

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

***IN RE:* APPLICATION OF ENERGY)
LOUISIANA, LLC FOR RECOVERY)
IN RATES OF COSTS RELATED TO)
HURRICANES LAURA, DELTA,)
ZETA, AND WINTER STORM URI)
AND FOR RELATED RELIEF)**

DOCKET NO. U- _____

DIRECT TESTIMONY

OF

AMY M. PARKER

APRIL 2021

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EXHIBIT LIST

Exhibit AMP-1 Summary of Hurricane Costs and Independent Accountants' Report

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I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Amy M. Parker. My office is located at 701 Poydras Street, Suite 4200, New Orleans, Louisiana, 70139.

Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am an audit and assurance partner at Deloitte & Touché LLP (“D&T” or “Deloitte”), which is an international firm of independent public accountants.

Q3. WHY ARE YOU PROVIDING TESTIMONY IN THIS DOCKET?

A. I am providing fact-based testimony on the attestation procedures performed by D&T over the Entergy Louisiana, LLC (“ELL” or the “Company”)¹ Summary of Incurred Costs related to Hurricanes Laura, Delta, and Zeta (“Summary of Hurricane Costs”) based on the engagement letter between D&T and ELL dated October 29, 2020.

Q4. PLEASE PROVIDE YOUR BACKGROUND AND EXPERIENCE IN THE PUBLIC UTILITY INDUSTRY.

A. I have spent 17 years as an auditor with D&T, the last three as a partner. For nearly that entire time, I have participated in or led the financial statement audits of a number of our

¹ On October 1, 2015, pursuant to Louisiana Public Service Commission (“LPSC” or “Commission”) Order No. U-33244-A, Energy Gulf States Louisiana, L.L.C. (“Legacy EGSL”) and Entergy Louisiana, LLC (“Legacy ELL”) combined substantially all of their respective assets and liabilities into a single operating company, Entergy Louisiana Power, LLC, which subsequently changed its name to Entergy Louisiana, LLC (“ELL”) (“Business Combination”). Upon consummation of the Business Combination, ELL became the public utility that is subject to LPSC regulation and now stands in the shoes of Legacy EGSL and Legacy ELL.

1 Firm's energy and resources engagements, which include regulated utility entities,
2 including entities such as Entergy Corporation, CLECO Corporate Holdings, LLC
3 (formerly CLECO Corporation), Hawaiian Electric Industries, National Grid, Pacific Gas
4 & Electric Company, ITC Holdings, SCANA Corporation and NextEra Inc. I currently
5 serve as the audit partner on our financial statement audits of ELL.

6
7 Q5. HAVE YOU TESTIFIED PREVIOUSLY BEFORE A REGULATORY AUTHORITY?

8 A. No.

9
10 Q6. ARE YOU A CERTIFIED PUBLIC ACCOUNTANT?

11 A. Yes. I am a certified public accountant ("CPA") licensed in several states including
12 Louisiana.

13
14 Q7. WHAT IS YOUR EDUCATIONAL BACKGROUND?

15 A. I hold a Bachelor of Science in Business Administration and a Master of Accountancy from
16 the University of Montana, which I received in 2002 and 2003, respectively.

17
18 **II. PURPOSE OF TESTIMONY**

19 Q8. WHAT SERVICE WAS DELOITTE ENGAGED TO PERFORM?

20 A. ELL engaged Deloitte to perform an examination engagement in accordance with
21 Statements on Standards for Attestation Engagements ("SSAEs" or "attestation standards")
22 established by the American Institute of Certified Public Accountants ("AICPA") on
23 the Summary of Hurricane Costs for ELL. The purpose of Deloitte's examination of the

1 Management Assertion on the Summary of Hurricane Costs (“Management’s Assertion”)
2 was to express an opinion about whether management’s assertion that the Summary of
3 Hurricane Costs is a complete and accurate presentation of valid storm costs based on the
4 criteria set forth in Management’s Assertion and is fairly stated, in all material respects.
5 The result of our examination engagement is our Report of Independent Accountants (the
6 “Report”), which is attached as Exhibit AMP-1. The Summary of Hurricane Costs provided
7 by ELL accompanies the Report.

8
9 Q9. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. The purpose of this testimony is to:

- 11 1. explain the purpose of an Attestation Examination engagement;
- 12 2. describe the Professional Standards that govern CPAs in the performance of
13 Attestation Examinations;
- 14 3. provide a general description of the scope of the procedures performed to support
15 D&T’s Report; and
- 16 4. provide a general summary of the results of our procedures.

17
18 Q10. PLEASE DESCRIBE THE SUMMARY OF HURRICANE COSTS.

19 A. ELL management has prepared and is responsible for the Summary of Hurricane Costs.
20 The Report states the costs incurred through February 28, 2021 by ELL are a result of
21 Hurricanes Laura, Delta, and Zeta. Because the hurricanes affected multiple Entergy

1 Operating Companies (“EOCs”),² and because Entergy Services, LLC (“ESL”) provides
2 centralized support services to the EOCs, ESL managed and coordinated the preparation
3 of the Summary of Hurricane Costs for the affiliated EOCs.

4 Because the filing in this docket applies only to ELL’s costs, and more specifically
5 to ELL’s Hurricanes Laura, Delta, and Zeta costs incurred in Louisiana, the remainder of
6 my testimony will focus primarily on the ELL Summary of Hurricane Costs, which is
7 included in Exhibit AMP-1.

8 The Summary of Hurricane Costs is a summary report that includes both data and
9 narrative information to describe the Company’s efforts and expenses incurred to restore
10 its hurricane-damaged facilities to operating condition as soon as possible after Hurricanes
11 Laura, Delta, and Zeta. ELL’s management, in conjunction with ESL, asserts that the
12 Summary of Hurricane Costs is a complete and accurate presentation of valid storm costs
13 based on the criteria set forth in Management’s Assertion.

14
15 Q11. WHAT WAS THE SCOPE OF DELOITTE’S ATTESTATION PROCEDURES?

16 A. The overall purpose of Deloitte’s procedures was to express an opinion on (or attest to)
17 management’s assertion that the Summary of Hurricane Costs for ELL is a complete and
18 accurate presentation of valid storm costs based on the criteria set forth in Management’s
19 Assertion.

20 In general terms, Deloitte used a three-step approach to form this opinion. First, we
21 obtained an understanding of the Summary of Hurricane Costs, including obtaining an

² The five EOCs are Entergy Arkansas, LLC; ELL; Entergy Mississippi, LLC; Entergy New Orleans, LLC; and Entergy Texas, Inc.

1 understanding of internal controls relevant to the preparation of the Summary of Hurricane
2 Costs, and in some instances tested the accounting processes, systems, and internal controls
3 used in processing the storm costs. This understanding was used to assess the risks of
4 material misstatement and to evaluate whether the Company's processes and controls
5 would detect a material error or misstatement in the information included in the Summary
6 of Hurricane Costs. For any controls deemed relevant to the engagement, we evaluated the
7 control design and determined whether the relevant controls have been implemented by
8 performing procedures in addition to inquiry of the relevant personnel.

9 Second, after considering this assessment of risks of material misstatement, we
10 designed and executed a substantive testing plan of individual transactions sufficient to
11 provide adequate evidence supporting our opinion on management's assertion that the
12 Summary of Hurricane Costs is a complete and accurate presentation of valid storm costs
13 according to the descriptions included in the Notes to the Summary of Hurricane Costs.
14 Finally, in forming our conclusion, we considered the results of our procedures, including
15 evaluating the sufficiency and appropriateness of the evidence obtained.

16
17 **III. EXPLANATION OF AN ATTESTATION EXAMINATION**

18 Q12. WHAT IS AN ATTESTATION EXAMINATION?

19 A. In an Attestation Examination, the persons conducting the engagement obtain reasonable
20 assurance by obtaining sufficient appropriate evidence about the measurement or
21 evaluation of subject matter against criteria in order to be able to draw reasonable

1 conclusions on which to base the opinion about whether the subject matter is in accordance
2 with (or based on) the criteria or the assertion is fairly stated, in all material respects.

3 In this instance, the written assertion by ELL is that the Summary of Hurricane Costs
4 is a complete and accurate presentation of valid storm costs based on the criteria set forth
5 in Management's Assertion.

6 In simplified terms, the persons conducting an Attestation Examination seek to
7 obtain reasonable assurance regarding the relevant subject matter; in this case the
8 Management's Assertion. This is accomplished by obtaining sufficient evidence about the
9 relevant subject matter to draw a conclusion on which to base an opinion about whether
10 the subject matter is fairly stated, in all material respects.

11 The AICPA established the SSAEs which establish requirements and provide
12 application guidance for performing and reporting on examination engagements. In all
13 services provided under the attestation standards, practitioners are responsible for having
14 the appropriate competence and capabilities to perform the engagement, complying with
15 relevant ethical requirements, maintaining professional skepticism, and exercising
16 professional judgment throughout the planning and performance of the engagement.

17
18 Q13. WHAT ARE THE SPECIFIC RELEVANT STANDARDS FOR PERFORMANCE FOR
19 THE ATTESTATION EXAMINATION DELOITTE PERFORMED ON THE
20 SUMMARY OF HURRICANE COSTS?

21 A. Professional Standards for the performance of Attestation Services are specified in the
22 AICPA SSAE No. 18, *Attestation Standards: Clarification and Recodification*, commonly
23 referred to in the public accounting industry as the attestation standards (AT-C Standards).

1 Specifically, AT-C 105, *Concepts Common to All Attestation Engagements*, which “applies
2 to engagements in which a certified public accountant in the practice of public accounting
3 is engaged to issue or does issue an examination, a review, or an agreed-upon procedures
4 report on subject matter or an assertion about the subject matter, that is the responsibility
5 of another party” and AT-C 205, *Examination Engagements*.

6
7 Q14. ARE THERE ANY INDEPENDENCE REQUIREMENTS WITH RESPECT TO AN
8 ATTESTATION EXAMINATION?

9 A. Yes. As described in AT-C 105 paragraph 24, “the practitioner must be independent when
10 performing an attestation engagement in accordance with the attestation standards unless
11 the practitioner is required by law or regulation to accept the engagement and report on the
12 subject matter or assertion.”

13
14 Q15. AS IT RELATES TO ELL, HAVE YOU AND DELOITTE COMPLIED WITH THE
15 INDEPENDENCE STANDARDS SPECIFIED IN THE AICPA CODE OF
16 PROFESSIONAL CONDUCT?

17 A. Yes. Deloitte and I are independent from Entergy Corporation, including ELL, a
18 consolidated subsidiary of Entergy Corporation, as defined by the AICPA.

19
20 Q16. WHICH LEVEL OF ATTESTATION SERVICE DID DELOITTE PROVIDE TO ELL:
21 AN EXAMINATION, A REVIEW, OR AGREED-UPON PROCEDURES?

22 A. We performed an Attestation Examination. AT-C section 205, paragraph 3, states “in
23 conducting an examination engagement, the objectives of the practitioner are to (a) obtain

1 reasonable assurance about whether the subject matter as measured or evaluated against
2 the criteria is free from material misstatement and (b) express an opinion in a written
3 report.”

4 Conversely, a review engagement is designed to provide limited assurance in order
5 to express a conclusion and an agreed-upon procedures engagement reports findings
6 without providing an opinion or a conclusion.

7
8 Q17. WHAT IS THE ASSERTION ON WHICH YOU PERFORMED YOUR ATTESTATION
9 ENGAGEMENT?

10 A. As described in the Report of Management’s Assertion included in the Summary of
11 Hurricane Costs, we performed our examination engagement on the following assertion of
12 management:

13 Management of Entergy Louisiana, LLC has prepared the accompanying
14 Summary of Hurricane Costs through February 28, 2021. Management
15 asserts that the Summary of Hurricane Costs is a complete and accurate
16 presentation of valid storm costs according to the criteria set forth below.

17 For the purposes of this assertion management has defined valid storm costs
18 as those costs that are directly related to Hurricane Laura, Hurricane Delta,
19 and Hurricane Zeta (the “Storms”), were incurred through February 28,
20 2021, and are supported by appropriate documentation as required by the
21 Company’s policies and procedures at August 27, 2020.

22 Costs directly attributable to the Storms include costs which were incurred
23 to repair or replace the Company’s electric generation, transmission and
24 distribution system and supporting operations, and the incurrence of
25 liabilities that would not have otherwise occurred, as further described in
26 the Notes to the Summary of Hurricane Costs.

27 For the purposes of this assertion, management has defined the complete
28 and accurate presentation of valid storm costs in the Summary of Hurricane
29 Costs as inclusion of all known costs incurred through February 28, 2021,
30 and appropriately charged to a valid storm project code pursuant to the

1 Company's policies and procedures at August 27, 2020, as further described
2 in the Notes to the Summary of Hurricane Costs.

3
4 Q18. WHAT IS THE SIGNIFICANCE OF ELL'S REFERENCE IN THE ASSERTION THAT
5 "THE SUMMARY OF HURRICANE COSTS IS A COMPLETE AND ACCURATE
6 PRESENTATION OF VALID STORM COSTS ACCORDING TO THE CRITERIA SET
7 FORTH BELOW"?

8 A. While the term "storm costs" (or "system restoration costs") may be commonly used in
9 regulatory proceedings and other venues, I am not aware of any specific generally accepted
10 financial accounting definition of what types of costs are or are not "storm costs."
11 Therefore, ELL has provided detailed descriptions of the types of costs that it considers to
12 be storm costs for the purposes of preparing its Summary of Hurricane Costs. Those
13 descriptions, included in the Notes to the Summary of Hurricane Costs are known as
14 criteria to be applied in the preparation and evaluation of the subject matter in the AT-C
15 Standards and provide the basis against which we evaluate the Summary of Hurricane
16 Costs.

17 The AT-C Standards specify that "Suitable criteria exhibit all of the following
18 characteristics:

- 19 • *Relevance* - Criteria are relevant to the subject matter.
20 • *Objectivity* - Criteria are free from bias.
21 • *Measurability* – Criteria permit reasonably consistent measurements,
22 qualitative or quantitative, of subject matter.

- 1 • *Completeness* - Criteria are complete when subject matter prepared in
2 accordance with them does not omit relevant factors that could reasonably be
3 expected to affect decisions of the intended users made on the basis of that
4 subject matter.”

5 The AT-C Standards presume that criteria that are established or developed by
6 groups composed of experts that follow due process procedures, including exposure of the
7 proposed criteria for public comment, are ordinarily considered suitable. However, the
8 standards also specifically provide that criteria may be established or developed by the
9 responsible party that do not follow due process procedures. The practitioner is required to
10 determine that the criteria applied in the preparation and evaluation of the subject matter
11 are suitable by evaluating them based on the four attributes described above.

12 As I discuss in more detail below, Deloitte has determined that ELL’s criteria for
13 defining storm costs as set forth in Management’s Assertion, and further described in the
14 Notes to the Summary of Hurricane Costs, are suitably objective, measurable, complete,
15 and relevant. Criteria are suitable and available by inclusion within the Notes to
16 Management’s Assertion.

17
18 : **IV. SUMMARY OF THE SCOPE OF OUR ATTESTATION PROCEDURES**

19 Q19. PLEASE SUMMARIZE IN GENERAL TERMS THE SCOPE OF YOUR
20 ATTESTATION EXAMINATION.

21 A. Deloitte’s engagement can be divided into three phases: (i) engagement planning, including
22 identifying and assessing the risks of material misstatement; (ii) designing and performing
23 procedures to respond to the assessed risks, including substantive testing of detailed storm

1 damage costs; and (iii) evaluating the results of the procedures to form an opinion and
2 reporting.

3
4 Q20. PLEASE DESCRIBE THE ENGAGEMENT PLANNING/ASSESSMENT OF
5 CONTROL RISK PHASE OF THE ATTESTATION EXAMINATION.

6 A. The overall objective of Deloitte's engagement was to perform procedures sufficient to
7 evaluate whether management's assertion that ELL's Summary of Hurricane Costs is a
8 complete and accurate presentation of valid storm costs based on the criteria set forth in
9 Management's Assertion and is fairly stated, in all material respects. I oversaw the Deloitte
10 team that undertook this engagement. To plan the necessary procedures, my team and I
11 first needed to understand how the Company had recorded and then accumulated all of the
12 many transactions summarized in their Summary of Hurricane Costs. Accordingly, our first
13 steps in the engagement were to determine the types of costs the Company was reporting
14 as storm costs, and then update our understanding of the systems, processes, and
15 procedures used to record those transactions. As we performed the annual financial
16 statement audit and tested the Company's internal controls as part of the financial statement
17 audit, we had accumulated significant relevant information on the Company's systems,
18 processes, procedures, and methodology for accounting for the storm costs; we were able
19 to use this historical knowledge as a basis to begin our planning process and design
20 procedures that are responsive to the assessed risks of material misstatement.

1 Q21. HAD THE INTERNAL CONTROLS OVER THESE SYSTEMS PREVIOUSLY BEEN
2 REVIEWED OR AUDITED?

3 A. Yes. The controls over these processes had previously been documented and tested by the
4 Company's management as part of its 2020 Sarbanes-Oxley Section 404 ("SOX")
5 assessment. SOX requires management of all companies registered with the U.S.
6 Securities and Exchange Commission to assert that their internal controls over financial
7 reporting are effective in providing reasonable assurance over the reliability of their
8 financial statements. SOX also requires each Company's registered public accounting firm
9 to audit this assertion. Entergy, in its 2020 Form 10-K asserted that, at the corporate level,
10 internal controls over financial reporting were effective. We also issued an unqualified
11 opinion over Entergy's internal controls which is included in the 2020 Form 10-K.³
12 Pursuant to widely accepted protocols describing how Management must support their
13 assertions, as well as Public Company Accounting Oversight Board auditing standards for
14 auditors, this assertion and audit opinion is supported by significant documentation and
15 testing, both by Management and the auditor. Our testing procedures and documentation
16 support the Company's internal control assessment for all the processes and systems that
17 were relevant to the Summary of Hurricane Costs.

³ As the independent auditor for Entergy's 2020 year-end financial statements that were presented in Entergy's 2020 Form 10-K, Deloitte also provided an opinion on Entergy's internal control over financial reporting. Both Deloitte's opinion on the 2020 financial statements and opinion on internal controls over financial reporting are included within Entergy's 2020 Form 10-K.

1 Q22. DID YOU INDEPENDENTLY DETERMINE IF THE COMPANY ADHERED TO ITS
2 DOCUMENTED PROCESSES DURING THE ACCOUNTING FOR STORM COSTS?

3 A. Yes. In addition to reviewing the Company's documentation, we also performed
4 inquiries to develop an understanding of the Company's process to account for storm costs.
5 We have independently documented and tested the internal controls as of December 31,
6 2020 related to the accounting for storm costs as part of Entergy Corporation's integrated
7 audit. We have also inquired of the Company's management to confirm that there have
8 been no changes to those processes or internal controls through February 28, 2021.

9
10 Q23. DID YOU PERFORM ANY OTHER TESTS TO DETERMINE IF INTERNAL
11 CONTROLS WERE FUNCTIONING AS DESIGNED?

12 A. Yes. We have independently documented and tested the internal controls as of December
13 31, 2020 related to the accounting for storm costs as part of the 2020 Form 10-K audit. To
14 provide some perspective on the scope of internal controls testing, in addition to the testing
15 of internal controls that we perform during Entergy Corporation's annual financial
16 statement audit, we also tested the storm invoice processing control. We confirmed with
17 the Company that all storm costs outside of third-party invoices follow the Company's
18 standard internal controls that operate on an ongoing basis throughout the year. As we test
19 the standard internal controls in conjunction with Entergy Corporation's annual financial
20 statement audit, we subjected the storm cost selections to our standard testing procedures
21 of those controls. Our testing of storm controls covered the period September 1, 2020
22 through December 31, 2020, and covered transactions related to ELL costs specifically.

1 We have also inquired of the Company's management to confirm that there have been no
2 changes to those processes or internal controls through February 28, 2021.

3
4 Q24. DID YOU CONSIDER THE GENERAL COMPUTER CONTROLS OF THE ELL
5 SYSTEMS USED TO PROCESS AND STORE THE RELEVANT TRANSACTIONS?

6 A. Yes. General Computer controls, sometime known as GITCs (General Information
7 Technology Controls), are used to manage and control a company's information
8 technology activities. The controls are designed to provide integrity to the information
9 processing activities and the automated internal control and accounting procedures of the
10 company (*i.e.*, calculations and automatic posting of transactions). We confirmed our
11 understanding of the GITCs over the relevant applications and configurable controls for
12 the significant processes that impacted the reporting of storm costs. These processes
13 include payroll, accounts payable, inventory, service company billings, and general ledger
14 maintenance. Our procedures primarily consisted of testing these controls, as well as
15 reviewing the Company's results of testing from its SOX process. The types of GITCs that
16 we were most concerned with were those restricting the ability to gain access to or change
17 program functionality or data.

18
19 Q25. IN ADDITION TO THE PREVIOUSLY EXISTING INTERNAL CONTROLS OVER
20 THE PROCESSING OF TRANSACTIONS, DID THE COMPANY IMPLEMENT ANY

1 SUPPLEMENTAL PROCESSES OR CONTROLS OVER STORM COST
2 TRANSACTIONS?

3 A. Yes. Part of our procedures involved testing this internal storm cost review process. As
4 part of the procedures we performed for our attestation work, we documented and tested
5 the storm invoice processing control which encompassed an additional level of review on
6 the storm invoices. ELL's storm cost review process requires each invoice received from
7 third-party contractors to be internally audited prior to payment. This process was based
8 on the control procedures developed to process invoices for the restoration costs of
9 previous storms.

10

11 Q26. IS THE RESULT OF YOUR INTERNAL CONTROLS TESTING FOR PURPOSE OF
12 THIS ENGAGEMENT THE EXPRESSION OF AN OPINION THAT THE
13 COMPANY'S INTERNAL CONTROLS ARE EFFECTIVE?

14 A. No. Deloitte offers no internal control opinion either way as part of this Attestation
15 Examination. As described above, the purpose of our internal controls testing for the
16 Attestation Examination was to help us obtain an understanding of the subject matter and
17 assess the risk that the Company's internal controls might not detect an error in its
18 accounting. This risk assessment was then considered when we planned the design, timing,
19 and extent of our substantive transaction testing, which I discuss later in my testimony.
20 Therefore, the scope of our control testing was not designed to form an independent
21 conclusion about the Company's internal controls.

V. TRANSACTION TESTING

1
2 **Q27. HOW DID YOU DESIGN YOUR SUBSTANTIVE TRANSACTION TESTING**
3 **APPROACH?**

4 **A.** As discussed previously, the purpose of our engagement was to evaluate management's
5 assertion that the reported storm costs as reflected in ELL's Summary of Hurricane Costs
6 are fairly stated in all material respects. Our process of examining ELL Management's
7 Assertion required us to accumulate enough evidence to support management's assertion
8 that the Summary of Hurricane Costs was fairly stated, in all material respects. While the
9 evidence we obtained about ELL's internal controls provided a valuable foundation on
10 which to build our support, significantly more evidence was needed to support a conclusion
11 regarding ELL Management's Assertion. Therefore, we needed to design a substantive
12 testing plan to build upon the control testing with the goal of eventually gathering the level
13 of evidence we needed to develop our conclusion and written opinion.

14
15 **Q28. WHAT IS MEANT BY THE TERM "SUBSTANTIVE TESTING"?**

16 **A.** Substantive testing refers to the auditing or testing of individual transactions or account
17 balances to confirm that they are accurate. Examples of substantive tests include the review
18 of internal supporting documentation such as approved time sheets, expense reports, and
19 management analyses, as well as reviewing externally created evidence, such as vendor
20 invoices or third-party confirmation sent directly to the auditor.

1 Q29. HOW DID YOU DETERMINE YOUR SUBSTANTIVE TESTING PLAN?

2 A. In addition to considering our assessment of the reliability of internal controls, we also had
3 to consider the dollar value and transaction volumes of various types of transactions
4 included in each Summary of Hurricane Costs, as well as gain an understanding of the
5 sources of data supporting the Report. All transactions recorded in the Company's
6 accounting systems are assigned a code-block that provides details about the transaction
7 being recorded. Some important elements of ELL's code block for the purposes of this
8 project are:

9 • Business Unit - designates a regulated or unregulated company belonging to the
10 Entergy System. This is also used to identify the company that is responsible for the
11 performance of a transaction.

12 • Resource – defined as items used or consumed in the conduct of work activities.
13 Essentially, the Resource is used to track types and amounts of items consumed. For
14 example, some of the different Resource codes are for: contract work, payroll, payroll
15 taxes, and employee benefits.

16 • Project Code – the collection of tasks that usually have a start and stop date. Projects
17 are generally set up for the following purposes: billing inter-company services
18 provided, capturing storm damage costs, capturing costs specific to major regulatory
19 rate proceedings, cost tracking, budgets for planned capital additions and projects and
20 capturing the authorized capital expenditures.

21 ELL populated the individual line items of their Summary of Hurricane Costs by
22 generating queries from their general ledger program (also known as Peoplesoft) which

1 summarized all transactions that had specific combinations of code block elements for
2 specified periods of time.

3
4 Q30. DID YOU WAIT TO BEGIN YOUR ASSESSMENT AND TESTING UNTIL YOU HAD
5 ALL DATA THROUGH FEBRUARY 28, 2021?

6 A. No. We initially began working with data for the period September 2020 through October
7 2020; however, this data was eventually augmented by the combined transactions for the
8 months of November 2020, December 2020, January 2021, and February 2021. This detail
9 transaction data, such as number of transactions and dollar amount supporting each line
10 item combined with our assessment of control risk, provided us with the context we needed
11 to design detailed substantive transaction testing plans. Materiality was assessed
12 cumulatively for the periods noted above.

13
14 Q31. PLEASE PROVIDE A MORE DETAILED EXAMPLE OF YOUR SUBSTANTIVE
15 TESTING PLANNING PROCESS.

16 A. The design of our testing plan for the line item transaction titled "Storm Restoration Costs–
17 Contract Work" provides a typical example of our planning process and resulting
18 substantive testing plan. We had previously assessed the internal controls over the
19 Company's purchase and payables and supplemental storm invoice accounting process.
20 We determined that, through February 28, 2021, there were 19,631 Contract Work
21 transactions totaling \$1,536,352,364 of Storm Restoration Costs – Contract Work for ELL.
22 We reviewed the populations of Storm Restoration Costs – Contract Work to determine
23 whether there were individually significant transactions in this population. We selected

1 individually significant items from the population and subjected the remaining population
2 to a statistical audit sample. Based on our judgment, we considered individual transactions
3 greater than \$2,000,000 to be significant transactions for the purposes of this substantive
4 test of detail.

5
6 Q32. WHAT DO YOU MEAN BY THE TERM “STATISTICAL AUDIT SAMPLING”?

7 A. Audit sampling, as defined by AICPA Auditing Standards (AU-C 530), is the selection and
8 evaluation of less than 100% of the population of audit relevance such that the auditor
9 expects the items selected (the sample) to be representative of the population, thus, likely
10 to provide a reasonable basis for conclusions about the population. Statistical sampling
11 helps the auditor (a) design an efficient sample, (b) measure the sufficiency of the audit
12 evidence obtained, and (c) quantitatively evaluate the sample results. If audit sampling is
13 used, some sampling risk is always present. Statistical sampling uses the laws of probability
14 to measure sampling risk.

15
16 Q33. HOW DID YOU DETERMINE THE SAMPLE SIZES USED IN YOUR STATISTICAL
17 AUDIT SAMPLING, AND HOW DID YOU SELECT THE INDIVIDUAL ITEMS IN
18 YOUR SAMPLE?

19 A. To determine the appropriate sample sizes, we utilized a D&T-developed audit tool
20 designed to assist in determining required sample sizes. The primary variables and
21 judgments necessary to arrive at the sample sizes are discussed below:

22 Tolerable misstatement – a monetary amount set by the auditor in respect of which
23 the auditor seeks to obtain an appropriate level of assurance that the monetary

1 amount set by the auditor is not exceeded by the actual misstatement in the
2 population.

3 Estimated misstatement - Estimated misstatement is our estimate of the population
4 misstatement (made before performing audit sampling procedures).

5 Required level of assurance - In the context of audit sampling, the level of assurance
6 required and the resulting sample size is inversely related to the amount of sampling
7 risk we can accept. The greater the required assurance, the larger the sample size,
8 and the lower the sampling risk.

9 Our sample sizes are based on our assessed risk of material misstatement, our control
10 reliance approach, and the materiality of the account balance in relation to tolerable
11 misstatement. The sample size tables are based on the Poisson probability distribution
12 model. For this application of sampling, our risk assessment was higher (as opposed to
13 lower or significant) and we did not rely on the operating effectiveness of controls.

14 Considering all of these variables and assumptions, we concluded that, for the
15 population of Storm Restoration Costs– Contract Work incurred through February 28, 2021
16 of 19,631 Contract Work transactions (excluding those individually significant transactions
17 that were tested separately) totaling \$1,020,203,643, a sample of 261 transactions was
18 appropriate for ELL. We utilized a random sample selection methodology to select our
19 individual transactions. With this method, every transaction had the same probability of
20 being selected.

1 Q34. HOW DID YOU TEST THE TRANSACTIONS SELECTED AS INDIVIDUALLY
2 SIGNIFICANT ITEMS AND THOSE SELECTED THROUGH THE APPLICATION OF
3 STATISTICAL SAMPLING?

4 A. Using the Storm Restoration Costs– Contract Work as an example, we obtained source
5 documents supporting the 261 transactions (the total selected through the application of
6 statistical sampling for the period through February 28, 2021), for ELL from accounting
7 personnel. We then tested to determine that each selected transaction met the definition of
8 storm cost as defined in the criteria included in the Notes to the Summary of Hurricane
9 Costs. For example, when testing the Storm Restoration Costs – Contract Work, we tested
10 to determine whether:

- 11 • the respective invoice package had proper code-block approvals, supporting
12 documents (*e.g.*, invoices, purchase orders), and was properly authorized. During
13 this review of the invoice packages, we verified that the Company’s management
14 performed the review procedures in accordance with their policy for each of our
15 selections.
- 16 • the invoice amount included proper support for the costs incurred;
- 17 • the costs were properly charged to the correct project code (*e.g.*, reporting
18 jurisdiction, storm restoration cost vs. business continuity cost, and functional
19 split). This was achieved by reviewing the code block, confirming where the service
20 was provided, and validating the nature of the work performed as described in the
21 invoice; and
- 22 • the timing of the period of performance was reasonable given the nature of the
23 charges.

1 We performed similar sample selection and auditing procedures for each type of
2 storm cost deemed significant and that were included in the Summary of Hurricane Costs.

3 To provide a context to the scope of our substantive testing, for ELL, out of a total of
4 165,599 transactions processed through February 28, 2021 that total \$1,853,466,771, we
5 tested a total of 122 individual transactions that were considered individually significant
6 (totaling \$565,755,988), and 333 transactions on a statistical audit sampling basis.
7

8 **VI. RESULT OF TESTING**

9 Q35. WHAT WERE THE RESULTS OF YOUR TESTING?

10 A. We did not identify any exceptions as a result of our testing.
11

12 **VII. CONCLUSION**

13 Q36. WHAT ARE YOUR CONCLUSIONS RELATIVE TO THESE TESTING
14 PROCEDURES FOR ELL STORM COSTS?

15 A. Based on the results of our testing procedures, our Report of Independent Accountants for
16 the Company concludes that “in our opinion, Management’s Assertion referred to above is
17 fairly stated, in all material respects, based on the criteria set forth in Management’s
18 Assertion.”
19

20 Q37. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

21 A. Yes.

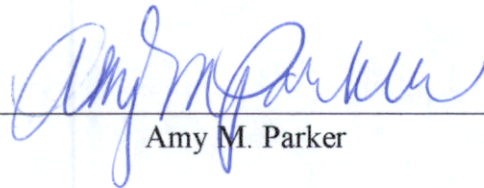
AFFIDAVIT

STATE OF LOUISIANA

PARISH OF ~~ST. TAMMANY~~ *Tangipahoa*

NOW BEFORE ME, the undersigned authority, personally came and appeared, **AMY M. PARKER**, 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.



Amy M. Parker

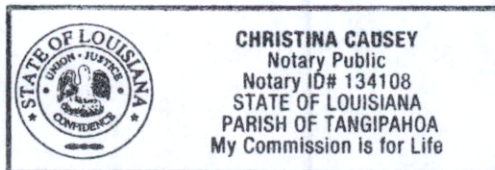
SWORN TO AND SUBSCRIBED BEFORE ME
THIS 19th DAY OF April, 2021



NOTARY PUBLIC

My commission expires: At Death

THIS DOCUMENT NOT
PREPARED BY
THE UNDERSIGNED NOTARY
ATTESTING TO SIGNATURES ONLY



NOTARY

STATE OF LOUISIANA

PARISH OF ~~ORLEANS~~

NOTARY PUBLIC CHRISTINA CADSEY

My Commission Expires 08/15/2023

My Commission Expires 08/15/2023

My Commission Expires 08/15/2023

My Commission Expires 08/15/2023

My Commission Expires 08/15/2023

Notary Public


THIS DOCUMENT PREPARED BY

NOTARY PUBLIC

My Commission Expires 08/15/2023



CHRISTINA CADSEY
 Notary Public
 Notary ID# 184108
 STATE OF LOUISIANA
 PARISH OF TANGIPAHOA
 My Commission Expires 08/15/2023



THIS DOCUMENT NOT
 PREPARED BY
 THE UNDERSIGNED NOTARY
 ATTESTING TO SIGNATURES ONLY

Entergy Louisiana, LLC

Summary of Hurricane Costs
Through February 28, 2021



Deloitte & Touche LLP
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New Orleans, LA 70139-7704
USA

Tel: +1 504 581 2727
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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Entergy Louisiana, LLC and its subsidiaries

We have examined management of Entergy Louisiana, LLC and its subsidiaries' (the "Company") assertion that the Summary of Hurricane Costs through February 28, 2021 is a complete and accurate presentation of valid storm costs, based on the criteria set forth in management's assertion. The Company's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the Summary of Hurricane Costs is a complete and accurate presentation of valid storm costs, based on the criteria set forth in management's assertion, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Company and the Louisiana Public Service Commission, and is not intended to be and should not be used by anyone other than the specified parties.

Deloitte & Touche LLP

April 19, 2021



Entergy Services, Inc.
639 Loyola Avenue
New Orleans, LA 70113

Management Assertion on the Summary of Hurricane Costs

Management of Entergy Louisiana, LLC has prepared the accompanying Summary of Hurricane Costs through February 28, 2021. Management asserts that the Summary of Hurricane Costs is a complete and accurate presentation of valid storm costs according to the criteria set forth below.

For purposes of this assertion management has defined valid storm costs as those costs that are directly related to Hurricane Laura, Hurricane Delta, and Hurricane Zeta (the "Storms"), were incurred through February 28, 2021, and are supported by appropriate documentation as required by the Company's policies and procedures at August 27, 2020. Costs directly related to the Storms include costs which were incurred to repair or replace the Company's electric generation, transmission, and distribution system and supporting operations, and the incurrence of liabilities which would not have otherwise occurred, as further described in the Notes to the Summary of Hurricane Costs.

For the purposes of this assertion, management has defined the complete and accurate presentation of valid storm costs in the Summary of Hurricane Costs as inclusion of all known costs incurred through February 28, 2021, and appropriately charged to a valid storm project code pursuant to the Company's policies and procedures at August 27, 2020, as further described in the Notes to the Summary of Hurricane Costs.

Entergy Louisiana, LLC
Summary of Hurricane Costs
Through February 28, 2021

Storm Restoration Costs	Costs Incurred Through February 28, 2021			Total	Explanatory Note (2)
	Hurricane Laura	Hurricane Delta	Hurricane Zeta		
Contract Work	\$ 1,256,920,717	\$ 151,147,128	\$ 128,284,519	\$ 1,536,352,364	A
Payroll costs	20,290,231	5,138,265	5,036,891	30,465,387	B
Employee expenses	33,534,847	12,878,441	10,215,756	56,629,044	C
Material and supplies	121,435,206	11,997,051	17,803,521	151,235,778	D
Other expenses	41,088,557	2,683,215	2,608,974	46,380,746	E
ESL Billings	18,539,192	2,165,509	1,778,045	22,482,746	F
Loaned Resources	6,556,935	635,509	2,728,262	9,920,706	G
Total storm restoration costs	\$ 1,498,365,685	\$ 186,645,118	\$ 168,455,968	\$ 1,853,466,771	

The accompanying notes are an integral part of this summary

Entergy Louisiana, LLC
Summary of Hurricane Costs
Through February 28, 2021

Functional distribution of storm restoration costs:	Costs Incurred Through February 28, 2021				Explanatory Note (2)
	Hurricane Laura	Hurricane Delta	Hurricane Zeta	Total	
Generation	\$ 18,048,892	\$ 440,850	\$ 196,653	\$ 18,686,395	H
Transmission	463,047,533	16,293,026	16,808,814	496,149,373	I
Distribution	1,017,269,260	169,911,242	151,450,501	1,338,631,003	J
Total storm restoration costs	<u>\$ 1,498,365,685</u>	<u>\$ 186,645,118</u>	<u>\$ 168,455,968</u>	<u>\$ 1,853,466,771</u>	
Capital distribution of storm restoration costs:					
Charged to capital accounts	\$ 1,285,252,301	\$ 162,561,059	\$ 137,387,799	\$ 1,585,201,159	K
Charged to operations and maintenance expense	213,113,384	24,084,059	31,068,169	268,265,612	L
Total storm restoration costs	<u>\$ 1,498,365,685</u>	<u>\$ 186,645,118</u>	<u>\$ 168,455,968</u>	<u>\$ 1,853,466,771</u>	

The accompanying notes are an integral part of this summary

Entergy Louisiana, LLC
Summary of Hurricane Costs
Through February 28, 2021

1. Summary of Significant Accounting Policies

Entergy Louisiana, LLC (“ELL”, “Entergy Louisiana” or the “Company”) is a wholly-owned subsidiary of Entergy Corporation (“Entergy”). Entergy is an integrated energy company engaged primarily in electric power production and the operation of retail distribution operations. Entergy owns and operates power plants with approximately 30,000 MW of electric generating capacity and delivers electricity to 3.0 million utility customers in Arkansas, Louisiana, Mississippi, and Texas. ELL is one of Entergy’s integrated utility companies serving customers in Louisiana.

The accompanying Summary of Hurricane Costs presents costs incurred from staging date August 21, 2020 through February 28, 2021 that were incurred directly as a result of the effects of Hurricane Laura, Hurricane Delta, and Hurricane Zeta. The costs referred to in the Summary of Hurricane Costs as “Storm Restoration Costs” include the cost to repair or replace the Company’s electric generation, transmission and distribution system and supporting operations. The Summary of Hurricane Costs includes a schedule of storm costs by major types and a schedule of storm restoration costs by functional and capital distribution.

For the purposes of this Summary of Hurricane Costs, the Company’s operations are classified as one of several functional areas: power generation (“generation”), high voltage transmission (“transmission”), and retail electric distribution (“distribution”).

The accompanying Summary of Hurricane Costs includes the storm costs of ELL. ELL maintains its accounting books and records in accordance with Federal Energy Regulatory Commission (“FERC”) and other regulatory guidelines, as well as in accordance with generally accepted accounting principles (“GAAP”). Entergy’s and ELL’s annual financial statements which contain a description of the Company’s accounting policies are included in its annual report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2021.

Hurricane Laura, Hurricane Delta, and Hurricane Zeta

In August and October 2020, Hurricane Laura, Hurricane Delta, and Hurricane Zeta caused significant damage to Entergy Louisiana’s service territory. The storms resulted in widespread power outages, significant damage to distribution and transmission infrastructure, and the loss of sales during the outages. Additionally, as a result of Hurricane Laura’s extensive damage to the grid infrastructure serving the impacted area, large portions of the underlying transmission system required nearly a complete rebuild. Total restoration costs, excluding costs for mutual assistance provided by partner utilities, for the repair and/or replacement of Entergy Louisiana’s electrical system damaged by Hurricane Laura, Hurricane Delta, and Hurricane Zeta are approximately \$1.85 billion, including approximately \$1.59 billion in capital costs and approximately \$268 million in non-capital costs.

Entergy Louisiana is considering all available avenues to recover storm-related costs from Hurricane Laura, Hurricane Delta, and Hurricane Zeta, including accessing funded storm reserve escrows and securitization.

In October 2020, Entergy Louisiana filed an application at the LPSC seeking approval of certain ratemaking adjustments to facilitate issuance of shorter-term bonds to provide interim financing for restoration costs associated with Hurricane Laura, Hurricane Delta, and Hurricane Zeta. Subsequently, Entergy Louisiana and the LPSC staff filed a joint motion seeking approval to exclude from the derivation of Entergy Louisiana’s capital structure and cost rate of debt for ratemaking purposes, including the allowance for funds used during construction, shorter-term debt up to \$1.1 billion issued by Entergy Louisiana to fund costs associated with Hurricane Laura, Hurricane Delta, and Hurricane Zeta on an interim basis.

In November 2020, Entergy Louisiana drew \$257 million from its funded storm reserves, and the LPSC issued an order approving the joint motion, and Entergy Louisiana issued \$1.1 billion of 0.62% Series mortgage bonds due November 2023.

In December 2020, Entergy Louisiana provided the LPSC with notification that it intends to initiate a storm

Entergy Louisiana, LLC
Summary of Hurricane Costs
Through February 28, 2021

cost recovery proceeding in the near future, which will permit the LPSC to retain any outside consultants and counsel needed to review the storm cost recovery application.

In February 2021 the LPSC voted to retain outside counsel and consultants to assist in the review of Entergy Louisiana's upcoming storm cost recovery application, which is expected to be filed in March 2021.

Property, Plant, and Equipment

Property, plant, and equipment (also referred to as "Capital") additions are recorded at original cost. Normal maintenance, repairs, and minor replacement costs are charged to operating expenses.

Entergy and ELL capture and report costs by utilizing project codes. Storm project codes were requested and approved when storm damage was sustained to generation, distribution, transmission, and general plant. Project codes for mass property such as distribution assets (i.e., poles, wires, transformers) were subject to storm allocation processes that apportioned storm costs between capital and operation and maintenance expense ("O&M") based on the material issued and historical storm cost analysis. Materials issued for storms consist of stock items, which are identified as capital retirement units or O&M stock items. Capital retirement units and their associated costs based on historical storm cost analysis are apportioned to capital, while the remainder of costs is apportioned to O&M. For all other functions, a determination was made about whether the storm related project was capital or O&M based upon whether that project was in support of a capital retirement unit, as defined by the FERC. The accompanying Summary of Hurricane Costs disclose the components of storm costs as either capital or O&M, and also disclose the function to which those costs were assigned based upon the related project code.

Expenditures associated with a capital retirement unit where the expected service life is greater than one year are recorded as capital additions. The cost of an addition to a retirement unit of a minor item of property that did not previously exist is considered O&M except where the minor item represents a substantial addition, as defined by the policies and procedures for each functional unit. Expenditures not related to retirement units for major storms, and therefore not considered capital, are classified as O&M.

Capital allocations also include an allocation of certain common costs ("capital suspense") such as engineering and supervision costs associated with capital projects when these costs benefit a multitude of projects rather than being attributable to a single capital project. These costs are generally allocated to the storm project codes by Entergy's accounting system based upon a calculated function specific allocation rate which is determined by dividing the amounts of dollars budgeted to capital suspense pool projects by total capital project dollars budgeted for a period, and applying that ratio to the dollars of capital specific project costs accumulated during that period.

Billings from Entergy Services, LLC

Entergy Services, LLC ("ESL"), a corporation wholly-owned by Entergy Corporation, provides management, administrative, accounting, legal, engineering, and other services to ELL, as well as other Entergy subsidiaries. ESL provides its services to ELL on an "at cost" basis, determined using cost causative factors pursuant to service agreements that were previously approved by the SEC under PUHCA 1935 and those subsequently approved by the FERC following adoption of PUHCA 2005.

Entergy Louisiana, LLC
Summary of Hurricane Costs
Through February 28, 2021

2. Definition of Line Items in the Summary of Hurricane Costs

The Summary of Hurricane Costs and definitions described below should be read in conjunction with the Company's policies and procedures at the date of the storms and as updated through February 28, 2021. The following definitions were used by ELL to determine whether costs included in the Summary of Hurricane Costs were complete, accurate and valid:

- A. Includes third party charges from contractors directly attributable to the storms, charged to a valid storm project code and supported by appropriate documentation as defined by pre-existing company policies and procedures (e.g., vendor invoices, contracts.)
- B. Includes the cost of internal labor directly attributable to the storms, charged to a valid storm project code and supported by appropriate documentation as defined by pre-existing company policies and procedures. Cost represents the fully loaded labor cost including applicable benefits, taxes and other payroll overhead allocations.
- C. Includes employee expenses directly attributable to the storms, charged to a valid storm project code and supported by appropriate documentation as defined by pre-existing company expense reimbursement policy and procedures (e.g., receipts, internal expense reports, etc.). Includes categories of costs such as meals, lodging and other employee related expenses.
- D. Includes cost of materials and supplies directly attributable to the storms, charged to a valid storm project code, and supported by appropriate documentation as defined by pre-existing company policies and procedures. Costs include burdens and overheads allocated to materials issued.
- E. Includes other charges incurred at ELL resulting from the storms, supported by appropriate documentation as defined by pre-existing company policies and procedures and charged to a valid storm project code, not elsewhere included on this schedule.
- F. Includes billings from Entergy Services, LLC for the Company's share of costs incurred at ESL that were directly attributable to the storms, charged to a valid storm project code and supported by appropriate documentation as defined by pre-existing company policies and procedures.
- G. Includes billings from Entergy affiliates for the Company's share of costs incurred at those companies that were directly attributable to the storms, charged to a valid storm project code and supported by appropriate documentation as defined by pre-existing company policies and procedures.
- H. Costs included in this category represent costs accurately charged to a Generation specific project code based upon the nature of the cost incurred and/or work performed.
- I. Costs included in this category represent costs accurately charged to a Transmission specific project code based upon the nature of the cost incurred and/or work performed.
- J. Costs included in this category represent costs accurately charged to a Distribution specific project code based upon the nature of the cost incurred and/or work performed.
- K. Represents costs classified as capital based upon the FERC Uniform System of Accounts and based upon whether or not a project constitutes a retirement unit, as defined.
- L. Represents costs classified as O&M based upon the FERC Uniform System of Accounts and based upon whether or not a project constitutes a retirement unit, as defined.