EARTHJUSTICE

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January 14, 2026

Via Express Mail

Ms. Kris Abel
Records and Recording Division
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, Louisiana 70802

Re: **Docket No. U-37425**, Entergy Louisiana LLC, ex parte. In Re: Application for Approval of Generation and Transmission Resources in Connection with Service to a Single Customer for a Project in North Louisiana

Dear Ms. Abel:

Enclosed for filing in the above-captioned docket please find original and two (2) copies of the Alliance for Affordable Energy and Union of Concerned Scientists' Motion for Investigation of the New Financial Arrangement of Meta Platforms, LLC Associated with the Hyperion Data Center Project in Richland Parish, and Motion to Institute Prudence Review of Entergy Louisiana, LLC.

Thank you in advance for your assistance and cooperation and please do not hesitate to contact me should you have any questions or concerns.

Respectfully submitted,

Susan Stevens Miller

Susan Stevens Miller, Esq.
Earthjustice
1001 G Street NW, Ste. 1000
Washington, D.C. 20001
(443) 534-6401
smiller@earthjustice.org
Counsel for the Alliance for Affordable Energy and Union of Concerned Scientists

cc: service list - **Docket No. U-37425** (via electronic service)

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LA PUBLIC SERVICE COMM
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STATE OF LOUISIANA

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL OF GENERATION AND TRANSMISSION RESOURCES PROPOSED IN CONNECTION WITH SERVICE TO A SIGNIFICANT CUSTOMER PROJECT IN NORTH LOUISIANA, INCLUDING PROPOSED RIDER, AND REQUEST FOR TIMELY TREATMENT	)	**DOCKET NO. U-37425**

MOTION FOR INVESTIGATION OF THE NEW FINANCIAL ARRANGEMENT OF META PLATFORMS, LLC ASSOCIATED WITH THE HYPERION DATA CENTER PROJECT IN RICHLAND PARISH, AND MOTION TO INSTITUTE PRUDENCE REVIEW OF ENTERGY LOUISIANA, LLC

Dated: January 14, 2026

Susan Stevens Miller
Earthjustice
1001 G St. NW, Ste. 1000
Washington, D.C. 20001
smiller@earthjustice.org

On Behalf of the Alliance for Affordable Energy and the Union of Concerned Scientists

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I. Introduction

On August 20, 2025, the Louisiana Public Service Commission ("LPSC" or "Commission") voted to approve the application filed by Entergy Louisiana, LLC ("ELL" or "Company") as modified by a contested settlement agreement.[1] Thus, the LPSC approved the construction of three combined cycle gas plants and various transmission facilities ("the Projects") in order to serve the load from a data center to be constructed by Laidley LLC ("Laidley" or "the Customer").[2] The Commission voted to approve the application despite the significant, serious and unreasonable cost and risk concerns raised by the Alliance for Affordable Energy and the Union of Concerned Scientists (jointly "NPOs"). These concerns included, but were not limited to, 1) the risk of material changes to the Electric Service Agreement ("ESA") which could result in serious but undisclosed consequences; 2) the risk of stranded costs and capital cost overruns which would be borne by ratepayers; and 3) the inappropriately short length (15 years) of the original ESA term.

Apparently, immediately after the Commission's approval of the application, and quite probably even before the August 20th Business and Executive Session ("B&E Session"), Meta fundamentally altered the financial arrangements associated with the Richland Parish project. According to an investigative report published by the Wall Street Journal ("WSJ"),[3] Blue Owl Capital ("Blue Owl") created a joint venture named Beignet Investor LLC ("Beignet"). Beignet now owns an 80% stake in the data center, while Meta retains only a 20% stake. Rather than

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[1] The Commission's written order memorializing this decision was issued on August 29, 2025. *See In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana,* Docket No. U-37425, Order Number U-37425. August 29, 2025. Commissioner Lewis opposed the approval.

[2] At the time of the approval Laidley was a subsidiary of Meta Platforms, Inc. ("Meta").

[3] Three AI Megadeals Are Breaking New Ground on Wall Street (Nov 11, 2025) https://www.wsj.com/tech/ai/three-ai-megadeals-are-breaking-new-ground-on-wall-street-896e0023. ("WSJ Report") Attachment A

Meta, Beignet now owns Laidley.[4] Laidley remains the sole signatory to the energy services contract with ELL. Meta will pay rent to Beignet to use the data center but retains the ability to exit its lease **every four years**. If Meta exits, Beignet would sell the center, using proceeds to first pay outstanding bonds, then itself. If the sale proceeds are less than bondholders were owed plus what Blue Owl had invested (with a profit) Meta would pay the difference to Blue Owl and the bondholders. Meta will provide a parent guaranty to Blue Owl that will guarantee its rent obligations and payment obligations.[5]

Remarkably, Beignet Investor, LLC registered as a limited liability company in Delaware on **August 20, 2025**, the very day that the LPSC voted to approve ELL's application.[6] This fact illustrates that Meta and Blue Owl were working behind the scenes to significantly alter the financial structure of the data center project while the proceeding to examine the now irrelevant data center financial structure was on-going. Meta kept this significant change a secret, just like Meta kept how they developed their load forecast and how they determined their job numbers a secret. But the Commission not only has the right to know the financial structure supporting the data center, the LPSC has an obligation to know.

As discussed below and supported by the Supplemental Testimony of Ms. Catherine Kunkel,[7] this new, novel financial arrangement, which very likely was withheld from the Commission prior to its action on ELL's application, calls into question the meager ratepayer

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[4] Beignet Investor LLC's $27.3 Billion Senior Secured Debt Assigned Preliminary 'A+' Rating; Outlook Stable (Oct. 16, 2025), Beignet Investor LLC's $27.3 Billion Senior Secur | S&P Global Ratings

[5] *Id.*

[6] Delaware Department of State, Division of Corporations, Beignet Investor, LLC Attachment B. The Commission should be aware that while Beignet registered as a business in Delaware, Beignet has failed to register with the Louisiana Secretary of State, despite being the entity that actually owns the data center.

[7] Supplemental Testimony of Catherine Kunkel ("Kunkel Supplemental"). Attachment C.

protections included in the application and contested settlement agreement and undermines the assumptions made by the Commission when it voted to approve the application.

The Commission should:

1) Institute an investigation to determine the effect the new financial arrangement has on the ratepayer protections as well as the effect on the enforceability and efficacy of the parent guaranty;

2) Include in that investigation whether the Commission was misled regarding the financial arrangements supporting the data center project;

3) Institute a prudence review to determine a) whether ELL knew about the new financial arrangement prior to the August 20th B&E Session and failed to inform the Commission of this change and b) even if ELL did not know about the novel financial arrangement, whether construction of the projects continues to be prudent;

4) Order ELL to file a copy of the parent guaranty that is executed by Laidley's *current* parent that does not include a cap on the parent's cumulative liability;

5) Order ELL to file a legal opinion confirming that the parent is actually bound by the parent guaranty and whether any termination payments or other monies owed to ELL (to the ultimate benefit of the ratepayers) under the ESA are senior to payments to investors under the new financial structure.

II. Meta's new financial arrangement

On November 11, 2025, the WSJ published an investigative report examining data center developers novel approaches to financing. The report discusses how "tech giants" are using complex and sometimes risky funding schemes to finance their infrastructure ambitions. The report specifically highlights Meta's project in Louisiana, describing the financing arrangement as "Frankenstein financing".[8]

[8] WSJ Report at 3.

Because Meta's debt load is already so great,[9] Blue Owl invested about $3 billion for an 80% stake in the data center, while Meta retained a 20% stake for the $1.3 billion it had already spent. Blue Owl and Meta created a joint venture named Beignet and Beignet borrowed $27 billion for the project. Meta will rent the data center from Beignet with a series of four-year leases. Meta's rent payments will go to bond interest and principal payments, as well as dividends for Blue Owl. But Meta retains the ability to exit its lease **every four years**.[10] Thus, if the A.I. boom were to slow or should not materialize at all, Meta can walk away from the deal as soon as **2033**.

In exchange for the option to walk away, Meta agreed to make investors whole if Meta ever walks away. If Meta abandons the data center, Beignet would sell the center, using proceeds to first pay outstanding bonds, then pay Blue Owl. If the sale obtains less than bondholders were owed plus what Blue Owl had invested (with a profit), Meta would pay the difference.[11] Beignet could find a new customer, or sell the project, though the data center's value could depreciate if demand for A.I. has lessened, which would be the likely reason why Meta would walk away in the first place.

This novel financial arrangement lets Meta add computing power quickly and then wait to see how demand for A.I. shapes up before fully committing to projects that can last for decades. Thus, Meta is off-loading its own risk by placing that financial risk on others, including ratepayers who will be on the hook for all the infrastructure built solely for this data center should Meta exercise its option to walk away.

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[9] "Meta needed such financial wizardry because it is already borrowing by "the bucket load" to build AI, issuing a $30 billion bond in October that roughly doubled its debt load overnight." WSJ Report at 3.
[10] WSJ Report at 3.
[11] WSJ Report 3-4.

III. Argument

A. The Commission should investigate whether Laidley, Meta and possibly even Entergy misled the Commission regarding the financial structure supporting the data center project.

During the proceedings to consider whether ELL's application should be approved, ELL provided arguments regarding the sufficiency of the ratepayer protections. According to ELL, these "protections" include that 1) the ESA includes termination payments before and after the ESA term that are covered in part by Parent Guaranties and credit insurance products;[12] 2) the ESA requires that the Customer (Laidley) furnish ELL collateral security in the form of a Parent Guaranty in the amounts set forth in the ESA, which Parent Guaranty must remain in force and effect throughout the fifteen-year original term of the ESA;[13] 3) the Customer can "reasonably be expected to continue operating the Project for the foreseeable future – not least because of its significant investment …;[14] and 4) if ELL believes it lacks adequate assurances with respect to the Customer's intent (to renew) and further believes it has no choice under the circumstances, the Company could announce its intent not to renew the agreement.[15]

As a result of the new financial structure, all these ratepayer "protections" are, at best, called into question. Meta is no longer Laidley's parent, so the only signed parent guaranty is from an entity that has no connection to the customer. Beignet is now Laidley's parent but that entity has not signed a parent guaranty. Furthermore, Beignet has no assets beyond the data center itself and thus is a riskier partner as the guarantor of the ESA.[16] As noted by NPOs witness Kunkel, "the shift from Meta to Beignet as Laidley's parent company raises questions

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[12] ELL Pre-Hearing Statement at 30.
[13] *Id.*
[14] *Id.* at 58.
[15] *Id.*
[16] Kunkel Supplemental Testimony at 5.

about who is responsible for the termination payments and parent guaranty (and any other collateral security) if the ESA is terminated early."[17]

Moreover, the Customer can no longer be expected to continue operating the project for the foreseeable future. Meta's "significant investment" is now only $1.3 billion,[18] much less than the $10 billion amount bandied about during the proceeding. Finally, ELL's ability to not renew the agreement does not actually protect the ratepayers, failure to renew will simply move up the date by which ratepayers will have to pay for the infrastructure. Moreover, under the ESA, Meta is not required to inform ELL if it intends to walk away in four years. To the contrary Meta only has to inform ELL that it does not intend to renew after the original fifteen year term is up.

Questioning the value of asserted ratepayer protections and ensuring that these protections actually exist is not simply an academic exercise. ELL convinced the Commission that the data center project was in the public interest, in part, due to the assurances that the ratepayers would be protected from paying the costs which were allegedly going to be borne by Laidley and Meta, even in the event that Meta walked away from the project.

As noted above, apparently immediately after the Commission's approval of the application, and quite probably even before the August 20th "B&E Session", Meta fundamentally altered the financial arrangements associated with the Richland Parish project. Blue Owl and Meta created a joint venture named Beignet. Beignet now owns an 80% stake in the data center, while Meta retains only a 20% stake. Rather than Meta, Beignet now owns Laidley.[19] Laidley remains the sole signatory to the energy services contract with ELL. Meta will pay rent to Beignet to use the data center but retains the ability to exit its lease **every four years**.

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[17] *Id.*
[18] WSJ Report at 3.
[19] Beignet Investor LLC's $27.3 Billion Senior Secur | S&P Global Ratings

Remarkably, Beignet registered as a limited liability company in Delaware on **August 20, 2025**, the very day that the LPSC voted to approve ELL's application.[20] This fact illustrates that Meta and Blue Owl were working behind the scenes to significantly alter the financial structure of the data center project while the Commission proceeding to examine the now irrelevant data center financial structure was on-going. Meta kept this significant change a secret. It is unclear, and will remain unclear without an investigation, when ELL learned of Meta's significant changes to the financial structure of the data center. What is clear is that ELL must have known of the changes after Meta issued a press release announcing the joint venture, yet ELL did nothing to inform the Commission or nor did the Company take any other action.[21]

Finally, the Commission should bear in mind that ELL assured the Commission that "the Company intends to have continuous discussions with the Customer about its intentions with respect to renewal."[22] Certainly, if ELL was so totally unaware of Meta's actions and the fundamental changes to Meta's ownership of the facilities and its commitment to using those facilities for at least 15 years, these facts would call into question the worth of ELL's assurances regarding conversations with Meta or even any entity associated with this project.

Misleading the Commission is an insidious form of imprudence. The Commission should consider the February 12, 2019 decision by the South Carolina Public Service Commission ("SCPSC") regarding South Carolina Electric & Gas Company's ("SCE&G") abandonment of its nuclear development project on July 31, 2017. The SCPSC found that all investments after March 12, 2015 and until the project was abandoned were imprudent because of SCE&G's

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[20] Delaware Department of State, Division of Corporations, Beignet Investor, LLC Attachment B. The Commission should be aware that while Beignet registered as a business in Delaware, Beignet has failed to register with the Louisiana Secretary of State, despite being the entity that actually owns the data center.

[21] Meta Announces Joint Venture With Funds Managed by Blue Owl Capital to Develop Hyperion Data Center.

[22] Beachamp Supplemental Testimony at 18.

deliberate withholding of material information and its lack of transparency. The SCPSC expressly recognized the loss of trust and harm that resulted from SCE&G's actions subsequent to March 12, 2015. As the SCPSC stated "SCE&G's actions were imprudent under any definition of the term and this Commission will not tolerate deliberate withholding of material information, lack of transparency, or opacity from any entity under our jurisdiction." This conclusion resulted in SCE&G being prevented from recovering $1.962 billion that SCE&G has spent on the plant's construction.[23]

The Commission should reach the same conclusion as the SCPSC. Withholding material information, misleading the Commission and a lack of transparency cannot be tolerated. The Commission should investigate the timeline associated with the new financial structure and when ELL knew that Meta was adopting this structure. If, after the investigation, the Commission concludes that the development of this new financial structure was "in the works" during the proceedings designed to consider ELL's application and also concludes that ELL misled the Commission by failing to inform the Commission regarding this material change, any ensuing punishment must be severe. ELL's customers and ELL itself cannot be permitted to treat the Commission in this manner. Candor to the tribunal and transparency are vital if the Commission is to protect the public interest. A less than severe punishment will be viewed as just the cost of doing business, and will not deter utilities or customers from withholding information.

B. The Commission should investigate whether the new, novel financial structure negates the ratepayer protections approved by the Commission on August 20, 2025.

To accommodate the massive load increase requested by Meta, ELL proposes to build three new combined cycle ("CC") gas plants with a total nominal capacity of 2262 MW[24] and

[23] Order No. 2019-122, at 4–5, Docket Nos. 2017-207-E et al. (S.C. Pub. Serv. Comm'n Feb. 12, 2019).
[24] ELL Application at 12.

originally projected to cost $3.2 billion[25] as well as additional funds for transmission improvements to be paid for directly by Laidley.[26] Moreover, since ELL's initial filing, the Company has proposed additional transmission facilities to accommodate Laidley's proposal to increase the data center load.[27]

The ESA and Related Agreements describe the financial agreements for Laidley to contribute to the cost of above-mentioned facilities. The ESA is a 15-year agreement with up to three 5-year extensions (i.e. up to 30 years in total) that sets the terms by which the data center will receive electricity service. ELL states that the minimum monthly charges established in the ESA were designed to ensure that the payments received from Laidley are sufficient to recover the annual revenue requirements associated with the new electrical infrastructure during the term of the contract. The ESA also establishes termination fees and other collateral.[28]

Given the massive scale of these proposed infrastructure projects, ratepayers could be saddled with significant stranded costs and unnecessary facilities. Unfortunately, the significant changes to the proposed financial structure of the project, when combined with the ESA terms, expose ELL's ratepayers to significantly higher risks.

First, the NPOs argued throughout the proceeding that ratepayers are at risk because the ESA is not subject to Commission approval. In her testimony, witness Kunkel warned about the risk to ratepayers of changes to the ESA, noting that material changes to that agreement could have undisclosed consequences for other ratepayers. Thus, the terms of the ESA are critical to

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[25] Direct Testimony of Phillip R. May ("May Direct Testimony") at 23.
[26] Direct Testimony of Daniel Kline at 15 ("Kline Direct Testimony").
[27] Beauchamp Supplemental Testimony at 4.
[28] ELL Pre-Hearing Statement at 30.

understanding the distribution of costs and financial risks between Laidley and other ratepayers.[29]

The new financial structure significantly increases ratepayer risk because now, instead of being bound by an initial term of 15 years, Meta is leasing the data center and can walk away after only 4 years. The ESA term originally constituted a meager protection for ratepayers and now is no protection at all.[30]

As noted above, if Meta abandons the data center, Beignet would sell the center, using proceeds to first pay outstanding bonds, then itself. If the sale obtains less than bondholders were owed plus what Blue Owl had invested (with a profit), Meta would pay the difference[31]. Blue Owl could find a new customer, or sell the project, though the data center's value could depreciate if demand for A.I. has lessened, which would be the likely reason why Meta would walk away in the first place.[32]

This four-year term potentially significantly increases the amount of stranded costs that ratepayers are at risk of having to pay. NPO's argued during the proceeding that ELL's Application would expose ratepayers to significant stranded cost risks due to the inadequate length of the ESA's initial term, a problem compounded by the ESA's unreasonably short notice provisions for renewal. As witness Kunkel explained, "the fact that the initial term of the ESA (15 years) is significantly shorter than the depreciable life of the Planned Generators (30 years) means that ratepayers are exposed to significant risk of having to cover stranded costs associated

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[29] Kunkel Direct Testimony at 12.
[30] Kunkel Supplemental Testimony at 5.
[31] WSJ Report 3-4.
[32] See Kunkel Supplemental Testimony at 5-6.

with the Planned Generators, depending on the timing of when Laidley terminates the ESA and the timing of ELL's possible other generation resource needs."[33]

If Meta abandons the project in 2033, after less than a third of the time anticipated under the ESA, the potential stranded costs to be borne by the ratepayers would increase exponentially.[34] Meta's new financial arrangements call into question the basic assumptions which underlie the ratepayer protections and therefore also render the project, as designed and financed, to not be in the public interest.

This danger is exacerbated by the cap placed on Meta's potential liability under the now questionable parent guaranty.[35] Given the existence of a cap, it is virtually guaranteed that any increase in stranded costs will be borne solely by ratepayers, even assuming the parent guaranty is still enforceable against Meta. The Commission has no method of determining whether the Meta parent guaranty is enforceable in the absence of a legal opinion which analyzes that guaranty in light of the new financial structure.

Most disconcerting, the new financial structure severely calls into question the efficacy and enforceability of the parent guaranty which was adopted specifically to protect ratepayers. Parent guaranties are intended to provide "collateral security for a significant portion of Laidley's obligations under its agreements with ELL,"[36] and are necessary to ensure that Laidley's financial commitments are adequately secured by Meta.[37] Although Staff witness Sisung

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[33] Kunkel Direct Testimony at 14 (citation omitted).
[34] The potential stranded costs would be even further exacerbated by Meta's plan to increase the electricity usage at the data center to 5GW. This increase will significantly raise the capital costs of the project. See. Kunkel Supplemental Testimony at 3.
[35] ELL Reply to the Opposition of the Alliance for Affordable Energy and Union of Concerned Scientists to (1) the July 11, 2025 Contested Settlement, and (2) Joint Motion for Approval of the July 11, 2025 Contested Settlement pursuant to Rule 57 at Appendix A.
[36] Sisung Direct Testimony at 20.
[37] The parent guaranties are the only provisions that make parent financially responsible for Laidley's commitments under the ESA and Related Agreements. Without enforceable guaranties, the parent will have absolutely no financial obligations with regard to ELL's investments to serve the data center project.

recommended that ELL provide a legal opinion from New York counsel confirming that Meta is actually bound by these parent guaranties,[38] ELL steadfastly failed to do so.[39] At the August 20, 2025 B&E Session, ELL claimed it had a legal opinion but no opinion was ever provided to the parties, filed in the docket or presumably provided to the Commissioners. There is no *evidence* that ELL obtained a legal opinion regarding the enforceability of the parent guaranty. Thus, even if ELL actually obtained a legal opinion, no one involved in the proceeding knows the legal conclusions reached.

As noted by NPO witness Kunkel, it is at best unclear whether the termination payments under the ESA are senior to the payments required to be made to investors should Meta abandon the project early. If the termination payments under the ESA are subordinated to the debt repayments, it is not clear if Beignet (who has no assets other than the data center) would have the funds to make the termination payments to ELL.[40]

The new financial structure calls into question whether ELL actually has any enforceable parent guaranty at all. Of course, a parent guaranty, as the name suggests, presumes the signatory is the parent of the entity on whose behalf the entity is making the guaranty.

The Commission should be aware how important an enforceable parent guaranty is to the protection of captive ratepayers. The Customer for the data center project remains Laidley, *not* Meta or Beignet. Thus, all the legal obligations contained in the ESA and CIAC agreement are Laidley's obligations. The parent, whoever that is, only responsibilities and obligations related to those agreements stem solely from the parent guaranty.

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[38] Sisung Cross-Answering at 2

[39] ELL included the parent guaranty signed by Meta as an attachment to ELL Reply to the Opposition of the Alliance for Affordable Energy and Union of Concerned Scientists to (1) the July 11, 2025 Contested Settlement, and (2) Joint Motion for Approval of the July 11, 2025 Contested Settlement pursuant to Rule 57 at Appendix A.

[40] Kunkel Supplemental Testimony at 5.

Importantly, Laidley has only existed since March 15, 2024, becoming a Delaware domestic limited-liability company on that date. Laidley is a special purpose vehicle ("SPV"). A special purpose vehicle is a subsidiary created by a parent company mainly and often solely to isolate the parent from financial risk. The operations of the SPV are limited to the acquisition and financing of specific assets. Laidley apparently is not an income-generating entity. Thus, the only protection ratepayers have should any aspects of the ESA fail is the parent guaranty, which would place aspects of Laidley's liability onto either Meta or Beignet, assuming Beignet signs a parent guaranty. ELL's failure to provide basic assurances to the Commission that this vital ratepayer protection is enforceable and against whom it would be enforced, should result in the Commission finding that continuing the project is no longer in the public interest.

Moreover, the changes to the financial structure and ELL's failure to take any action regarding those changes, means that ELL is in violation of the contested settlement agreement approved by the Commission on August 20, 2025. Section IV.B.1 of the Stipulated Settlement provides that:

> ELL will ensure that all Parent Guaranty agreements are obtained and fully executed timely and prudently enforce its rights with respect to the Parent Guaranty agreements and other collateral security, including but not limited to the Credit Insurance."

The Company assured the Commission that it would provide copies of the successive Parent Guaranties as they are received.[41]

ELL apparently has not "timely" obtained a fully executed parent guaranty from the new parent, Beignet. At this juncture, there is no enforceable parent guaranty. Even if Meta left ELL in the dark with regard to the new financial structure (which raises significant concerns in and of

[41] ELL Reply to the Opposition of the Alliance for Affordable Energy and Union of Concerned Scientists to (1) the July 11, 2025 Contested Settlement, and (2) Joint Motion for Approval of the July 11, 2025 Contested Settlement pursuant to Rule 57. at pg. 13, fn 13.

itself), ELL certainly should have become aware of the new financial structure once Meta publicly announced the financial structure and should have taken the steps required under the contested settlement agreement.[42]

More importantly, ELL also is in violation of Stipulated Settlement, ¶ IV.D.4. Pursuant to Stipulated Settlement, ¶ IV.D.4, ELL has an obligation to inform the Commission of any material modifications to the ESA or Related Agreements. The fact that Meta can now walk away from the data center after four years and that there is no longer an enforceable parent guaranty are certainly material changes. Yet, ELL has remained silent.

C. The Commission should conduct a prudence review to determine if the data center project continues to be in the public interest.

Article 4, § 21 of the Louisiana Constitution grants the Commission the authority to regulate all common carriers and public utilities in the state. The Commission is charged with exercising all necessary power and authority over any local public utility for the purpose of fixing and regulating the rates charged or to be charged by and service furnished by such public utilities.[43]

Prudent management implies reasonable management and is related to negligence.[44] Thus, a finding of imprudence does not require any showing of fraud or actual dishonesty. Essentially, the utility must demonstrate that it "went through a reasonable decision-making process to arrive at a course of action and, given the facts as they were or should have been known at the time, responded in a reasonable manner."[45] Regulatory bodies employ the "reasonable man" test found in many areas of the law including negligence law, as the general

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[42] Meta issued a press release announcing the new financial structure on October 21, 2025. Meta Announces Joint Venture With Funds Managed by Blue Owl Capital to Develop Hyperion Data Center.
[43] LSA-R.S. 45:1163.
[44] Gulf States Utilities Co. v. Louisiana Public Service Com'n, 578 So.2d 71, 85 (1991). ("*Gulf States*").
[45] *Id.*, *citing Re Cambridge Electric Light Co.*, 86 P.U.R. 4th 574 (Mass. D.P.U. 1987).

standard by which the prudence of utility management must be judged.[46] Under the "reasonable man" test the fundamental question for decision-makers is whether management acted reasonably in the public interest, not merely in the interest of the company or of a desired customer.

Therefore, the proper standard for determining whether a utility is imprudent is whether objectively that utility acts reasonably under the circumstances because only the utility, and not the ratepayer, is in a position to minimize imprudence and maximize efficiency.[47] The Louisiana courts have established that in a prudence review the utility must "demonstrate that it 'went through a reasonable decision making process to arrive at a course of action and, given the facts as they were or should have been known at the time, responded in a reasonable manner.'"[48]

Moreover, a prudence inquiry encompasses a public utility's *continuation* of an investment as well as its initial decision to enter into that investment.[49] The utility is required to respond prudently to changing circumstances or new challenges that arise as a project progresses.[50] The New York Public Service Commission ("NY PSC") found that a company should be held to account "if it fails to respond adequately to changing circumstances or to new challenges that may arise as a project progresses."[51] "Ratepayers are entitled to protection from the consequences of unresponsive or inept management."[52]

Thus, the issue of prudence is not a "one and done" examination. Prudent management issues potentially cover the full range of cost and investment matters that may arise during the

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[46] *See, e.g., Re Long Island Lighting Co.*, 71 P.U.R. 4th 262, *1 (Dec. 16, 1985). *("Long Island").*
[47] *Entergy Gulf States, Inc. v. La. Pub. Serv. Comm'n*, 730 So.2d 890 (La. 1999).
[48] *Gulf States Util. Co.*, 578 So.2d at 85.
[49] *Gulf States* at 85, *citing Re Central Vermont Public Service Corp.*, 83 P.U.R. 4th 532 (Vt. Pub. Serv. Bd. 1987).
[50] *Id., citing Re Long Island Lighting Company,* 71 P.U.R. 4th 462, 1985 WL 258217 (N.Y. Pub. Serv. Comm'n 1985).
[51] *Long Island, id.* at *1.
[52] *Long Island, id.*

design, planning, and construction of a project. Thus, ELL is required to continually ensure that its projects are prudent and in the public interest.

The approved contested settlement agreement specifically addresses a parties right to raise issues of prudence. § IV A 2 provides:

> The Parties reserve all rights afforded by applicable law and the Commission retains fully its authority consistent with applicable law, regarding prudence as it relates to the ESA and Related Agreements, including but not limited to ELL's management of the ESA and the Related Agreements and any ELL decision to amend or to cancel any or all of those agreements or any provision of any or all of those agreements.

In this instance, it is clear that the circumstances surrounding and supporting the Commission's finding that ELL's application and accompanying contested settlement agreement are in the public interest have changed significantly. Meta is no longer bound by a contract term of 15 years but can exit the project after only four years. This very early exit will increase the stranded costs exponentially, costs which will be borne by ratepayers. Similarly, there is no longer an enforceable parent guaranty since Meta is no longer the parent of Laidley.

The prudence of ELL's investment is in serious doubt. ELL's economic analysis is now questionable at best. This analysis became outdated the moment Meta signed the deal with Blue Owl and created the joint venture, Beignet. Given the magnitude of the investment being contemplated, a re-examination of ELL's analysis and the ratepayer protections adopted is imperative, While ELL has elected to ignore these material changes, the Commission cannot do so.

IV. Conclusion

Meta's actions in changing fundamental aspects of the data center project surreptitiously and ELL's failure to inform the Commission regarding the new financial structure raise serious

questions which the Commission should not ignore. For the reasons set for the above, the Commission should:

1) Institute an investigation into whether Meta and/or ELL misled the Commission regarding the financial structure associated with the data center;

2) Institute an investigation to determine the effect the new financial arrangement has on the ratepayer protections as well as the effect on the enforceability and efficacy of the parent guaranty;

3) Institute a proceeding to determine whether ELL should be sanctioned for the Company's failure to follow the terms of the contested settlement agreement;

4) Institute a prudence review to determine a) whether ELL knew about the new financial arrangement prior to the August 20th B&E Session and failed to inform the Commission of this change, b) whether the financing change was intentionally timed to occur after approval, such that the Commission was misled regarding the financial aspects of the project; and c) whether construction of the projects continues to be prudent and in the public interest;

5) Investigate whether a cap on the parent's cumulative liability is appropriate, particularly in these circumstances;

6) Investigate whether the Commission should cap ratepayers liability for any costs Laidley, Meta or Beignet fail to pay to ELL in light of the new financial structure and whether further ratepayer protections are necessary;

7) Order ELL to file a copy of the parent guaranty that is executed by Laidley's *current* parent;

8) Order ELL to file a legal opinion confirming that the parent is actually bound by the parent guaranty and also addressing whether any termination payments or other monies owed to ELL (to the ultimate benefit of the ratepayers) under the ESA are senior to payments to investors under the new financial structure;

9) Order ELL to file the most current version of the ESA;

10) Issue a subpoena to Meta requiring that Meta submit a copy of any financing agreements between Blue Owl and/or Beignet and Meta.

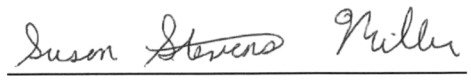
Respectfully submitted,

Susan Stevens Miller, Esq.
Earthjustice
1001 G Street NW, Ste. 1000
Washington, D.C. 20001
(443) 534-6401
smiller@earthjustice.org
Counsel for the Alliance for Affordable Energy and Union of Concerned Scientists

CERTIFICATE OF SERVICE

I, Susan Stevens Miller, hereby certify that I have this 14th day of January, 2026, served copies of the foregoing on all other known parties on the Official Service List for Docket No. U-37425 via electronic mail.

Respectfully submitted,



Susan Stevens Miller, Esq.
Earthjustice
1001 G Street NW, Ste. 1000
Washington, D.C. 20001
(443) 534-6401
smiller@earthjustice.org
Counsel for the Alliance for Affordable Energy and Union of Concerned Scientists

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Three AI Megadeals Are Breaking New Ground on Wall Street

Novel approaches to financing in OpenAI, Meta and xAI deals show risks and rewards of the AI frenzy

By Matt Wirz Follow

Nov. 11, 2025 2:47 pm ET



Colossus 2 is xAI's second giant data center in Tennessee. KEVIN WURM FOR WSJ

Quick Summary

- Tech giants are using complex and sometimes risky funding schemes, including private equity, project finance and debt, to finance their AI infrastructure ambitions.

View more

Tech giants need so much money for their artificial-intelligence ambitions that Wall Street is developing new ways to get it for them.

Details of some of the biggest AI infrastructure deals, including those involving Meta META **-0.74%** ▼ , OpenAI and xAI, are coming into focus, revealing lucrative,

innovative—and in some cases risky—funding schemes.

Exhibit One is the deal fund manager Blue Owl Capital struck with Meta in their joint venture to build a giant data center in Louisiana called Hyperion. Blue Owl is buying private equity in the deal and is receiving a debt-like guarantee from Meta if the partnership falls apart, an extraordinary protection, according to several people involved. Another deal involving OpenAI and Oracle ORCL **-1.94%** ▼ involves a lending syndicate of more than 30 banks, according to deal materials reviewed by The Wall Street Journal.

Tech titans are offering sweeteners in their deals because they need to offload risk as the cost of the AI arms race soars, threatening even the strongest competitors. Meta's market value dropped by around $300 billion in a few days after Chief Executive Mark Zuckerberg warned about higher spending on AI, spooking shareholders already worried about an AI bubble.

Banks and fund managers are writing big checks for now, but many are worried about how the complicated deals being signed today will perform when the AI frenzy calms down. Another concern is that each time tech companies take on lots of new debt, their cost of borrowing rises.

"It's been a very long time since we've had a sustained period of economic weakness and that tends to breed more complexity and complacency," said Dan Ivascyn, chief investment officer at Pimco, which also invested in Hyperion. The debt deals now hitting the market are far larger than in past credit cycles, he said.

Here's a close look at some of the biggest AI megadeals so far:



Construction at the site of the new Meta data center in Louisiana earlier this year. RORY DOYLE FOR WSJ

NAME	BEIGNET INVESTOR
Amount	$30 billion
Type	Private equity and semi-public bond
Data center tenant	Meta
Financier	Pimco, Blue Owl
Term	24 years
Interest rate	6.58%
Credit rating	A+ from S&P Global Ratings

The Hyperion deal is a Frankenstein financing that combines elements of private-equity, project finance and investment-grade bonds.

Meta needed such financial wizardry because it is already borrowing by the bucketload to build AI, issuing a $30 billion bond in October that roughly doubled its debt load overnight.

Enter Morgan Stanley, with a plan to have someone else borrow the money for Hyperion. Blue Owl invested about $3 billion for an 80% private-equity stake in the data center, while Meta retained 20% for the $1.3 billion it had already spent. The joint venture, named Beignet Investor after the New Orleans pastry, got another $27 billion by issuing bonds that pay off in 2049, $18 billion of which Pimco purchased. That debt is on Beignet's balance sheet, not Meta's.

The notes bear a 6.58% interest rate, much higher than the 5.5% yield on Meta's comparable corporate bond, and have an A+ credit rating, one notch below Meta's AA-.

That's the simple part. Meta will pay rent to use the data center for its AI products and that cash will go to bond interest and principal payments, as well as dividends for Blue Owl. But Meta retains the ability to exit its lease every four years so that the rental agreement won't count as a long-term liability on its balance sheet.

That is where the unusual guarantee comes in. In exchange for the option to walk away, Meta agreed to make investors whole if it ever did so. In that event, Blue Owl would sell the center, using proceeds to first pay outstanding bonds, then itself. If the

sale fetched less than bondholders were owed plus what Blue Owl had invested with a modest profit, Meta would pay the difference.

"It's a fixed-income risk with an equity-like return," said Alexey Teplukhin, a managing director at Blue Owl. "That's what we're aiming for."

NAME	JACQUARD
Amount	$38 billion
Type	Construction loan
Data center tenant	Oracle/OpenAI
Financier	JPMorgan and MUFG bank group
Term	Five years
Interest rate	6.40%
Credit rating	BBB from Kroll Bond Rating Agency

Note: Interest rate based on current benchmark rate.

The financing for Stargate—the data-center partnership between ChatGPT maker OpenAI, Oracle and SoftBank—would be fairly straightforward if it weren't so big.

Vantage Data Centers—a developer and landlord—is building two Stargate projects in Texas and Wisconsin, respectively, for $38 billion. Oracle has signed a 15-year lease on the centers but the end user will be OpenAI, which has signed a $300 billion purchase agreement with Oracle.

As a startup, OpenAI can't borrow the money and Oracle has a low credit rating for a tech giant. Instead, banks will provide the money through project-finance loans secured by the data centers, much like a mortgage. Oracle's lease payments will go toward paying off the debt.

Such arrangements are standard for large construction projects. But the scale of the deal—named Jacquard by its top lenders JPMorgan Chase and Mitsubishi UFJ Financial Group—is off the charts.

Typically, no more than a dozen banks arrange a project-finance loan, but the Jacquard "syndicate" includes more than 30 institutions, according to the deal materials reviewed by the Journal. Members range from global banks like BNP

Paribas to regional players like U.S. Bancorp and they are making a full-court press to reduce their exposure by selling the debt to investors.

The loan comes due in five years and pays interest of about 6.4%, almost 2 percentage points more than the yield of Oracle's comparable corporate bond. Since the loan is so big, banks are pitching it to almost every type of buyer, including insurers, asset-backed bond specialists and corporate debt funds.

Not everyone can buy the debt though, reflecting the difficulty measuring risk in deals involving an unknown technology like AI.

JPMorgan only got one credit rating for the Stargate loan from Kroll Bond Rating Agency, a relatively small firm. That means the banks won't be able to sell the loans to managers of collateralized loan obligations, or CLOs, which control about $1.3 trillion but require ratings from one of the top three firms, Fitch Ratings, Moody's Investors Service and S&P.

News Corp, owner of the Journal, has a content-licensing partnership with OpenAI.

NAME	COLOSSUS 2 CHIPS
Amount	$12-$20 billion
Type	Private equity and credit
Data center tenant	xAI
Financiers	Valor, Apollo Global Management
Term	Five years (2.5-year average life)
Interest rate	10.50%
Credit rating	Unknown

Elon Musk is asking investors to fund xAI, the startup he hopes will overtake OpenAI.

Musk also is using cash from other parts of his corporate empire, like SpaceX, and xAI has sold shares and raised debt worth at least $10 billion. But that is a drop in the bucket. xAI needs $18 billion just to buy the 300,000 microchips required to run Colossus 2, its second giant data center in Tennessee, the Journal previously reported.

Earlier this year Musk ally Antonio Gracias used his investment firm Valor Equity Partners to indirectly bankroll the chips. Valor committed to buy private equity in a financing vehicle that would borrow billions more debt from private-credit funds, all to be used to purchase chips from Nvidia.

Valor is recruiting other funds to buy shares in the vehicle, called Valor Compute Infrastructure, which would allow it to borrow more debt. The investment firm also tapped private-credit powerhouse Apollo Global Management for help arranging the debt, according to people familiar with the deal.

The deal could end up raising $7.5 billion of equity and $12.5 billion of debt, but might be smaller if fewer shares are sold, the people said. While the debt will be paid off in five years with rent charged to xAI, returns on the equity will largely depend on what the chips are worth after that. Some analysts worry that circularity between Nvidia and its clients is creating a market bubble.

Apollo is pitching investors debt that would bear a 10.5% interest rate and potential additional payouts if the value of the chips exceeds certain thresholds, the people familiar with the deal said.

Write to Matt Wirz at matthieu.wirz@wsj.com

Appeared in the November 12, 2025, print edition as 'Three AI Megadeals Are Breaking New Ground'.

ATTACHMENT A

ATTACHMENT B

State Of Delaware

****THIS IS NOT AN OFFICIAL CERTIFICATE OF STATUS****

Date Retrieved: 1/6/2026 9:58:03AM

File Number: 10303633
Entity Name: BEIGNET INVESTOR LLC
Entity Kind: Limited Liability Company
Residency: Domestic
Status: Good Standing

Incorporation Date / Formation Date: 8/20/2025
Entity Type: General
State: DELAWARE
Status as of: 8/20/2025

Registered Agent Information

Name: UNITED AGENT GROUP INC.
Address: 1521 CONCORD PIKE SUITE 201
City: WILMINGTON
State: DE
Phone: 866-761-1444

Country:
Postal Code: 19803

Tax Information

Last AnnualReport Filed: 0
Annual Tax Assessment: $300

Tax Due: $ 0
Total Authorized Shares:

Filing History (Last 5 Filings)

Seq	Description	No of Pages	Filing Date mm/dd/yyyy	Filing Time	Effective Date mm/dd/yyyy
1	LLC	1	20250820	172800	20250820

****THIS IS NOT AN OFFICIAL CERTIFICATE OF STATUS****

ATTACHMENT C

STATE OF LOUISIANA

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL OF GENERATION AND TRANSMISSION RESOURCES PROPOSED IN CONNECTION WITH SERVICE TO A SIGNIFICANT CUSTOMER PROJECT IN NORTH LOUISIANA, INCLUDING PROPOSED RIDER, AND REQUEST FOR TIMELY TREATMENT	)	**DOCKET NO. U-37425**

Supplemental Testimony

Catherine Kunkel

On Behalf of the

Alliance for Affordable Energy and

Union of Concerned Scientists

January 14, 2026

I. INTRODUCTION

Q. Please state your name, business address, and position.

A. My name is Catherine Kunkel, my address is PO Box 75362 Charleston, WV 25375, and I am an Energy Consultant with the Institute for Energy Economics and Financial Analysis ("IEEFA").

Q. Are you the same Catherine Kunkel who submitted direct testimony in this proceeding?

A. Yes. As before, I am submitting testimony on behalf of the Alliance for Affordable Energy and Union of Concerned Scientists (collectively, the "NPOs").

Q. What is the purpose of your supplemental testimony?

A. The purpose of my testimony is to draw the Commission's attention to new technical and financial information about the Hyperion data center project in Richland Parish that was not available to the Commission[1] at the time of the final decision in this case and which may pose additional risk to ratepayers.

I also address Meta's announced increase in size of the Hyperion data center to 5 GW. This announcement occurred at the start of the Commission's evidentiary hearings on ELL's application and as such was not addressed in party testimony nor considered by the Commission during its deliberations.

Q. What new information has come to light?

A. More details have been published on how the Hyperion data center will be financed, as well as the overall size and cost of the project.

---

[1] The information also was not available to the other parties, but may have been available to Entergy Louisiana, LLC ("ELL").

Q. Please describe the financing for the Hyperion data center.

A. Meta has entered into a joint venture with Blue Owl Capital,[2] with Blue Owl investing $3 billion and taking an 80% equity stake in the venture.[3] This joint venture, named Beignet Investor ("Beignet"), registered as a limited liability company in Delaware 20, 2025, the very day that the Louisiana Public Service Commission voted to approve ELL's application at its monthly Business and Executive Session.[4] Beignet is now the parent company of Laidley LLC,[5] the developer of Hyperion and the counterparty to the Electric Service Agreement (ESA) and Contribution In Aid of Construction (CIAC) agreements that ELL submitted to the Commission as part of this proceeding.

In October 2025, Beignet issued $27.3 billion in bonds to finance the data center. The bonds will mature in 2049 and have a coupon of 6.58%.[6]

According to S&P, Meta plans to rent the data center for its operations, and the rent will pay bondholders and a return to Blue Owl, as well as the operating costs of the data center (including power costs). The lease is for a 4-year term, starting in 2029, with options to extend for up to twenty years. If Meta walks away from or does not renew the lease before the maturity of the bonds, Blue Owl is required to attempt to sell the data center, and Meta is required to make payments aimed at making investors whole (according to S&P, Meta's guarantee "would be sufficient in most plausible cases to pay the remaining debt outstanding if Meta elects not to renew").[7]

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[2] Blue Owl is a publicly traded asset manager with nearly $145 billion in assets under management.
[3] Three AI Megadeals Are Breaking New Ground on Wall Street (Nov 11, 2025) https://www.wsj.com/tech/ai/three-ai-megadeals-are-breaking-new-ground-on-wall-street-896e0023. See Attachment A.
[4] The Commission's written decision memorializing this decision was issued on August 29, 2025.
[5] Beignet Investor LLC's $27.3 Billion Senior Secured Debt Assigned Preliminary 'A+' Rating; Outlook Stable (Oct 16, 2025) https://www.spglobal.com/ratings/en/regulatory/article/-view/sourceId/101651795 ("SP Global Report")
[6] A closer look at the record-smashing 'Hyperion' corporate bond sale (Oct 30, 2025) https://www.ft.com/content/d0344253-b0a2-4c6d-8b97-520243678afd
[7] SP Global Report, https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101651795

Q. What additional information has come to light, beyond this new financing arrangement?

A. In July 2025, Meta CEO Mark Zuckerberg announced that the final size of the Hyperion data center will be 5 GW.[8]

Q. How is this different than what was presented to the Commission during this case?

A. First, the capital cost of the investment in the data center is significantly larger than what was presented to the Commission. In Entergy Louisiana, LLC's ("ELL") direct testimony, the investment was described as "at least $5 billion."[9]

Second, the final announced size of the Hyperion data center is approximately double the size listed in MISO planning documents.[10] This is directionally consistent with, although does not completely explain, the ballooning capital cost of the project.

Third, it was understood throughout the proceeding that the parent company of Laidley, LLC was Meta, not the joint venture Beignet.[11]

Fourth, the fact that Meta is only leasing the data center for a four-year term, with options to renew, is a very different arrangement than the original understanding that Meta would be owning and operating the data center. As stated by S&P in their credit review of the deal, "the key risk in the transaction is that the facility is no longer critical to Meta's AI strategy, and it exits the

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[8] Mark Zuckerberg says Meta is building a 5GW AI data center (July 14, 2025) https://finance.yahoo.com/news/mark-zuckerberg-says-meta-building-161652906.html.
[9] Direct Testimony of Phillip May at 17:13.
[10] *See* MISO, Large Load Facility Additional Information (Dec. 6, 2024), https://cdn.misoenergy.org/NEW%20LOAD%20ANNOUNCEMENTS%20IN%20MISO%20REGIONS%2012062024684954.pdf (listing the Meta data center in Richland Parish as 2600 MW).
[11] ELL Reply to the Opposition of the Alliance for Affordable Energy and Union of Concerned Scientists to (1) the July 11, 2025 Contested Settlement, and (2) Joint Motion for Approval of the July 11, 2025 Contested Settlement pursuant to Rule 57 at Appendix A.

leases after any four-year term but before the debt is repaid in 2049."[12] While S&P refers to the risk to investors, this arrangement also raises questions about risks to ratepayers that were not contemplated earlier in this proceeding.

Q. What implications might a 5 GW data center have for ratepayers that were not contemplated during this proceeding?

A. I have not seen any public statements of how ELL proposes to meet Hyperion's announced 5 GW load. While ELL would have to seek Commission approval to build additional generation, it is important to emphasize upfront that doubling the generation built to serve Hyperion will only exacerbate some of the risks to ratepayers highlighted in my direct testimony, unless stricter terms are imposed so that those risks are borne by Laidley. Specifically, Laidley should be contractually obligated to pay for the full capital cost of the additional generation; otherwise, ratepayers will be on the hook for stranded costs if the assets are not fully paid off when the Electric Service Agreement (ESA) with Laidley terminates and the excess capacity cannot be fully recovered from off-system sales.[13] Second, as the size of the data center's energy demand increases, so do the risks of higher operating costs and additional transmission mitigations,[14] which should be fully borne by Laidley.

Q. What additional implications might the newly announced financing structure have for ELL's ratepayers?

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[12] SP Global Report, https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101651795
[13] One of ELL's core arguments in this proceeding was that, if the ESA is not renewed after its 15-year initial term, the Planned Generators being developed by ELL can substitute for new generation that would otherwise be needed in future years. While I disputed the extent to which this is true in my direct testimony, it would be even less true if significantly more generation is built to serve the increased Hyperion load. That is, those additional generation assets will not be able to be repurposed to serve future load growth in ELL's service territory. Instead, ELL would end with up a significant capacity surplus, and ratepayers would assume the risk of not being able to sell the excess capacity.
[14] As discussed in this proceeding in the Direct Testimony of Nick Miller.

A. The ESA between Laidley and ELL is a 15-year agreement that includes termination payments backed by a parent guaranty and other collateral security in the event that Laidley terminates the agreement before 15 years.

The shift from Meta to Beignet as Laidley's parent company raises questions about who is responsible for the termination payments and parent guaranty (and any other collateral security) if the ESA is terminated early. My understanding is that those obligations would now be borne by Beignet. Beignet is a company backed by a single asset (the Hyperion data center) and therefore a riskier partner as a guarantor of the ESA.

For example, if Meta decides not to renew one of its 4-year leases before the initial 15-year term of the ESA expires and Beignet initiates a sale process, Beignet might be unable to find a buyer and will end up terminating the ESA.

This scenario is particularly concerning because, based on what I have been able to read about the financing arrangement, it is unclear whether the termination payments under the ESA are senior to payments to investors. If Meta is required to make payments to Beignet to make investors whole, and if the termination payments under the ESA are subordinated to those debt repayments, it is not clear that Beignet would have the money to make the termination payments to ELL. This would ultimately impose more costs on ratepayers.

Q. Do you think it likely that the ESA would be terminated before its 15-year term?

A. I think it is possible, given the overall state of the market for artificial intelligence (AI).

There are worrisome signs that AI adoption is not as strong as tech industry leaders had assumed in recent years. This was highlighted in a MIT study published in July 2025 that found that only 5% of AI pilots have been

profitable.[15] A more recent Census Bureau survey found that use of AI at workplaces has fallen, particularly at the largest enterprises.[16]

Even greater adoption of the models, however, would not necessarily enhance their profitability. AI models are highly energy-intensive, making them expensive to train and expensive to operate,[17] and meaning that users of free products impose significant costs without generating revenue. In addition to their high operational costs, AI companies also incur high depreciation costs because the chips used in data centers have a short useful life.[18] For AI to become profitable, prices for access to models would either have to be raised (unlikely in the current competitive environment) or costs cut significantly.

In my view, there is still not a clear path to profitability for AI models. I am not the only person to have reached this conclusion; over the last few months, investors and analysts have increasingly raised concerns about a "bubble" in artificial intelligence and about over-leverage in the sector.[19]

If and when this bubble breaks, it will likely lead to bankruptcies and a cooling off of investment in the sector. If Meta's corporate strategy around AI changes at some point in the next 15 years and the company decides to pull out of the Hyperion facility, market conditions at that time may be such that Beignet has

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[15] MIT, "The GenAI Divide: State of AI in Business 2025," July 2025, https://mlq.ai/media/quarterly_decks/v0.1_State_of_AI_in_Business_2025_Report.pdf

[16] Investors expect AI use to soar. That's not happening (Nov 26, 2025) https://www.economist.com/finance-and-economics/2025/11/26/investors-expect-ai-use-to-soar-thats-not-happening

[17] While costs per token have declined rapidly, newer AI models are using many more tokens to accomplish the same task, meaning that inference costs as a whole are not necessarily declining. (WSJ, August 2025). ("Tokens" are essentially units of data processed by AI models).

[18] The question everyone in AI is asking: How long before a GPU depreciates? (Nov 25, 2025) https://www.cnbc.com/2025/11/14/ai-gpu-depreciation-coreweave-nvidia-michael-burry.html

[19] See, for example: Global Crossing Is Reborn (Aug 20,2025) https://pracap.com/global-crossing-reborn/; https://www.nytimes.com/2025/11/10/technology/ai-data-centers-debt-risks.html: https://www.nytimes.com/2025/09/20/business/dealbook/data-centers-ai.html; Deutsche Bank on 'the summer AI turned ugly': markets are 'more sober' than the dotcom bubble, but with troubling data-center math (Sept 6, 2025) https://fortune.com/2025/09/06/ai-bubble-overvalued-stocks-deutsche-bank-data-center-math-capex-roi/; Apollo's chief economist warns the AI bubble is even worse than the 1999 dot-com bubble (July 17, 2025) https://fortune.com/2025/07/17/ai-bubble-vs-dot-com-stocks-apollo-economist-torsten-slok/

difficulty attracting a buyer for all or part of the facility, which could lead to a decision to terminate the ESA.

Q. What are your conclusions?

A. The financing and ownership structure for the Hyperion data center have changed significantly from what was understood throughout this proceeding. The new structure raises concerns about whether the termination payments and collateral security that were offered under the original financing and ownership structure are sufficiently protective of ratepayers.

Additionally, it appears that there are plans for the Hyperion data center to ultimately consume significantly more energy than what was originally proposed to the Commission. This raises additional risk to ratepayers related to the cost of transmission mitigations and potential stranded generation investments.

Q. What are your recommendations?

A. I recommend that the Commission initiate a prudency review to determine:

- If this significant financing change occurred prior to the Commission' s approval of ELL's application or was intentionally timed to occur after approval, such that the Commission was misled regarding the financial aspects of the project;
- Whether further ratepayer protections are necessary;
- Whether, given these significant changes in ownership and financing, the parent guaranty and other collateral security provided for in the ESA are sufficient to protect ratepayers.

The Commission should require ELL to file within 30 days of instituting this prudency review:

- A copy of the executed parent guaranty, and a legal opinion from a New York law firm addressing the sufficiency of this parent guaranty;[20] and
- The most current version of the ESA.

The Commission should also subpoena Meta for a copy of the executed financing agreement to determine whether termination payments are senior to debt repayments, if ELL is not in possession of this information.

Q. Does this conclude your supplemental testimony?

A. Yes.

[20] During the B&E Meeting, ELL claimed that it had obtained a legal opinion, but this opinion was never provided to the parties or submitted in the docket. As such, it should not have been considered by the Commission (which presumably also didn't see the actual document either).

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

ENTERGY LOUISIANA LLC, ex parte

***IN RE*: APPLICATION FOR APPROVAL OF GENERATION AND TRANSMISSION RESOURCES IN CONNECTION WITH SERVICE TO A SINGLE CUSTOMER FOR A PROJECT IN NORTH LOUISIANA**	**DOCKET NO. U-37425**

AFFIDAVIT

I, Catherine Kunkel, being first duly sworn, deposes and says that she is the same Catherine Kunkel whose Supplemental Testimony accompanies this affidavit; that such testimony was prepared by her; that she is familiar with the contents thereof; that the facts set forth therein are true and correct to the best of her knowledge, information and belief; and that she adopts the same as her sworn testimony in this proceeding.

Catherine Kunkel

Sworn to and subscribed before me on this 9th day of January, 2026, in Charleston, West Virginia.

NOTARY PUBLIC

My commission expires: May 9, 2029

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Leslee Renee Stover
Kanawha County Public Library
123 Capitol Street, Charleston, WV 25301
My Commission Expires May 09, 2029