e.g.*, the location of staging facilities).
21 Notably, because the gas business has a stand-alone ICS structure from the electric
22 business, the current ICS structure and natural disaster response plan can be maintained by
23 the employees to whom DSU Utilities have, or will, offer employment. Additionally, the

1 same personnel generally will continue to plan, operate, and manage the gas system, which
2 should further their ability to provide a seamless transition and an equivalent level of
3 service.

4
5 Q14. PLEASE EXPLAIN YOUR UNDERSTANDING OF HOW THE TRANSACTION WILL
6 AFFECT THE FUTURE OF THE COMPANY'S GAS BUSINESS.

7 A. The proposed transaction is not expected to close until approximately July of 2025. During
8 this time, ELL will continue to operate its gas LDC business in a safe and reliable manner,
9 just as it is currently doing. Also during this time, ELL and DSU LA will work
10 collaboratively to ensure that the transition between ELL's and DSU LA's operations
11 proceeds smoothly and on the timeline that is expected. For instance, ELL will have a
12 Project / Transition Management Office ("PMO") for project support that will coordinate
13 with the PMO of Delta States Utilities, LLC ("DSU"), of which DSU LA is a subsidiary.
14 DSU's PMO is described further in the testimony of DSU LA Witness Brian Little. ELL's
15 PMO will be led by the Office of the Chief Executive and an Executive Steering
16 Committee, to whom Program Leadership will report. Various workstreams, including for
17 coordination on information technology ("IT") and shared services matters, will report to
18 the Program Leadership. The structures of ELL's PMO and DSU's PMO are intended to
19 provide the support necessary for DSU LA to achieve operational independence from ELL
20 on day one post-closing.

21 After the closing, DSU LA will use the assets and liabilities acquired through the
22 transaction to run a stand-alone gas LDC business. The future operation of the gas LDC
23 business is detailed by Mr. Yuknis. My understanding is that DSU LA intends to operate

1 the gas LDC business with an equivalent level of service, facilitated by having a sole focus
2 on the gas LDC business, including by maintaining affordable rates and working to make
3 the transition between ELL's gas LDC business and DSU LA's gas LDC business as
4 seamless as possible for customers.

5
6 Q15. PLEASE EXPLAIN YOUR UNDERSTANDING OF HOW THE PROPOSED
7 TRANSACTION WILL AFFECT THE FUTURE OF THE GAS DISTRIBUTION
8 SYSTEM.

9 A. The future of the system is discussed further by Mr. Yuknis, but my understanding is that
10 DSU LA expects to continue the same safe and reliable operation, planning, engineering,
11 construction, maintenance, and monitoring of the system that ELL currently performs. This
12 includes the continuation of investments into and upgrades of the system, and specifically,
13 this includes the continuation of the accelerated pipe replacement program. My
14 understanding is that DSU expects to honor the commitments that ELL has made before
15 the Commission as to the material to be replaced through that program and the timeline for
16 that replacement.

17
18 Q16. DO YOU BELIEVE THERE WILL BE OPERATIONAL BENEFITS THAT RESULT
19 FROM TRANSACTION?

20 A Yes. As more thoroughly discussed in testimony of DSU LA witnesses Mr. Yuknis and
21 Mr. Little, DSU LA will be solely focused on the gas operations. Thus, there will be no
22 competition with electric operations for capital, and DSU LA can make investments
23 specific to supporting gas operations. Additionally, the same personnel generally will

1 continue to plan, operate, and manage the gas system, which should allow for a continuity
2 of service and knowledge. Further, this transaction is contingent on approval by the Council
3 of the City of New Orleans of the acquisition of Entergy New Orleans' gas business by
4 DSU LA's affiliate company, Delta States Utilities NO, LLC ("DSU NO"), and I
5 understand that many services will be provided to DSU LA and DSU NO by an affiliate
6 shared services organization, Delta States Utilities Services, LLC, such that there may be
7 opportunities for economies of scale to provide efficiencies, cost savings, and coordination,
8 as appropriate, including on storm response.

9
10 Q17. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

11 A. Yes, at this time.

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

NOW BEFORE ME, the undersigned authority, personally came and appeared, ANTHONY ARNOULD, 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.



ANTHONY P. ARNOULD

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 8th DAY OF December 2023



NOTARY PUBLIC

My commission expires: For life

Karen H. Freese - La. Bar No. 19616
Notary Public for the State of Louisiana
My Commission issued for Life

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DELTA STATES UTILITIES LA, LLC)
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DOCKET NO. U-_____

DIRECT TESTIMONY

OF

RYAN DANIEL JONES

ON BEHALF OF

ENTERGY LOUISIANA, LLC

APPLICATION EXHIBIT 4

DECEMBER 2023

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EXHIBITS

<u>Name</u>	<u>Description</u>
Exhibit RDJ-1	List of Prior Testimony

I. INTRODUCTION

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

A. My name is Ryan D. Jones. I am employed by Entergy Louisiana, LLC (“ELL” or the “Company”) as a Manager, Regulatory Affairs. My business address is 4809 Jefferson Highway, Jefferson, Louisiana 70121.

Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I hold a Bachelor of Science in Management degree with a major in Finance from Tulane University in New Orleans, Louisiana. I also hold a Master of Management in Energy from Tulane University. I began working for Entergy Services, LLC (“ESL”) in 2015 as a Financial Analyst where I maintained the budget and components of the financial model and provided additional support for utility operations support groups within ESL. In 2018, I transferred to work for Louisiana Regulatory Affairs and have accepted roles of increasing responsibility since that time. In my current capacity as Manager, Regulatory Affairs I am responsible for providing regulatory support services to ELL and for coordinating various dockets and filings before the Louisiana Public Service Commission (“LPSC” or “Commission”). I am also responsible for providing insight and guidance to various organizations across ELL and ESL on regulatory matters and compliance with Orders of the Commission.

1 Q3. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY PROCEEDING?

2 A. Yes. A listing of the cases in which I have previously testified is attached hereto as Exhibit
3 RDJ-1.
4

5 Q4. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

6 A. I am testifying on behalf of ELL.
7

8 Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9 A. The purpose of my testimony is to address some of the ways in which the proposed
10 transaction is in the public interest, including the short-term and long-term benefits to
11 ELL's electric customers and the fairness to the shareholders of Entergy Corporation. I
12 also discuss other policy issues and ELL's existing rate schedules and riders, as it is my
13 understanding that Delta States Utilities LA, LLC ("DSU LA") intends to adopt said rate
14 schedules and riders at closing.
15

16 **II. BACKGROUND INFORMATION**

17 Q6. HOW ARE THE COMPANY'S GAS BASE RATES CURRENTLY SET?

18 A. The rates charged for ELL's LDC have been established and adjusted under a gas rate
19 stabilization plan ("RSP") since 2006. The most recently approved version of the RSP
20 was adopted pursuant to LPSC Order No. U-36338 issued in March 2023. The current
21 RSP is approved through Test Year 2024, with a corresponding rate effective period ending
22 April 1, 2026.

1 Under the terms of the current RSP, following each calendar year of the RSP, ELL
2 is required to file an Evaluation Report by January 31 that reflects the Company's operating
3 earnings from gas operations for the immediately preceding twelve months ending
4 September 30, sometimes referred to as the "Test Year" or "Evaluation Period." Thus, the
5 rate effective period for each RSP is based upon the LDC's operating results for the prior
6 twelve months ending September 30, and the beginning of the rate effective period does
7 not commence until May, approximately eight months after the close of the Test Year. The
8 RSP Evaluation Reports commonly are identified by the calendar year that forms the final
9 nine months of the Test Year. For example, the RSP Evaluation Report filed in January
10 2023 for the twelve months ended September 30, 2022, is referred to as the "2022 TY
11 RSP." Under the RSP, rates are adjusted based upon the outcome of the RSP Evaluation
12 Report filing the following May and are in effect for a 12-month period. Thus, the rate
13 effective period for the 2022 TY RSP terminates April 2024.

14
15 Q7. CAN YOU ELABORATE ON HOW THE RSP FUNCTIONS?

16 A. ELL's RSP regulates gas base rates using an approved Evaluation Period Cost Rate for
17 Common Equity ("EPCOE") and permits prospective rate changes if ELL's Test Year
18 operating earnings produce an earned rate of return on common equity ("EROE") either
19 lower or higher than the approved EPCOE plus or minus an earnings Bandwidth within
20 which rates do not change (*i.e.*, the "Dead Band"). ELL's RSP includes an approved
21 EPCOE of 9.80%. The Dead Band includes those values 50 basis points above the EPCOE
22 ("Upper Band") and 50 basis points below the EPCOE ("Lower Band"). If operating

1 results yield an EROE that is within the Dead Band, no change in rates is made, except for
2 any changes in outside-the-band credits pursuant to Section III of the RSP.

3 The RSP has a two-tiered sharing structure for Test Year operating results that fall
4 outside of the Dead Band. For differences between the EROE and the EPCOE of up to 200
5 basis points, rates will be increased or decreased by 50% of the difference necessary to
6 bring the EPCOE to the endpoint of the Dead Band (*i.e.*, 50 basis points above or below
7 the approved EPCOE of 9.80%), as appropriate. For example, if the EROE were 11.80%,
8 200 basis points above the EPCOE, rates would be reduced by the amount necessary to
9 reduce the EROE by 75 basis points to 11.05% (*i.e.*, one half of the difference between 200
10 basis points and 50 basis points above the EPCOE).

11 For differences between the EROE and the EPCOE of more than 200 basis points,
12 rates will be adjusted by 100% of the amount necessary to eliminate the return differential
13 in excess of 200 basis points plus one half of the difference between 200 basis points and
14 the end point of the Dead Band. For example, if the EROE was 7.30% (*i.e.*, 250 basis
15 points below the EPCOE), rates would be increased by an amount equal to that necessary
16 to increase the return by the 50 basis points necessary to reach 200 basis points below the
17 EPCOE, plus 75 basis points to 8.55% (for one half of the difference between 200 basis
18 points and 50 basis points below the EPCOE).

19
20 Q8. DOES THE RSP WORK IN CONJUNCTION WITH ANY OTHER RIDERS?

21 A. Yes. The RSP works in conjunction with the Gas Infrastructure Investment Recovery
22 Rider (“IIRR-G Rider”). Both the IIRR-G Rider and the RSP include a customer safeguard

1 that 100% of any earnings from gas operations above the Upper Band of the Gas RSP shall
2 be credited against the IIRR-G Rider.

3
4 Q9. PLEASE DESCRIBE THE IIRR-G RIDER IN MORE DETAIL.

5 A. The IIRR-G Rider was first approved by LPSC Order No. U-32682-A issued in January
6 2015. The IIRR-G Rider primarily serves as a means for ELL to recover the fixed costs
7 associated with its long-term accelerated pipe replacement program and other non-revenue
8 producing investments to address government mandates. ELL Witness Anthony P.
9 Arnould, Jr. discusses the accelerated pipe replacement program in more detail.

10 Considering that traditional base rate recovery, which generally relies upon load
11 growth to “fund” incremental net investment, does not work efficiently for significant non-
12 revenue producing infrastructure investments such as that identified by the integrity
13 management program, and also considering the need to strike a balance between expediting
14 the replacement program and managing the financial effects on the Company and its
15 customers, the IIRR-G Rider was developed and approved by the Commission for an initial
16 term of ten (10) years, with its first implementation in rates being in July 2015. The
17 Commission has also approved a second term of the IIRR-G Rider, which will run for an
18 additional ten (10) years, as approved by LPSC Order No. U-36338.

19
20 Q10. DOES THE COMPANY REGULARLY KEEP THE COMMISSION APPRISED OF
21 PROGRAM COSTS UNDER THE IIRR-G RIDER?

22 A. Yes, the Company keeps the Commission apprised of program costs. IIRR-G Rider rates
23 are updated through quarterly filings in LPSC Docket No. U-36338, and the Company also

1 submits an annual progress report in that docket contemporaneous with the submission of
2 its annual RSP Evaluation Report that provides a comparison of actual and planned
3 spending for each program year.
4

5 **III. THE PROPOSED TRANSACTION AND ITS EFFECTS**

6 Q11. PLEASE PROVIDE YOUR UNDERSTANDING OF THE PROPOSED
7 TRANSACTION.

8 A. My understanding is that ELL has entered into an agreement with DSU LA for DSU LA
9 to purchase ELL's gas distribution business. Specifically, certain assets and liabilities
10 related to ELL's gas distribution business are being sold to DSU LA, as discussed further
11 in the testimony of DSU LA Witness Mr. Jeffrey Yuknis. After closing of the transaction,
12 DSU LA will operate the gas system as a stand-alone business.
13

14 Q12. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION IS IN THE PUBLIC
15 INTEREST?

16 A. Yes. The proposed transaction offers benefits to ELL's electric customers and, as discussed
17 by Mr. Arnould, the proposed transaction is fair and reasonable to ELL's gas employees.
18 Further, as discussed by DSU LA's witnesses in this docket, DSU LA expects to (1) make
19 the transition as seamless as possible for customers, including by adopting the rates, rate
20 schedules, and riders in effect at the time of closing or that are supported by ELL's most
21 recent Test Year; (2) continue the safe and reliable operation of the gas system, including
22 by moving forward with planned investments in the system; and (3) have a positive impact
23 on the local economy by establishing its headquarters in Louisiana and making investments

1 in workforce training initiatives. Additionally, the proposed transaction is fair and
2 reasonable to the shareholders of Entergy Corporation because the transaction will free up
3 available capital and generate a source of capital that otherwise would not be available to
4 make beneficial and productive investments in the electric businesses. To the extent that
5 the Company can reduce its total debt or increase equity through reinvestment, the
6 transaction would also serve to improve the Company's credit by reducing debt
7 capitalization. The strengthening of the Company's credit is a benefit to shareholders and
8 customers because credit risk is a key consideration by rating agencies evaluating the
9 Company's risk profile, where lower perceived risk would provide the Company access to
10 debt and equity markets on more favorable terms including access to lower cost capital,
11 which ultimately affects customer rates.

12
13 Q13. PLEASE ELABORATE ON THE BENEFITS OF THE PROPOSED TRANSACTION
14 TO ELL'S ELECTRIC CUSTOMERS.

15 A. As noted above, the proceeds from the proposed transaction will allow Entergy Corporation
16 to fund investments in ELL's electric business. Specifically, ELL has proposed investment
17 in its electric grid that will provide substantial long-term benefits to its customers,
18 particularly in the areas of resiliency and reliability.¹ While these investments are necessary
19 and beneficial to customers, capital is limited. By freeing up capital that otherwise would
20 be invested in the gas business and utilizing for future electric investment the net proceeds
21 created by the transaction, the Company may be able to reduce its dependency on new

¹ Of particular note is the Company's proposed Resilience Plan described in LPSC Docket U-36625 as well as other planned reliability investments described in the Company's Application in LPSC Docket U-36959.

1 financings and maintain its ability to access capital markets for other beneficial
2 investments.

3
4 Q14. PLEASE PROVIDE YOUR UNDERSTANDING OF HOW THE PROPOSED
5 TRANSACTION WILL AFFECT GAS RATES.

6 A. It is my understanding that DSU LA intends to adopt the rates, rate schedules, and riders
7 in effect at the time of closing or that are supported by ELL's most recent Test Year or
8 quarterly filing, as discussed by Mr. Yuknis. This includes both the RSP and IIRR-G, as
9 well as the commitments that ELL has made regarding the reporting requirements for the
10 IIRR-G. ELL and its customers have benefitted from rates being set by an RSP, and the
11 safety and reliability of its system has benefitted from the IIRR-G, as detailed by Mr.
12 Arnould. It stands to reason that DSU LA's adoption of ELL's rates, rate schedules, and
13 riders would allow these benefits to continue.

14
15 Q15. HOW HAVE THE COMPANY AND ITS CUSTOMERS BENEFITTED FROM RATES
16 BEING SET UNDER THE RSP?

17 A. As noted in the most recent extension of the RSP in LPSC Docket No. U-36338, the RSP
18 has provided a timely and efficient mechanism for the Commission to review rates and
19 determine whether adjustments are necessary. The use of an RSP benefits the regulator,
20 customers and the utility by providing significant administrative efficiencies (both in terms
21 of cost and time) as compared to base rate cases. The RSP also helps to ensure that
22 adjustments to rates will be made in a timely fashion, which has benefited both customers
23 and the Company. The RSP has led to both decreases and increases in rates based on the

1 Company's earned rate of return as calculated and reflected in the RSP Evaluation Reports.
2 The RSP has likewise allowed the Company to timely adjust rates based on changing
3 circumstances. For example, the RSP provided an effective and efficient mechanism for
4 adjusting rates to account for the effect of the Tax Cuts and Jobs Act of 2017 in order to
5 pass along the associated benefits to customers.
6

7 **IV. OTHER POLICY ISSUES**

8 Q16. ARE THE APPLICANTS REQUESTING ANYTHING IN RELATION TO THE
9 TRANSFER OF CUSTOMER DATA?

10 A. Yes. ELL and DSU LA are requesting that ELL be allowed to transfer customer data to
11 DSU LA, including data from ELL's Advanced Metering Infrastructure ("AMI").
12

13 Q17. DO YOU BELIEVE THAT SUCH A TRANSFER WILL BENEFIT CUSTOMERS?

14 A. Yes. As described in the testimony of Mr. Yuknis, such a transfer will help the transition
15 between ELL and DSU LA be as seamless as possible from the customers' perspectives.
16

17 Q18. ARE THE APPLICANTS REQUESTING ANYTHING IN RELATION TO THE
18 TRANSFER OF CUSTOMER DEPOSITS?

19 A. Yes. ELL and DSU LA are requesting approval or non-opposition of the Commission to
20 transfer certain deposits of ELL's gas customers to DSU LA, as described in the transaction
21 documents attached to Mr. Yuknis' testimony, in order to avoid or mitigate the need for
22 DSU LA to collect deposits from customers following the completion of the transaction.

1 As with the transfer of customer data, this will help make the transaction as seamless as
2 possible for customers.

3

4 Q19. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

5 A. Yes, at this time.

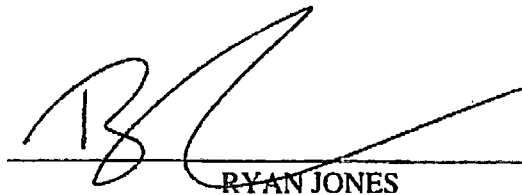
AFFIDAVIT

STATE OF LOUISIANA

PARISH OF ORLEANS

NOW BEFORE ME, the undersigned authority, personally came and appeared, DEANNA RODRIGUEZ, who after being duly sworn by me, did depose and say:

That the above and foregoing is her sworn testimony in this proceeding and that she 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, she verily believes them to be true.



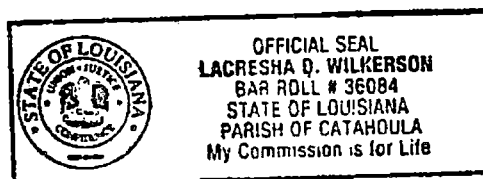
RYAN JONES

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 7th DAY OF December 2023



NOTARY PUBLIC

My commission expires: @ Death



Listing of Previous Testimony Filed by Ryan D. Jones

<u>DATE</u>	<u>TYPE</u>	<u>JURISDICTION</u>	<u>DOCKET NO.</u>
08/22/2019	Affidavit	LPSC	U-35370
06/17/2021	Settlement	LPSC	U-35584
12/08/2021	Direct	LPSC	U-36222
4/21/2022	Direct	LPSC	U-36338
11/14/2022	Settlement	LPSC	U-36222
11/15/2022	Rebuttal	LPSC	U-36338
12/29/2022	Settlement	LPSC	U-36338
10/31/2023	Affidavit	LPSC	U-34951, U-35205, U-35581, U-36092, U-36381