care, water/sewage/drainage, natural gas, food, and communications systems and services. Due to a variety of trends, customers' dependence upon the electric grid is increasing, which, in turn, is increasing demands and expectations for a resilient system. With today's reliance on technology and communication, the challenges customers face from power outages are more significant than was the case in prior decades. Additionally, the impact of outages is only expected to increase over the next decade due to the increasing electrification of technology and industrial processes, including the use of electric vehicles and other sustainability efforts, creating new, potentially significant risks from prolonged outages. And, returning to the risks posed by severe weather that I discussed previously, after Hurricane Ida in 2021, ELL's customers made it clear that they need power restored more quickly after a major storm event.

Technological advancements are also changing the way electricity can be supplied, distributed, and consumed. Supply alternatives such as utility-scale solar photovoltaic ("PV") are becoming increasingly viable options for serving customers under the appropriate circumstances. Customers increasingly are also generating their own energy through Distributed Energy Resources ("DER"), such as residential-scale solar PV systems, and interconnecting those DERs to the electric distribution grid. Customers expect that the electric distribution grid will accommodate and facilitate their adoption of these and other technologies, like electric vehicles. Technological advancements have changed customer expectations regarding how they interact with their service providers and how they manage the services that are provided. Technological advancements have also led to increasing energy efficiency and reductions in usage per customer, particularly in the residential and small commercial customer classes. Added to these advancements is the wealth of knowledge and services that are available to consumers via the internet, and, over the past several years, there has been a significant increase in customers' expectations that they be able to access information and manage services via mobile devices like smart phones and tablets.

Q34. DID COVID-19 AFFECT CUSTOMER EXPECTATIONS FOR THE DISTRIBUTION SYSTEM?

A. Yes, I believe so. Even before COVID-19, reliance on the electric system by businesses and households had expanded over the preceding decade as e-commerce and related in-store payment by credit-card transactions displaced traditional retail sales, in addition to the significant increase in reliance on cell phones and computers as part of daily life. As COVID-19 brought stay-at-home orders and other measures for reducing the spread of the virus, e-commerce spending accelerated, with many consumers relying on online shopping for the first time. As the e-commerce industry continues its growth, customer expectations for reliable electric service in their homes and businesses will likewise increase for this additional reason. Likewise, when COVID-19 struck, numerous employers instructed their employees to work remotely to mitigate the spread of the virus. Some employers, in the wake of that experience, have adopted more flexible work policies that allow workers to work remotely some or all of the time. And even workers who generally commute to their employer's place of business each day now, in many cases, need and expect to be able to work remotely from time to time if they wish to do so. These emerging trends in work practices have increased customers' dependence upon electricity, which is essential to most remote work activities.

Q35. WHAT STEPS HAS THE COMPANY TAKEN TO MEET CUSTOMER EXPECTATIONS IN THE FACE OF FUTURE THREATS?

A. I discussed above the steps that ELL has taken to strengthen and modernize its generation, transmission, and distribution systems, the work that remains to be done, and the importance of cost recovery mechanisms like ELL's FRP (including the ACM, TRM, and DRM components) to support those efforts. To address customer expectations of quicker power restoration after severe weather events that have become more frequent and severe in Louisiana, ELL has submitted to the Commission its Resilience Plan in Docket No. U-36625.

Q36. BRIEFLY, WHAT IS THE RESILIENCE PLAN INTENDED TO ACCOMPLISH?

A. The Resilience Plan is the Company's proposal to improve overall electric system resilience through an accelerated infrastructure hardening and vegetation management effort over the 10-year period from 2024 to 2033. The projects being proposed as part of the Resilience Plan were selected and evaluated for their ability to aid the Company's efforts to avoid, mitigate, survive, and/or recover from the effects of disruptive weather events. The Company is proposing to harden certain distribution and transmission assets to standards designed to better withstand the extreme conditions caused by severe weather events. The Company also is proposing to construct additional transmission structures to limit cascading failures that can occur during such major storm events. While such projects should be expected to have positive impacts on the day-to-day operations of the Company's utility system under normal conditions by further protecting against and mitigating outages, they are focused more particularly on preparing the electric system to withstand and recover from severe, non-normal weather events.

It is important to understand, however, that the projects presented in the Company's Resilience Plan are not intended to strengthen every line, pole, or piece of equipment on the Company's system.[44] Such a plan would be cost-prohibitive. Nevertheless, it is clear that a substantial investment in infrastructure is warranted, and that investment is expected to benefit customers in the long run. More specifically, the Resilience Plan is an important component of ELL's preparation to meet customer expectations and is expected to provide significant benefits for customers in excess of cost (in the form of reduced restoration costs and reduced number and duration of outages).

Q37. HOW DOES THE COMPANY'S RESILIENCE PLAN RELATE TO THE INSTANT RATE PROCEEDING?

A. As Mr. O'Malley explains, although the Company is not proposing to recover the costs of the Resilience Plan as part of this proceeding, the requests that ELL is making in the current Application are necessary to allow ELL to undertake the Resilience Plan and to

[44] In addition to the Resilience Plan, ELL also will continue investing in its traditional reliability and infrastructure programs to maintain and improve its distribution system, all as described by Mr. Benyard.

obtain the capital needed to make the other necessary investments in its transmission and distribution systems (described above and by Mr. Benyard) at a reasonable cost and to maintain the overall financial health of the Company. Indeed, even should the particular Resilience Plan proposed by ELL be rejected in favor of a smaller and/or slower paced plan, it remains essential that ELL invest in resilience. The Company is well aware that adding the Resilience Plan to the anticipated level of investment required for the Company's ongoing, planned capital programs amounts to a significant price tag for customers, but forgoing the Resilience Plan will result in an even greater price tag for customers. As I noted previously, customers' need for affordability guided the development of the Rate Mitigation Proposal that ELL is recommending to position the Company to undertake the Resilience Plan and other programs and improvements to strengthen the grid.

Q38. HAS THE COMPANY PURSUED FEDERAL FUNDING TO HELP ADDRESS THE COST IMPACT TO CUSTOMERS ASSOCIATED WITH INVESTMENTS IN ITS SERVICE AREA?

A. Yes. The Company has raised with state and federal agencies the need for increased resilience investment grants that will enable additional hardening investment while also addressing bill impacts to customers. The Company also intends to apply for federal funds made available that may provide resilience benefits for ELL and its customers and that align with the Company's resilience goals in the State of Louisiana. For example, the Company has applied for funding through the United States Department of Energy ("DOE") in connection with proposed grid resilience projects involving the hardening of distribution circuits and the creation of a battery-powered microgrid in two communities in the Baton Rouge area.[45] Any such grant proceeds received by ELL would be for the benefit of customers, as opposed to the Company.

In addition, the Company has been engaged in ongoing discussions with local, state, and federal entities, together with the Commission, to seek out funding opportunities for investments intended to modernize its infrastructure for the benefit of its customers such as those available to electric cooperatives through the Stafford Act (42 U.S.C. 5172, *et seq.*). Traditionally, when an electric cooperative's service territory is included in a Presidentially-declared disaster area, FEMA reimburses a co-op at least 75 percent of the allowed costs of replacing damaged and destroyed co-op facilities.[46] Investor-owned utilities historically have not had access to such federal relief even though their customers are similarly affected by these disasters and pay federal income taxes. As noted by the Commission in LPSC Resolution No. 01-2021, *In re: Resolution directed to Louisiana's Congressional Delegation to take any necessary action to ensure federal disaster relief be made available to all Louisiana electric utilities affected by the 2020 and 2021 storms, and ultimately the ratepayers and citizens of Louisiana*, an expansion of Stafford Act relief to allow all electric utilities to cover all or part of storm-related losses would mitigate not only the impact on the citizens of

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[45] The Commission adopted Resolution No. 01-2023 in April 2023 urging and requesting the DOE to approve ELL's application for funding. See LPSC Resolution No. 01-2023 (April 26, 2023).

[46] For Hurricanes Laura and Ida, FEMA's normal cost-share rate of 75 percent was raised to 90 percent. See FEMA, FEMA Cost Share Adjustment Grants Louisiana more Funds for Public Assistance in Hurricane Laura Recovery, The Federal Emergency Management Agency (March 23, 2021), available at https://www.fema.gov/press-release/20210323/fema-cost-share-adjustment-grants-louisiana-more-funds-public-assistance; FEMA, FEMA Announces 90/10 Cost Share Adjustment, The Federal Emergency Management Agency (March 18, 2022), available at https://www.fema.gov/press-release/20220318/fema-announces-9010-cost-share-adjustment.

Louisiana, but also on some of the nation's critical infrastructure industries that are located in the State.

Q39. WILL YOU NOW DISCUSS THE FUTURE GROWTH OPPORTUNITIES FOR WHICH THE COMPANY MUST PREPARE ITSELF?

A. Yes. In terms of preparing for future growth opportunities, the Commission's leadership and ELL's prudent management of its resources have allowed ELL's customers to enjoy some of the lowest rates for electric service in the nation. Low energy costs, coupled with Louisiana's oil and natural gas pipeline networks and access to deep water ports that support shipping and waterborne commerce, have long made the state an attractive location for manufacturing and refining of liquified natural gas ("LNG") and other industrial processes that are critical to the nation's energy security. Recent legislative incentives, described by Ms. Beauchamp, have also increased interest in Louisiana serving as a hub for the manufacturing of clean hydrogen, blue ammonia, and other low or no carbon fuels. However, low rates and Louisiana's pipeline and transportation networks are no longer sufficient on their own to continue to make the State an attractive location for customers in these industries. Increasingly, companies that operate in these sectors are announcing sustainability and decarbonization goals, which goals are being driven by these companies' own customers', as well as their investors', desires to see a reduction in the carbon footprint of their operations. Access to renewable energy from ELL is one important way in which these customers are seeking to decarbonize their operations. Accordingly, it will be critical for ELL and the Commission to facilitate an environment in which ELL can provide customers with more sustainable resources.

Q40. WHAT WILL ELL AND THE COMMISSION NEED TO DO TO HELP ENSURE THAT LOUISIANA BENEFITS FROM THE ANTICIPATED EXPANSIONS IN THESE SECTORS OF THE ECONOMY?

A. As Ms. Beauchamp describes, it is critically important for ELL and the Commission to facilitate an environment in which customers have a path to meeting their announced sustainability goals. Thus, in addition to continuing to provide reliable electric service at a reasonable cost, ELL will need to expand the amount of renewable and carbon-free resources in its generation portfolio. As Ms. Beauchamp further discusses, ELL anticipates that its ability to continue reliably serving load will also require additional transmission investment. To that end, as part of the Midcontinent Independent System Operator, Inc.'s ("MISO") MTEP23 planning cycle, ELL proposed several transmission projects that will provide, among other benefits, additional load-serving capability along the Mississippi River corridor between New Orleans and Baton Rouge, where several prospective large industrial customers have indicated interest in interconnecting to ELL's transmission grid.

ELL will also need to provide products like the recently approved Geaux Green Option rider ("Rider GGO")[47] and the recently proposed Geaux Zero-Emission

[47] See, LPSC Order No. U-36190.

Resource Option rider ("Geaux ZERO")[48] that allow prospective and current customers to directly access the environmental attributes of these resources. It is important to note that because products like Riders GGO and Geaux ZERO operate under the Commission's oversight, the Commission can ensure that the products are designed in a way that fairly allocates the costs and benefits of new renewable resources among participants and other customers.

Q41. WHY ARE THESE RESOURCE ADDITIONS RELEVANT TO CONSIDER IN THE INSTANT RATE PROCEEDING?

A. As Ms. Beauchamp and Mr. O'Malley describe, adding renewable resources to ELL's portfolio at the pace required to both maintain reliable service and meet the needs of ELL's customers will require significant investment from ELL and third-party developers. In this proceeding, ELL is requesting that the Commission adopt credit supportive ratemaking mechanisms that will enable ELL to make these investments while remaining financially healthy and maintaining its creditworthiness. Specifically, ELL is requesting that the Commission extend and enhance current cost recovery mechanisms in a manner that will allow ELL to make the necessary investments in renewable generation resources which are, in turn, necessary to catalyze potential economic growth in the State of Louisiana. Ms. Maurice-Anderson describes these mechanisms in greater detail in her testimony.

[48] See, LPSC Docket No. U-36697, In re: Application for Approval of an Alternative Process to Secure up to 3,000 MW of Solar Resources, Certification of Those Resources, Expansion of the Geaux Green Option, Approval of a New Renewable Tariff, and Related Relief.

VI. SUMMARY OF THE RATE CASE

Q42. PLEASE SUMMARIZE THE COMPANY'S RATE CASE IN THIS PROCEEDING.

A. As I discussed above, ELL's Application presents two alternative paths for the Commission's consideration – the Rate Case and the Rate Mitigation Proposal. The Rate Case is tantamount to a compliance filing stemming from the most recent extension of the Company's FRP granted by the Commission. The Rate Mitigation Proposal that the Company recommends pursuing is the more streamlined path to resetting ELL's rates because it would extend the predictability of ELL's recovery mechanisms and avoid the prolonged uncertainty and costly proceedings that are typically required with rate cases.

With that said, as required by LPSC Order No. U-35565, ELL's Application presents a full COS filing, along with all associated supporting data and information. ELL's analyses demonstrate, among other things, that the Company should be collecting at least $430 million in additional revenue from customers compared to what it has been collecting under its current FRP. Specifically, the Direct Testimony and accompanying analyses submitted with the Rate Case support the Commission's continuing current ratemaking mechanisms, with modifications, and adopting certain new ones such as:

- An initial revenue requirement increase (net of one-time credits) of $430 million to allow the Company to earn its authorized rate of return;
- An ROE of 10.5%;
- Approval of updated depreciation rates that return capital to ELL on a timeline that aligns with the expected life of the underlying asset;

- Incorporation of the net effect of known and measurable increases to rate base and offsetting effects of increased load through August 31, 2024;
- Approval of a ratemaking treatment of Production Tax Credits ("PTCs") recently enabled by the Inflation Reduction Act of 2022 ("2022 IRA") that will align the benefits of those credits with the recovery of the costs of the generating resources that create PTCs as well as avoid cash-flow shortages for the Company;
- Reauthorization of the Company's implementation of an FRP for a three-year term following implementation of rates informed by the COS study, taking into account certain modifications to the Company's existing FRP that are necessary to meet the Company's needs for timely recovery of investment, as described by Ms. Maurice-Anderson;
- Approval of the shifting of trust funding from the River Bend decommissioning trust to the Waterford 3 decommissioning trust without changing the current combined decommissioning revenue requirement; and
- Approval of an increase in the Company's storm reserve accrual from $5.6 million to $12.4 million per year, and ELL's recovering over ten years minor storm costs currently recorded in the storm reserve.

Q43. IS THE COMPANY ALSO SEEKING TO CHANGE ITS RATE STRUCTURE?

A. Yes. As described by Ms. Ingram, although the Commission approved the combination of Legacy EGSL and Legacy ELL into one company nearly eight years ago, the base rate schedules and the majority of the riders of the two legacy companies have not been combined. The Company's Application includes consolidating the rate options for Legacy ELL and Legacy EGSL across several customer classes and proposing rate combinations for residential and certain other customers such that they have access to the same set of base rates and riders (subject to the eligibility criteria in each tariff), regardless of their physical location, which would reduce the complexity of the current dual rate structures applicable to Legacy ELL and Legacy EGSL customers and serve as the logical next step following the Commission's approval of combining ELL's predecessors in interest into the single entity that exists today. Company witnesses Ms. Ingram and Matthew S. Klucher discuss the legacy rate combinations in their testimony, including the base rate schedules being combined between the legacy companies. Ms. Ingram also describes the Company's customer-centric proposals to reduce late fees and certain other fees assessed to customers, lower AFC rates, provide eligible low-income seniors with monthly discounts on their electric bill, add new voluntary customers options to support new transportation electrification technologies, and other recommended changes to ELL's Tariff Book, including elimination of ELL's Fuel Tracker Rider.

Q44. YOU DESCRIBED EARLIER ELL'S CURRENTLY PENDING APPLICATION FOR APPROVAL OF ITS PROPOSED RESILIENCE PLAN AND AN ASSOCIATED COST RECOVERY RIDER. IS THE ANTICIPATED COST OF

THAT INVESTMENT INCLUDED WITHIN THE REVENUE REQUIREMENT ELL IS SEEKING TO RECOVER IN THE RATE CASE?

A. No, as I explained above, the contemplated investments pending approval in ELL's Resilience Plan application have not been included within the revenue requirement that ELL is submitting in the Rate Case (or in the Rate Mitigation Proposal) in this proceeding. In other words, ELL is not seeking to recover the costs associated with the Resilience Plan in this Application. Rather, ELL has proposed a separate, dedicated cost recovery mechanism to address those costs in LPSC Docket No. U-36625.

As I described above, the distribution and transmission investments that have been included within the revenue requirement in the Rate Case are complementary to the Resilience Plan investments but serve a different purpose. Whereas the Resilience Plan is geared toward resilience and storm hardening, the investments discussed in this Application are focused on the reliability of ELL's transmission and distribution systems and the continued modernization of ELL's distribution facilities.

Q45. IS THE COMPANY SEEKING TO ADDRESS COSTS ASSOCIATED WITH COVID-19 IN THIS FILING?

A. No. With respect to the costs the Company incurred due to the Commission's COVID-19 related orders (namely, Executive Order dated March 13, 2020, and Special Order 22-2020, as amended by Special Order 28-2020), the Company will make a separate filing to address those one-time costs. As is consistent with LPSC Order No. U-36350-C, the Company intends to fund some or all of the COVID-19 related costs with interest earned through interest earnings generated by the retention of some certain shorter-term debt. Recovery of any remaining COVID-19 related costs not satisfied by those interest earnings will be addressed through a separate Commission Order.

Q46. WHO ARE THE OTHER WITNESSES PRESENTING TESTIMONY IN SUPPORT OF ELL'S RATE CASE?

A. The other witnesses filing testimony in support of the Rate Case presented in ELL's Application include:

- Steven N. Benyard – Vice President of Reliability. Mr. Benyard describes the Power Delivery Organization, which is responsible for planning, operating and maintaining ELL's transmission and distribution systems, as well as the Capital Projects Organization, which designs and constructs ELL's transmission and distribution systems. He also provides an overview of the Company's transmission system and discusses ELL's transmission planning procedures, including transmission reliability planning in connection with ELL's participation in the MISO Regional Transmission Organization. He also provides details about ELL's planned financial investment in maintaining and improving the reliability of its transmission system, which includes discussion of some of the major transmission improvement projects that ELL anticipates constructing in the coming years. In addition, Mr. Benyard provides an overview of ELL's distribution system, including details about ELL's planned financial investment in maintaining, modernizing, and improving the reliability of its distribution system. Finally, he explains the unique challenges posed to ELL's distribution system, describes ELL's distribution reliability performance relative to the DRM Performance Accountability Standards adopted in LPSC Order No. U-35565, and discusses the accountability targets ELL proposes to put in place as part of its plan to continue, and expand, the DRM, which modified targets would apply under both the Rate Case and the Rate Mitigation Proposal.

- Laura K. Beauchamp – Director, Resource Planning and Market Operations. Ms. Beauchamp describes the Company's present and upcoming needs (during the 2023-2027 time period) for investment in additional generation resources – particularly solar photovoltaic ("PV") generation resources – as well as the nature of additional transmission investments the Company anticipates making during that time. She also describes how ELL's recent past investments in modern, dispatchable, gas-fired generation have paved the way for integrating renewable resources into ELL's generation portfolio in a manner that preserves reliability and allows ELL's customers to enjoy the economic benefits that solar PV resources can provide. Finally, she explains the growing demand for renewable resources from ELL's customers and new customers looking to invest in the State of Louisiana (a determining factor of which is the utility's ability to serve the customer with renewable generation), which demand is driven by these customers' sustainability targets and those of their own customers and investors.
- Ryan E. O'Malley – Controller of Utility Operations Accounting. Mr. O'Malley explains how the continuation of a constructive regulatory environment is critical to maintaining ELL's creditworthiness and enabling it

to make needed investments. In connection with the Rate Case, he supports the basis for Adjustment AJ35 (Plant Transfers) and also summarizes the major projects driving the plant closings reflected in the adjustment. Finally, he supports ELL's request to increase the storm reserve accrual from $5.6 million to $12.4 million per year and to recover over 10 years minor storm costs currently recorded in the storm reserve.

- Alyssa Maurice-Anderson – Director of Regulatory Filings and Policy for ESL. Ms. Maurice-Anderson provides an overview of the Company's existing FRP, including a discussion of how both the Company and its customers have benefitted from the current FRP and its components, and describes the benefits of continuing to use the FRP for setting rates for a new three-year term (Evaluation Periods 2024-2026). She also discusses some of the modifications that are necessary (under both the Rate Case and the Rate Mitigation Proposal) to meet the additional needs for timely recovery of investment. Finally, she explains why both the Rate Case and the Rate Mitigation Proposal provide an appropriate framework for setting just and reasonable rates for ELL and, therefore, are in the public interest.
- Elizabeth C. Ingram – Director, Regulatory Affairs. Ms. Ingram describes the tariff changes proposed by the Company, including two new rate riders to support customers in transportation electrification (which the Company proposes to add under both the Rate Case and the Rate Mitigation Proposal). She also addresses the policy reasons for the Company's proposals to streamline and simplify many of its rates, including rate combinations identified by Mr.

Klucher, reductions in late fees and certain other fees, elimination of the Company's Fuel Tracker Rider, as well as a few other policy issues.

- Adrien M. McKenzie, CFA – President, FINCAP, Inc. Mr. McKenzie presents an independent assessment of the just and reasonable ROE for the Company's jurisdictional electric utility operations. He also examines the reasonableness of the Company's capital structure, considering both the specific risks faced by the Company, as well as other industry guidelines.
- Todd A. Shipman, CFA – Principal, Utility Credit Consultancy LLC. Mr. Shipman explains what credit ratings are, the importance of utility credit ratings in regulatory decision-making, and the analytical framework used for determining utility credit ratings. He also provides information regarding the overall utility industry's financial outlook from a ratings perspective. Finally, Mr. Shipman summarizes ELL's current credit ratings and discusses what the credit rating agencies monitoring ELL would view as a supportive decision in this proceeding.
- Stacey L. Whaley – Senior Manager, Regulatory Income Tax. Ms. Whaley provides income tax related information and recommendations in support of the relief requested in the Rate Case. Specifically, her recommendations concern the Company's proposed ratemaking treatment of accumulated deferred income taxes ("ADIT") arising out of the 2022 IRA and ADIT subject to Financial Accounting Standards Board Interpretation No. 48.
- Chris E. Barrilleaux – Senior Manager, Regulatory Filings. Mr. Barrilleaux provides a summary of ELL's requested $447 million base rate revenue increase

(not including one-time credits) as supported by the COS study, along with its components. He also supports the accuracy of the Company's per book accounting data for electric operations presented in the Company's Application for the twelve-month historical test period ended December 31, 2022 ("Test Year"), as well as the pro forma adjustments to the Test Year. Finally, he describes the COS study prepared by the Company.

- Crystal K. Elbe – Manager of Utility Pricing and Analysis. Ms. Elbe supports the Rate Case aspect of the Company's Application, specifically, the development of the Company's (1) Present Base Rate Revenue by rate class used in the development of the COS study, (2) rate design that reflects changes to base rate schedules necessary to produce the level of revenue consistent with the retail revenue requirement resulting from the COS study, and (3) Proposed Base Rate Revenues that result from the application of the proposed base rates to the appropriate billing determinants. She also sponsors the calculation of the updated AFC rate and the rate calculation, accounting treatment, and depreciation rate for the proposed Charging Infrastructure Rider. Finally, Ms. Elbe presents the typical bills that would result from the base rates proposed by ELL that were developed based on the COS study.
- Matthew S. Klucher – Director, Utility Rates and Pricing. Mr. Klucher addresses the Company's rate design goals and the rate design principles relied on to move toward a single set of tariffs for all customers. In doing so, he supports the Rate Case aspect of the Company's Application, namely, the revised Company retail rate classes, certain modifications to the residential rate

schedules, and the development of the external allocation factors used by the Company in the COS study. He also describes ELL's proposed revenue allocation by rate class and discusses why, in the Rate Case, ELL is not setting the revenue to be recovered from each rate class based solely on the results of the COS study.

- Kenneth F. Gallagher – President, KFG, Inc. Mr. Gallagher supports the Rate Case aspect of the Company's Application. In doing so, he provides the updated funding requirements for the decommissioning trusts maintained for the LPSC-retail jurisdictional portions of the Waterford 3 and River Bend generating facilities owned by ELL. These funding requirements support Adjustment AJ30 (Decommissioning Expense Adjustment) discussed by Mr. Barrilleaux. Mr. Gallagher also presents the Lead-Lag analysis, which supports Adjustment AJ19 (Cash Working Capital) discussed by Mr. Barrilleaux.
- Dane A. Watson, PE, CDP – Partner, Alliance Consulting Group. Mr. Watson sponsors and explains the depreciation rate study for ELL's depreciable tangible assets subject to the Commission's jurisdiction that was conducted by Alliance Consulting Group. He also supports and justifies the recommended depreciation rate changes in the Rate Case for ELL's facilities based on the results of the depreciation study.

VII. RATE MITIGATION PROPOSAL

Q47. PLEASE DESCRIBE THE COMPANY'S RATE MITIGATION PROPOSAL.

A. As I discussed above, rather than setting its rates in accordance with the COS revenue requirement or incurring the costs of fully litigating the Rate Case over the next year or more, ELL is recommending that the Commission extend the Company's current FRP for three years. As discussed in detail by Ms. Maurice-Anderson, both the Company and its customers have benefitted from the current FRP and its components, and there likewise are benefits associated with continuing to use the FRP for setting rates for a new three-year term (2023-2025), albeit with limited but necessary modifications to ELL's Rider FRP, which I highlight below.

Under the Rate Mitigation Proposal, ELL is proposing to reduce the $430 million revenue requirement increase supported by the COS study to approximately $173 million. ELL also is proposing an ROE of 10.0%. Under the Rate Mitigation Proposal, the increase in depreciation expense (as compared to the Rate Case) is reduced by limiting the update to nuclear depreciation rates only, with the more limited increase to depreciation expense being phased in over three years. The Company also is proposing to eliminate its Fuel Tracker Rider and will pursue the customer-centric changes that I noted above, namely, reduced late and certain other fees assessed to customers, lower AFC rates, providing eligible low-income seniors with monthly discounts on their electric bill,[49] and adding new voluntary customer options to support new transportation electrification technologies, all of which changes and programs are described by Ms. Ingram in connection with the Rate Case. The Company also is pledging $2 million in shareholder funding to support programs to assist customers in need and make free home energy efficiency kits available to customers.

In summary, the Rate Mitigation Proposal represents ELL's efforts to maintain both rate affordability for customers and the creditworthiness required to upgrade and strengthen the electric grid. The regulatory blueprint set forth in ELL's Application also holds the Company accountable to customers as it completes work to strengthen the grid. As I noted previously, and as Mr. Benyard discusses in his testimony, ELL is proposing to adhere to the most stringent reliability standards of any power provider in Louisiana, with financial consequences and customer credits for failing to meet predetermined reliability goals.

Q48. PLEASE DISCUSS FURTHER HOW THE COMPANY'S AGREEING TO ACCEPT LOWER RATES AND A LOWER ROE HELPS ITS CREDITWORTHINESS AND SERVES ITS CUSTOMERS.

A. In its recent Credit Opinion, Moody's expressed its expectation that the Company would include a request to extend its FRP for future ratemaking in its Rate Case filing,

[49] Eligible low-income seniors will have access to a rider that will provide such a discount on their monthly electric bill as part of the Company's proposed, combined residential rate structure as discussed by Ms. Ingram. Other non-price-related modifications to the Tariff Book proposed in the Rate Case (as detailed in Exhibit ECI-7 to the testimony of Ms. Ingram) would not be a part of the Rate Mitigation Proposal but could be considered in a separate phase of the proceeding.

and Moody's also noted that it will view the instant proceeding "to be a test of the strength of ELL's regulatory relationships in the state."[50] Thus, as I discussed above, if accepted by the Commission, the Company's Rate Mitigation Proposal will send positive signals about the ratemaking construct and ELL's creditworthiness, to the benefit of customers. The Rate Mitigation Proposal also provides nearer-term certainty regarding the FRP as a predicable mechanism of rate recovery through a more streamlined, cost-effective process compared to the Rate Case, and should be viewed more favorably by potential investors, thereby supporting ELL's ability to maintain its access to capital on reasonable terms. Combined with the proposed modifications to ELL's current FRP as discussed by Ms. Maurice-Anderson, the credit supportive ratemaking mechanisms that comprise the Rate Mitigation Proposal will help enable the substantial investments that are needed to deliver resilient, reliable, sustainable, and affordable service to customers and to power Louisiana's economy into the future.

Q49. WHAT MODIFICATIONS TO THE COMPANY'S CURRENT FRP IS THE COMPANY PROPOSING AS PART OF THE RATE MITIGATION PROPOSAL?

A. Ms. Maurice-Anderson discusses certain of the modifications to Rider FRP that are necessary to meet the Company's needs for timely recovery of investment (under both the Rate Mitigation Proposal and the Rate Case), including, for example:

- Changes to the ACM, including clarifying language to expressly reflect the manner in which the Commission has administered the recovery of the cost of

[50] See, Moody's, Entergy Louisiana, LLC Credit Opinion, July 19, 2023, at 3 (attached to Mr. Shipman's testimony as Exhibit TAS-5).

new generation for at least the past decade. The Company has also proposed to add a provision specific to renewable resources and address revenues generated under various optional renewable tariffs like the recently-approved Rider GGO[51] and others pending approval.

- Changes to the treatment of the tax mechanism contained in Section 5 of Rider FRP to make the mechanism flexible enough to address other changes to tax laws that will affect the Company's revenue requirement, including ad valorem taxes and PTCs for clean energy available under the 2022 IRA.
- Modifications to the DRM required to facilitate the Company's necessary investment in the distribution grid, including removing the cap on the amount of investment that is eligible for recovery through the DRM, and a continuation of the DRM Performance Accountability Standards, subject to certain modifications (as further discussed by Mr. Benyard) to hold ELL accountable for delivering the reliability benefits associated with distribution investments, and updating the depreciation rate that will be assumed for the calculation of the applicable DRM revenue requirement.
- Procedural enhancements to ensure timely resolution of Test Year filings.

All of the proposed changes to Rider FRP are reflected in Exhibit AMA-2 to Ms. Maurice-Anderson's Direct Testimony. The Company's proposed Rider FRP that is filed with the Company's Application (and that is attached to Ms. Maurice-Anderson's testimony as Exhibit AMA-2) would also be subject to additional

[51] It should be noted that the Company's proposal as to Rider GGO is consistent with the conditions on which the Commission approved the Rider in LPSC Order No. U-36190.

adjustments to reflect the Rate Mitigation Proposal recommended by the Company. Those adjustments can be addressed in discussions among the parties.

Q50. IS THE COMPANY'S PROPOSAL TO COMBINE CERTAIN LEGACY BASE RATE SCHEDULES INCLUDED IN THE RATE MITIGATION PROPOSAL?

A. Yes. As with the Rate Case, the Rate Mitigation Proposal includes implementing a combination of legacy residential rates intended to move the Company toward a simplified set of rates.

Q51. WHO ARE THE OTHER WITNESSES PRESENTING TESTIMONY IN SUPPORT OF THE RATE MITIGATION PROPOSAL?

A. The testimony presented in support of the Rate Case provides extensive information about ELL's operations, risk profile, financial condition, and plans to improve the electric grid in the coming years. That testimony fully supports the relief the Company is requesting from the Commission in connection with the Rate Mitigation Proposal. In addition, as noted above, Ms. Maurice-Anderson provides testimony specific to certain components of the FRP that ELL is seeking to modify as part of the Rate Mitigation Proposal.

VIII. CONCLUSION

Q52. PLEASE SUMMARIZE THE RELIEF THAT THE COMPANY IS SEEKING AND WHY THE COMPANY IS REQUESTING APPROVAL OF THE RATE MITIGATION PROPOSAL.

A. Through its Application, the Company is seeking to position itself to continue upgrading and strengthening the electric grid to deliver resilient, reliable, sustainable, and affordable service to customers into the future. Electricity is an essential component of modern life, with customers depending upon electricity to power all manner of devices and needing power to be available at all hours of the day, every day. At the same time, ELL is facing more frequent and severe hurricanes, winter storms, and other weather events that bring with them increased risk of outages and post-storm restoration costs. It is essential that the Company be in the best position possible to preserve its financial health as it faces these risks directly and undertakes the extensive capital plans and initiatives that I and other witnesses discuss for the benefit of its customers.

A major obstacle to ELL's delivering benefits to customers and continuing the modernization and hardening of the Company's transmission and distribution systems (as well as integrating more renewable generation resources) is regulatory lag. Therefore, ELL is proposing that the Commission approve revisions and an extension of its Rider FRP in this proceeding to mitigate regulatory lag and its potential harm to ELL's financial condition and customers.

By virtue of LPSC Order No. U-35565, ELL is required to file the Rate Case in connection with any request by the Company to extend its current FRP that includes a rate reset or modification of terms. The Company recognizes that affordability is a major concern for customers and other stakeholders, and, through the Rate Mitigation Proposal, ELL is proposing to accept lower rates, including a lower ROE for its owners, in order to achieve an affordable outcome for its customers. The Rate Mitigation Proposal aims to keep residential rates below the national average during grid strengthening projects. In this way, ELL's proposal will balance and align the interests of customers and the Company and comport with sound regulatory principles observed by the Commission in many rate proceedings, including the Company's request to approve ELL's current (soon to be expiring) FRP. Specifically, the Rate Mitigation Proposal will help to (i) ensure continued, timely, reasonably-allocated recovery of recent investments in distribution, transmission, and generation infrastructure, (ii) facilitate the Company's increased investment necessary to meet customer expectations and capitalize on growth opportunities, (iii) provide for an equitable allocation of the benefits that ELL's customers stand to realize from PTCs created by the 2022 IRA, and (iv) provide a ratemaking structure that will allow ELL to remain a financially stable utility that can continue to attract capital at the lowest reasonable cost to its customers. In addition, and importantly, the Rate Mitigation Proposal, at less than half of the revenue requirement increase that is supported by the Rate Case, is a mitigation strategy for ELL's customers that balances customers' need for affordability and ELL's need for financial stability. ELL also is proposing to adhere to the most stringent reliability standards of any power provider in Louisiana, as well as customer-centric programs to reduce late fees and certain other fees assessed to customers, lower AFC rates, provide eligible low-income seniors with monthly discounts on their electric bill, and add new voluntary customers options to support new transportation electrification technologies. And by assuring a more resilient, reliable, and sustainable grid while maintaining affordability, the regulatory blueprint presented in the Company's Application will boost economic development, creating jobs, investment, and increased tax base for the benefit of customers, communities, and the entire State of Louisiana.

For all of these reasons, granting the relief requested in Company's Application (and approval of the Rate Mitigation Proposal, in particular) would provide an appropriate framework for setting just and reasonable rates for ELL and, therefore, is in the public interest.

Q53. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, at this time.

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF JEFFERSON

NOW BEFORE ME, the undersigned authority, personally came and appeared, **PHILLIP R. MAY**, who after being duly sworn by me, did depose and say:

That the above and foregoing is his sworn testimony in this proceeding and that he knows the contents thereof, that the same are true as stated, except as to matters and things, if any, stated on information and belief, and that as to those matters and things, he verily believes them to be true.

Phillip R. May

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 23rd **DAY OF AUGUST 2023**

NOTARY PUBLIC

My commission expires:

RYAN N. OURS
NOTARY PUBLIC
STATE BAR NO. 27735
STATE OF LOUISIANA
MY COMMISSION EXPIRES AT DEATH

Phillip R. May

EDUCATION, EXPERIENCE AND BACKGROUND:
I have a Bachelor of Science degree in Electrical Engineering from the University of Southwestern Louisiana, now called the University of Louisiana at Lafayette, and a Master of Business Administration from the University of New Orleans. I also completed the Wharton School's Mergers and Acquisitions program.

I have worked for Entergy Services, LLC ("ESL"), or one of its predecessor or subsidiary entities, for over 37 years – the entirety of my professional career. I began my career with Louisiana Power & Light Company (now known as ELL) in 1986 as an Engineer in the Rates and Regulatory Affairs Department, where I was responsible for developing cost of service studies to support ELL's retail and wholesale rates, while also planning and directing numerous engineering studies and special projects. In 1993, I joined the Entergy/Gulf States Utilities Merger Team as a Senior Engineer. Following that assignment, I joined Entergy Services, Inc. (a predecessor in interest to ESL) to work in the Financial Planning Department and was responsible for financial planning for Entergy Gulf States, Inc. (a predecessor-in-interest to Entergy Texas, Inc., and Legacy EGSL) as well as for Legacy ELL. In 1994, I was promoted to Senior Lead Analyst in Wholesale Transactions. In that role, I worked directly with large customers to meet their wholesale power requirements. In 1995, I was promoted to Manager of Strategic Planning. The members of my group served as internal consultants to various business units. I was later promoted to the Director of Utility Transition and Development. I was responsible for analytical and strategic analysis of the regulated utilities' transition to competition efforts. In 2000, I assumed the role of Vice President, Regulatory Services. In that position, I was responsible for providing technical and analytical support to all of the EOCs to enable them to satisfy their regulatory obligations. My department consisted of: System Regulatory Planning & Support, Regulatory Strategy, Regulatory Projects, and Integrated Energy Management. In February 2013, I became the President and CEO of Legacy ELL and Legacy EGSL. Legacy ELL and Legacy EGSL consummated their Business Combination in October 2015, and I continue to serve as President and CEO of the combined entity, ELL.

As President and CEO of ELL, I take executive responsibility for the Company, including financial responsibility for the business and assets that are used to serve customers, which include generation, transmission, and distribution assets. Additionally, my responsibilities include oversight of the field management of the Company's gas distribution system, customer service, economic development, regulatory affairs, public affairs, and the financial performance of ELL.

In addition to the duties indicated by my past positions, along with my current position, I have particular experience with analyzing how industry trends, strategic initiatives, policy choices, and financial planning affect the Company's ability to provide safe, efficient, and reliable service at reasonable rates.

Listing of Previous Testimony Filed by Phillip R. May

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
05/31/2000	Direct	UCOS & ECOM	PUCT	22356
08/28/2000	Supplemental Direct	UCOS & ECOM	PUCT	22356
03/30/2001	Rebuttal	UCOS & ECOM	PUCT	22356
05/15/2001	Settlement	Stranded Costs	LPSC	U-22092
05/15/2001	Settlement	Stranded Costs	LPSC	U-20925
06/25/2001	Direct	Qualified Power Region	PUCT	24309
06/29/2001	Direct	Transition to Competition Costs	APSC	01-041-U
07/02/2001	Direct	Price to Beat	PUCT	24336
09/25/2001	Rebuttal	Price to Beat	PUCT	24336
05/08/2002	Supplemental	Price to Beat	PUCT	24336
07/12/2002	Supplemental Rebuttal	Price to Beat	PUCT	24336
03/01/2004	Supplemental	Business Separation Plan	LPSC	U-21453 (Sub. B)
08/25/2004	Direct	2004 Rate Case	PUCT	30123
05/17/2005	Direct	Formula Rate Plan & Generation Performance Based Resource Plan	Council of the City of N.O. ("Council")	UD-01-04 & UD-03-01
07/05/2005	Direct	Capacity Rider	PUCT	31315
08/15/2005	Direct	TTC	PUCT	31544
10/05/2005	Rebuttal	Capacity Rider	PUCT	31315
02/10/2006	Rebuttal	TTC	PUCT	31544
04/26/2006	Direct	Jurisdictional Separation Plan	LPSC	U-21453 (Sub. J)
05/14/2007	Rebuttal	TTC Plan	PUCT	33687
09/26/2007	Direct	2007 Rate Case	PUCT	34800
05/02/2008	Rebuttal	2007 Rate Case	PUCT	34800
12/12/2008	Answering	Spindletop	FERC	EL08-51-002

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
01/09/2009	Direct	Bandwidth	FERC	ER08-1056-002
02/03/2009	Cross Answering	Spindletop	FERC	ER08-51-002
09/18/2009	Direct	PCRF	PUCT	37482
10/09/2009	Direct	Bandwidth	FERC	ER09-1224-001
12/21/2009	Direct	2009 Rate Case	PUCT	37744
09/01/2010	Direct	ICT	LPSC	S-31509
09/20/2010	Direct	ICT	Council	undocketed
10/12/2010	Answering	Depreciation Complaint	FERC	EL10-55-001
10/25/2010	Cross Answering	Depreciation Complaint	FERC	EL10-55-001
02/23/2011	Rebuttal	Depreciation Complaint	FERC	EL10-55-001
7/22/2011	Direct	MSS-4 Repricing	Council	UD-11-02
11/28/2011	Direct	2011 Rate Case	PUCT	39896
1/26/2012	Supplemental Direct	CGS	PUCT	38951
4/13/2012	Rebuttal	2011 Rate Case	PUCT	39896
4/24/2012	Supplemental Rebuttal	CGS	PUCT	38951
4/30/2012	Direct	MISO Change of Control	PUCT	40346
9/5/2012	Direct	ITC Transaction	LPSC	U-32538
9/12/2012	Direct	ITC Transaction	Council	UD-12-01
2/15/2013	Direct	EGSL 2013 Rate Case	LPSC	U-32707
2/15/2013	Direct	ELL 2013 Rate Case	LPSC	U-32708
3/28/2013	Direct	ELL Algiers 2013 Rate Case	Council	UD-13-01
4/9/2013	Direct	ELL EGSL Hurricane Isaac Storm Recovery	LPSC	U-32674
5/21/2013	Rebuttal	ITC Transaction	LPSC	U-32538
5/29/2013	Errata-Rebuttal	ITC Transaction	LPSC	U-32538
2/18/2014	Rebuttal	ELL Algiers 2013 Rate Case	Council	UD-13-01
4/04/2014	Rejoinder	ELL Algiers 2013 Rate Case	Council	UD-13-01

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
9/30/2014	Direct	ELL/EGSL Business Combination	LPSC	U-33244
11/06/2014	Direct	ELL/EGSL Business Combination	Council	UD-14-03
1/13/2015	Direct	EGSL Union Power Station	LPSC	U-33510
5/1/2015	Rebuttal	ELL/EGSL Business Combination	LPSC	U-33244
6/5/2015	Direct	Ninemile 6 Prudence Review	LPSC	U-33633
7/13/2015	Settlement	ELL/EGSL Business Combination	LPSC	U-33244
8/25/2015	Direct	St. Charles Power Station	LPSC	U-33770
3/11/2016	Rebuttal	St. Charles Power Station	LPSC	U-33770
11/2/2016	Direct	Lake Charles Power Station	LPSC	U-34283
11/15/2016	Direct	Oxy PPA Amendment	LPSC	U-34303
11/22/2016	Direct	Advanced Metering System	LPSC	U-34320
2/23/2017	Direct	Carville PPA	LPSC	U-34401
4/21/2017	Direct	MISO Renewal	LPSC	U-34447
4/24/2017	Rebuttal	Lake Charles Power Station	LPSC	U-34283
5/23/2017	Direct	Washington Parish Energy Center	LPSC	U-34472
8/21/2017	Direct	2016 FRP Extension	LPSC	U-34631
5/29/2020	Direct	ELL FRP Extension	LPSC	U-35565
6/24/2020	Direct	J. Wayne Leonard Power Station Prudence Review	LPSC	U-35581
10/14/2020	Direct	ELL Laura Interim Financing	LPSC	U-35762
4/30/2021	Direct	ELL Storm Recovery Filing	LPSC	U-35991
9/8/2021	Direct	1803 Application	LPSC	U-35927
9/22/2021	Direct	ELL Ida Interim Financing	LPSC	U-36154
9/30/2021	Direct	ELL Storm Recovery Filing (3rd Supp. App.)	LPSC	U-35991
11/9/2021	Direct	ELL Solar Portfolio and Green Tariff	LPSC	U-36190

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
12/8/2021	Direct	ELL Lake Charles Prudence Review	LPSC	U-36222
1/31/2022	Direct	JDEC NextEra Joint Application	LPSC	U-36135
2/14/2022	Direct	DEMCO NextEra Joint Application	LPSC	U-36133
4/29/2022	Direct	ELL Ida Storm Recovery Filing	LPSC	U-36350
12/19/2022	Direct	ELL Resilience Filing	LPSC	U-36625
01/20/2023	Direct	Concordia, NextEra, Mondu Solar Joint Application	LPSC	U-36514
01/26/2023	Direct	Pointe Coupee, NextEra, Mondu Solar Joint Application	LPSC	U-36515
02/02/2023	Direct	SLEMCO, NextEra, BECi Joint Application	LPSC	U-36516
03/13/2023	Direct	ELL 3GW Solar Application	LPSC	U-36697

Executive Summary of Entergy Louisiana, LLC's Application for Approval of Regulatory Blueprint Necessary for Company to Strengthen the Electric Grid for State of Louisiana

Entergy is Building for the Future and Proposing a Regulatory Blueprint that is Affordable for Customers, Accountable to Customers and the Commission, and Achievable for a Stronger Louisiana.

Electricity is an essential component of modern life, and its importance continues to increase. Now more than ever, customers depend on Entergy Louisiana, LLC ("ELL" or the "Company") to keep their homes and businesses running and to support critical services and infrastructure. At the same time, recent storms have shown that extreme weather events are impacting our state with increased frequency and severity, resulting in greater costs and disruptions to ELL, its customers, and Louisiana itself.

The purpose of the Company's application is to position ELL to continue the work that it has been doing to upgrade and strengthen the electric grid so that it can provide resilient, reliable, sustainable, and affordable service to customers into the future. The application introduces a **regulatory blueprint** necessary to support the most comprehensive grid strengthening efforts in Louisiana history. The application discusses what ELL is doing to improve reliability, make the grid more resilient in the face of extreme weather, and add clean, affordable sources of energy, including:

- Constructing new transmission lines and upgrading and replacing equipment to meet updated design criteria and improve service reliability.
- Deploying new distribution equipment that incorporates technological advancements aimed at improving reliability, while also continuing to invest in ELL's traditional grid reliability and infrastructure programs.
- Improving the resilience of the Company's electric system through accelerated infrastructure hardening and vegetation management over the ten-year period from 2024 to 2033, which is expected to benefit customers by reducing restoration costs and reducing the number and duration of outages experienced after severe weather events.
- Continuing to grow the Company's renewable power-generating portfolio, including adding new solar resources, which can provide benefits to customers in the form of energy savings and other environmental benefits and are needed to meet demand for renewable and clean energy from ELL's large industrial customers and to facilitate continued economic development in Louisiana.

The application includes a cost of service study as required by Louisiana Public Service Commission ("Commission") order. That study shows that ELL's rates should be increased to collect an additional seven percent (7%) of revenue from customers. By improving ELL's ability to obtain capital at a reasonable cost, that change in revenue would benefit customers in the long run and establish the necessary foundation for the significant grid investments needed to power Louisiana's future.

But while significant investments are needed, affordability is also a major concern for ELL's customers right now, particularly as the Company does necessary work to make the grid stronger and more reliable. So, the Company is proposing in its application a rate increase that is less than the increase supported by the cost of service study and will continue programs to assist customers in need. More specifically, ELL is proposing that the Commission extend the current Formula Rate Plan ("FRP") for three (3) years, with limited but necessary modifications to ELL's Rider Schedule FRP ("Rider FRP"), which extension will reduce the revenue requirement increase to less than three percent (3%) – a greater than 50% reduction (the "Rate Mitigation Proposal").

The Rate Mitigation Proposal is a Mitigation Strategy for Customers that Balances Customers' Need for Affordability, ELL's Need for Financial Health, and Louisiana's Need for Significant Grid Investments to Power its Future.

The Rate Mitigation Proposal is designed to achieve an outcome for customers that maintains ELL's low rates while also maintaining the Company's financial health and good credit ratings and enabling the significant grid investments needed to power Louisiana's economy into the future. Under the Rate Mitigation Proposal:

- The Commission would extend ELL's current (soon to be expiring) FRP for 3 years, with limited but necessary modifications to ELL's Rider FRP.
- The revenue requirement increase is reduced to ***less than half*** of the increase supported by the cost of service study.
- Revenue collected from customers would increase, but only by less than ~3% compared to the more than ~7% increase supported by the cost of service study.
- ELL is proposing a lower target return on equity of 10.0%.
- ELL is pledging $2 million to support programs to assist customers in need and make free home energy efficiency kits available to its customers.
- ELL is proposing to reduce late fees and certain other fees assessed to customers, lower additional facilities charge rates, and provide eligible low-income seniors with monthly discounts on their electric bill.

The Proposed Regulatory Blueprint Holds ELL Accountable to its Customers.

As ELL and its customers face together the challenges and opportunities of the future, it is important to the Company that it demonstrates to customers that it is accountable as it continues working to upgrade and strengthen the electric grid:

- ELL proposes to accept lower rates, including a lower return on equity for its owners, in order to achieve an outcome for its customers that maintains ELL's low rates.
- The Rate Mitigation Proposal aims to keep residential rates below the national average during grid strengthening projects.
- ELL also is proposing to adhere to the most stringent reliability standards of any power provider in Louisiana, with financial penalties and customer credits for failing to meet pre-determined reliability goals.

ELL understands the importance of transparency and accountability, and it stands ready to collaborate with stakeholders and the Commission to incorporate broader performance-based rate provisions into its FRP.

Strengthening the Grid is Achievable under ELL's Proposed Regulatory Blueprint.

In the Resilience Plan pending in LPSC Docket No. U-36625, ELL has recommended one of the most detailed and transparent resilience plans in the country. That plan to strengthen electrical distribution and transmission infrastructure across Louisiana would take place in two five-year phases. The blueprint provided in the current application recommends regulatory modifications necessary to position the Company to undertake the Resilience Plan and other programs and improvements to strengthen the grid.

ELL seeks, among other things, approval of credit supportive ratemaking mechanisms that will facilitate the Company's necessary investments in the electric grid to the benefit of customers. ELL is specifically recommending that the Commission approve the Rate Mitigation Proposal rather than setting the Company's rates in accordance with the cost of service revenue requirement, and the Commission can approve that proposal on a more efficient schedule than a traditional rate case.

By assuring a more resilient, reliable and sustainable grid while maintaining affordability, the regulatory blueprint will boost economic development, creating jobs, investment and increased tax base for the benefit of customers, communities and the entire State of Louisiana.

If accepted by the Commission, the Company's blueprint will reduce the time and expense of a traditional rate case; keep in place an efficient FRP mechanism and improve it in ways that support ELL's effort to build a stronger, more reliable grid; provide rate mitigation for customers; and send positive signals about the ratemaking construct and ELL's creditworthiness, to the benefit of customers.