

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**APPLICATION OF ENTERGY )  
LOUISIANA, LLC FOR APPROVAL OF )  
GENERATION AND TRANSMISSION )  
RESOURCES PROPOSED IN )  
CONNECTION WITH SERVICE TO A )  
SIGNIFICANT CUSTOMER PROJECT IN )  
NORTH LOUISIANA, INCLUDING )  
PROPOSED RIDER, AND REQUEST FOR )  
TIMELY TREATMENT )**

**DOCKET NO. U-\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**RYAN D. JONES**

**ON BEHALF OF**

**ENTERGY LOUISIANA, LLC**

**PUBLIC REDACTED VERSION**

**OCTOBER 2024**

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## EXHIBITS

Exhibit RDJ-1	List of Prior Testimony
Exhibit RDJ-2	Projected Revenue and Projected Revenue Requirements Analysis (HSPM)
Exhibit RDJ-3	Estimated First-Year Revenue Requirement for Transmission System Improvements

**I. INTRODUCTION AND BACKGROUND**

1  
2 Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Ryan D. Jones. I am employed by Entergy Louisiana, LLC ("ELL" or the  
4 "Company")<sup>1</sup> as Manager, Regulatory Affairs. My business address is 4809 Jefferson  
5 Highway, Jefferson, Louisiana 70121.  
6

7 Q2. ON WHOSE BEHALF ARE YOU TESTIFYING?

8 A. I am testifying before the Louisiana Public Service Commission (the "LPSC" or  
9 "Commission") on behalf of ELL.  
10

11 Q3. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
12 BACKGROUND.

13 A. I hold a Bachelor of Science in Management degree with a major in Finance from  
14 Tulane University's A.B. Freeman School of Business. I also hold a Master of  
15 Management in Energy from Tulane University's A.B. Freeman School of Business. I  
16 began working for Entergy Services, LLC ("ESL")<sup>2</sup> in 2015 as a Financial Analyst, a  
17 position in which I maintained the budget and components of the financial model and

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<sup>1</sup> On October 1, 2015, pursuant to Commission Order No. U-33244-A, Entergy Gulf States Louisiana, LLC ("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"). 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 in pending Commission dockets.

<sup>2</sup> ESL is a service company to the five Entergy Operating Companies ("EOCs"), which are Entergy Arkansas, LLC, Entergy Louisiana, LLC, Entergy Mississippi, LLC, Entergy Texas, Inc., and Entergy New Orleans, LLC.

1 provided additional support for utility operations support groups within ESL. In 2018,  
2 I accepted a position in Louisiana Regulatory Affairs and have accepted roles of  
3 increasing responsibility within that group since that time. In my current capacity as  
4 Manager, Regulatory Affairs, I am responsible for providing regulatory support  
5 services to ELL and for coordinating various dockets and filings before the LPSC. I am  
6 also responsible for providing insight and guidance to various organizations across ELL  
7 and ESL on regulatory matters and compliance with Orders of the Commission.

8

9 Q4. HAVE YOU TESTIFIED BEFORE A REGULATORY COMMISSION  
10 PREVIOUSLY?

11 A. Yes. A complete list of prior testimony is attached to my Direct Testimony as Exhibit  
12 RDJ-1.

13

14

## II. PURPOSE OF TESTIMONY

15 Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

16 A. The first purpose of my testimony is to present the analysis used by ELL to develop the  
17 billing and certain other Electric Service Agreement (“ESA”) terms for [REDACTED]  
18 (“Customer”) that will achieve a reasonable balance between the Customer and ELL’s  
19 other customers with respect to the allocation of the costs of the new generation and  
20 transmission infrastructure needed to serve Customer and also maintain ELL’s  
21 financial integrity and credit metrics. As explained by Company witnesses Phillip May  
22 and Laura Beauchamp, the generation and transmission infrastructure needed to  
23 provide electric service to Customer is significant relative to ELL’s size and comes at



1 a time when ELL is experiencing load growth and unit deactivations. Using the  
2 Company's Extension of Facilities policy,<sup>3</sup> *i.e.*, line extension policy, and other tariff  
3 provisions as a guide, ELL is requiring Customer to offset at a minimum, through  
4 contributions in aid of construction ("CIAC"), rate revenues and contract minimum  
5 charges, the cost of additional infrastructure required specifically to serve the  
6 Customer's load for the original term of the ESA.<sup>4</sup> These requirements balance the  
7 interests of the Customer and ELL's other customers over the original term of the  
8 Customer's contract and, as I will discuss later in my Direct Testimony, are expected  
9 to produce substantial benefits for other customers when bills based on Customer's  
10 actual usage levels exceed the required minimum bills. Further, the minimum bill  
11 charges during the ramp-up period will help ELL maintain its cash flow and credit  
12 metrics as the Company undertakes these large-scale construction projects.

13 Customer will directly fund certain transmission infrastructure improvements  
14 to provide service to Customer through CIAC (meaning those improvements will be  
15 included in the Company's rate base at a zero value) to ensure that such improvements  
16 do not unfairly burden other customers or adversely affect ELL's financial condition.<sup>5</sup>

17 Customer will also fund through CIAC [REDACTED]  
18 [REDACTED]

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<sup>3</sup> Section 22 of the Company's Terms and Conditions of Electric Service (the "Terms and Conditions").

<sup>4</sup> Certain transmission system improvement projects that have broader system benefits, which are described by Company witness Dan Kline, are considered outside of the Extension of Facilities policy and are discussed in Section V of my Direct Testimony.

<sup>5</sup> Company witness Ryan O'Malley explains the accounting treatment of CIAC payments and the resulting effect on ELL's rate base.

1 [REDACTED] These generating units will be included in the Company's  
2 rate base at a reduced value and the net costs of which will be fully offset by rate  
3 revenue from Customer during the original term of the contract to ensure that such  
4 improvements do not unfairly burden other customers or adversely affect ELL's  
5 financial condition.

6 ELL proposes to serve the Customer under one of the Company's filed rates for  
7 electric service approved by the Commission. Specifically, ELL proposes to contract  
8 with Customer for electric service pursuant to the Large Load High Load Factor Power  
9 Service Rate Schedule ("Large Load Schedule") and subject to the Formula Rate Plan  
10 ("FRP") Rate Adjustment, the Fuel Adjustment Clause ("FAC") and an allocated share<sup>6</sup>  
11 of all other applicable Riders including Financed Storm Cost and Resiliency Riders so  
12 that the Customer bears a reasonable share of ELL's cost to provide electric service  
13 over the contract term. The Large Load Schedule is a complex rate schedule applicable  
14 to sophisticated large energy users, and the negotiated contract terms and the  
15 Customer's usage affect billings pursuant to the schedule.

16 The second purpose of my Direct Testimony is to describe in detail the  
17 ratemaking treatments that the Company is requesting the Commission to approve to  
18 ensure that the FRP continues to produce just and reasonable rate changes that are not  
19 confusing and/or disruptive to ELL's customers as the generation infrastructure needed  
20 to provide reliable electric service to customers including Customer is included in plant

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<sup>6</sup> The allocated share to be paid by the Customer is determined by the allocation of these rider costs to the rate schedule under which the Customer will take service, as is the case for all customers taking service under this rate schedule.

1 in service and the revenue from Customer is recognized. Specifically, ELL requests  
2 that the Commission permit ELL to defer and amortize “unearned” revenue generated  
3 through contract minimum charge payments as described further by Company witness  
4 Ryan O’Malley, and adjust rate schedule revenue in future FRP Evaluation Report to  
5 exclude a portion of Customer’s per book revenues in the year of receipt and include  
6 such amounts in subsequent Evaluation Reports so that revenue better tracks ELL’s  
7 generation revenue requirement during the fifteen-year Customer ESA original term.  
8 This treatment, which ELL proposes to implement through FRP pro forma adjustments  
9 to rate schedule revenues, will stabilize rates in the FRP to avoid unnecessary volatility  
10 for all other customers and will mitigate the risk of other customers unfairly bearing  
11 the costs of the Company’s capital additions necessary to serve Customer over the term  
12 of the contract.

13 The third purpose of my Direct Testimony is to describe and support the  
14 Company’s requested relief with respect to compliance with the Commission’s  
15 Transmission Siting Order (“Transmission Siting Order”).<sup>7</sup> Specifically, ELL seeks a  
16 finding from the Commission that (1) the Customer-specific Transmission projects,  
17 including substation and point-of-delivery projects are exempt from the requirements  
18 of the Transmission Siting Order, and (2) ELL has complied with the requirements of  
19 the Transmission Siting Order with respect to the proposed system improvement

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<sup>7</sup> See General Order 09-10-2024 (R-36199) (September 10, 2024), *In re: Review and Possible Modification of the Commission’s General Order dated October 10, 2013 Governing Transmission Certification and General Siting*, Docket No. R-36199.

1 projects and that such projects are in the public interest and thus eligible for recovery  
2 in rates.

3 My Direct Testimony does not address the billing structure for recovering the  
4 cost of clean resource commitments included in the Corporate Sustainability Rider  
5 (“CSR”) to the ESA. Company witness Elizabeth C. Ingram addresses that topic.  
6

7 Q6. PLEASE SUMMARIZE THE IMPORTANT CONCLUSIONS AND REQUESTS  
8 INCLUDED IN YOUR TESTIMONY.

9 A. The following are the major points and conclusions to be drawn from my Direct  
10 Testimony:

- 11 • When service to a new customer requires ELL to incur significant incremental  
12 costs, ELL has an obligation to balance the interests of all customers when deciding  
13 whether and how to serve the new customer. ELL’s Commission-approved  
14 Extension of Facilities policy, found in Section 22 of its Terms and Conditions,  
15 allows the Company to consider the incremental revenues to be received from a  
16 new customer versus the incremental cost to serve the customer and assess net  
17 effects on existing customers. To protect existing customers from being unfairly  
18 burdened, the Company can require the new customer to bear all or a portion of the  
19 incremental facilities needed to serve the new customer.
- 20 • The billing terms between Customer and ELL are just and reasonable and protect  
21 existing customers from being unfairly burdened by incremental costs to serve  
22 Customer.

- 1           • The projected average price Customer will pay for service under the Large Load  
2           Schedule will be consistent with the average price for other Large Load Schedule  
3           customers, considering Customer's projected usage is significantly greater than that  
4           of the other Large Load Schedule customers.
- 5           • The projected base rate and FRP revenues from Customer exceed the projected  
6           revenue requirements associated with the incremental generation and transmission  
7           additions necessary to serve Customer. In addition, it is expected that Customer  
8           will contribute approximately [REDACTED] in net contributions toward the  
9           repayment of existing securitized storm debt and approximately [REDACTED]  
10          toward ELL's current Resilience Program previously approved by the LPSC and  
11          that would otherwise be paid for solely by ELL's existing customers.
- 12          • The billing structure and ESA terms are materially consistent with the Large Load  
13          Schedule and ELL's Terms and Conditions and were the product of arms-length  
14          negotiations between ELL and Customer.
- 15          • The Commission should authorize ELL to exclude certain revenue/payment  
16          amounts, as detailed further below, from Customer from FRP Evaluation Reports  
17          in the year of receipt and include such amounts in subsequent Evaluation Reports.  
18          Such treatment will allow revenue to better track ELL's generation revenue  
19          requirement during the fifteen-year Customer ESA original term. This treatment  
20          will stabilize rates in the FRP for all other customers and will mitigate the risk of  
21          other customers unfairly bearing the costs of the Company's capital additions  
22          necessary to serve Customer over the original term of the contract.

- 1           • ELL has met the requirements of Transmission Siting Order with respect to the  
2           planned Transmission investments. The proposed Transmission system  
3           improvement projects are in the public interest in compliance with the requirements  
4           of the Transmission Siting Order and thus eligible for recovery in rates. The  
5           Customer-Specific transmission projects qualify for an exemption under Section  
6           VIII(f) of the Transmission Siting Order.

7  
8   Q7.   IS ELL ASKING THE COMMISSION TO APPROVE ITS ESA WITH THE  
9           CUSTOMER?

10   A.   The Company is not asking the Commission to approve the terms of its ESA with the  
11           Customer. However, as requested in the Prayer for Relief and as described by Ms.  
12           Ingram, ELL is asking the Commission to authorize the implementation of the CSR. It  
13           has not been the policy of the Commission to approve contracts between a utility and  
14           an individual customer unless those contracts are Site Specific Contracts as described  
15           in LPSC General Order R-34738 (“Tariff Filings General Order”). The ESA between  
16           ELL and the Customer is not a Site Specific Contract as it specifies that the Customer  
17           will be taking electric service pursuant to a filed base rate schedule and applicable rate  
18           riders (*e.g.*, the FRP and FAC) that are part of ELL’s LPSC-approved electric Tariff  
19           Book. While, in my opinion, the CSR is also not a Site Specific Contract, it is, on the  
20           other hand, an arrangement unique to the Customer, and ancillary to the provision of  
21           electric service, which includes a process for ELL to procure new renewable resources  
22           and to assign other new low carbon resources to a portfolio subscribed to by the  
23           Customer on a long-term basis at a cost that reflects a Customer-borne premium to

1            ELL's tariffed rates. Nonetheless, given the scale of the Company's investment and the  
2            need to construct new generation and transmission resources to maintain reliable  
3            service to the Company's customers with the addition of the Customer's Project's load,  
4            ELL provides an explanation of how the billing structure and ESA terms balance the  
5            interests of the Customer and the existing customers and allocate the associated  
6            investment costs between those customer groups, as those matters relate to the  
7            Commission's public interest determination in this proceeding.

8  
9    Q8.    WHAT COMMISSION ORDERS ARE IMPLICATED BY THE FILING?

10   A.    The Company's multi-faceted proposal implicates numerous Orders of the  
11          Commission and compliance therewith is addressed by multiple Company witnesses.  
12          My Direct Testimony addresses the Company's compliance with the requirements of  
13          the Transmission Siting Order and to a lesser extent considers compliance with aspects  
14          of the Tariff Filings General Order and the Industrial Load Rule included in the General  
15          Order (Order No. R-34860 dated July 29, 2019, Rule 3). Company witness Joshua  
16          Thomas addresses compliance with the 1983 General Order, MBM General Order, and  
17          other aspects of the Industrial Load Rule.





1 customers in what I refer to as the Extension of Facilities policy (“Extension Policy”).<sup>8</sup>

2 If a prospective new customer is unwilling to pay the costs to make service available,

3 ELL is under no obligation to serve that customer. In this case, the Customer is willing

4 to make both substantial contributions and minimum monthly payments to make

5 service available in a manner that insulates other customers from bearing an

6 unreasonable share of those costs as I will discuss.

7

8 Q10. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY’S APPROACH TO  
9 DEVELOPING THE ESA TERMS FOR CUSTOMER.

10 A. The Company views serving the Customer, a new customer with unprecedented electric  
11 service needs, as requiring the balancing of interests of all stakeholders, especially  
12 existing customers. As discussed above, this balancing approach is a core tenet of  
13 ELL’s approach to serving new customers and is found in language in its rate schedules  
14 concerning the availability of adjacent facilities and the Extension Policy, which ELL  
15 used as a guide when establishing the terms of the Customer’s ESA. The Extension  
16 Policy provides in pertinent part:

17 The Company will normally extend its facilities to serve new,  
18 permanent Customers or, in some instances, existing customers that  
19 increase their usage and/or electric load and require utility investment  
20 to serve them when, in the Company’s sole opinion, the anticipated new  
21 annual revenue/revenue from expanded load (excluding non-base rate  
22 Riders) is sufficient to produce a ratio of total upfront investment to

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<sup>8</sup> The Extension Policy is also, on occasion, referred to as the Line Extension Policy or the Revenue Justification policy because of the consideration given to the amount of prospective revenues when determining whether a customer contribution is necessary.

1 revenue of 5 to 1, or less, without any contribution from the new  
2 Customer (or Customers) involved.<sup>9</sup>

3 As shown above, a reasonable limit exists on the costs that the Company should incur  
4 to serve a new customer in relation to the revenue to be received from the new customer  
5 so that existing customers are not unfairly burdened with the costs to attract new load.

6 Once that limit is exceeded, ELL can require the new customer to bear the costs. The  
7 Extension Policy also recognizes that new large customers present considerations that  
8 may not be adequately addressed by the quoted passage above and that ELL needs some  
9 flexibility with these customers; accordingly, Extension Policy states: "Larger  
10 commercial, industrial, and governmental Customers will be considered separately by  
11 the Company on a case-by-case basis taking into account the specifics of each  
12 application."

13

14 Q11. WHAT DID THE COMPANY DO TO DETERMINE HOW TO BALANCE ALL  
15 STAKEHOLDER INTERESTS?

16 A. Recognizing that ELL did not have facilities of suitable capacity and voltage to serve  
17 this load and that significant additional facilities would be required, Mr. May directed  
18 me to develop an analysis examining the projected revenue requirements resulting from  
19 the generation and transmission improvements that would be necessary to provide  
20 service to Customer, Customer's projected usage, and the projected revenues that could  
21 be expected over the expected fifteen-year initial term of the Customer's ESA. As  
22 negotiations with Customer progressed and the specific amount of load the Customer

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<sup>9</sup> See Section 22 of the Company's Terms and Conditions.

1 requested the Company to serve and other specific details evolved, I adjusted the  
2 analysis to reflect such progress and such evolution. The version of the analysis I am  
3 presenting in my Direct Testimony reflects the negotiated ESA terms ultimately agreed  
4 to by Customer. The model is being submitted with my Direct Testimony as Exhibit  
5 RDJ-2, which contains HSPM.

6 **A. Projected Revenue Requirements**

7 Q12. WHAT PROJECTED REVENUE REQUIREMENTS DID YOU DEVELOP FOR  
8 YOUR ANALYSIS?

9 A. I developed projected revenue requirements based on high level estimates of the cost  
10 of generation improvements necessary to serve Customer, specifically, the two  
11 generators located adjacent to the Project site ("Units 1-2") and a third generator which  
12 will be sited at another as yet to be determined location within ELL's Southeast  
13 Louisiana Planning Region ("Unit 3"). I refer to this group of units collectively as the  
14 "Planned Generators." I also factored into the analysis the projected revenue  
15 requirements for the substation and transmission point-of-delivery projects necessary  
16 to serve Customer, specifically, Construction Power Project, Commissioning Power  
17 Project, the Customer Substations 1-6, Smalling 500/230kV Substation Project,  
18 Smalling to Car Gas 500kV Transmission Line Project, and the Car Gas Road 500kV  
19 Switching Station. I refer to this group of projects as the "Customer-Specific  
20 Transmission Projects."

21

1 Q13. PLEASE DESCRIBE THE INPUTS AND ASSUMPTIONS USED FOR  
2 DEVELOPING THE GENERATION REVENUE REQUIREMENTS?

3 A. The cost data, including both capital and operation maintenance expense ("O&M"), for  
4 the Planned Generators is estimated based on early-stage planning-level estimates that  
5 are generally consistent with Entergy's technological assessments and Entergy's  
6 experience with other recent additions to its generation fleet. For the purpose of this  
7 analysis, the assumed in-service dates for Unit 1 and Unit 2 are December 2028 and  
8 June 2029, respectively. The assumed in-service date for Unit 3 is December 2029.

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED] The model

13 assumes the depreciable life of the Planned Generators would be 30 years. The model  
14 does not include accumulated deferred income tax ("ADIT") in calculating the revenue  
15 requirements because ELL was assumed to have a Net Operating Loss carryforward  
16 during the initial term of the ESA.<sup>10</sup> The model assumes an 8.5% weighted-average  
17 cost of capital over the term of the ESA. In addition to the costs associated with the  
18 Planned Generators, the model reflects that ELL would meet a portion of its resource  
19 needs through purchase power agreements over the term of the ESA.

20

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<sup>10</sup> To the extent ELL is not in an NOL and does realize cash tax benefits associated with liberalized tax depreciation ADIT associated with the Planned Generators, those benefits would be shared by all customers.

1 Q14. WHAT IS THE RANGE OF THE ANNUAL GENERATION REVENUE  
2 REQUIREMENTS OVER THE TERM OF THE ESA?

3 A. The generation revenue requirement in 2028 is projected to be \$50.0 million [REDACTED]  
4 [REDACTED]. In 2030, when all of the Planned  
5 Generators are assumed to be in service the generation revenue requirement reaches a  
6 projected maximum of \$461.6 million. By the end of the ESA in 2041, the generation  
7 revenue requirement is approximately \$380.0 million.

8

9 Q15. PLEASE DESCRIBE THE INPUTS AND ASSUMPTIONS USED FOR  
10 DEVELOPING THE TRANSMISSION REVENUE REQUIREMENTS?

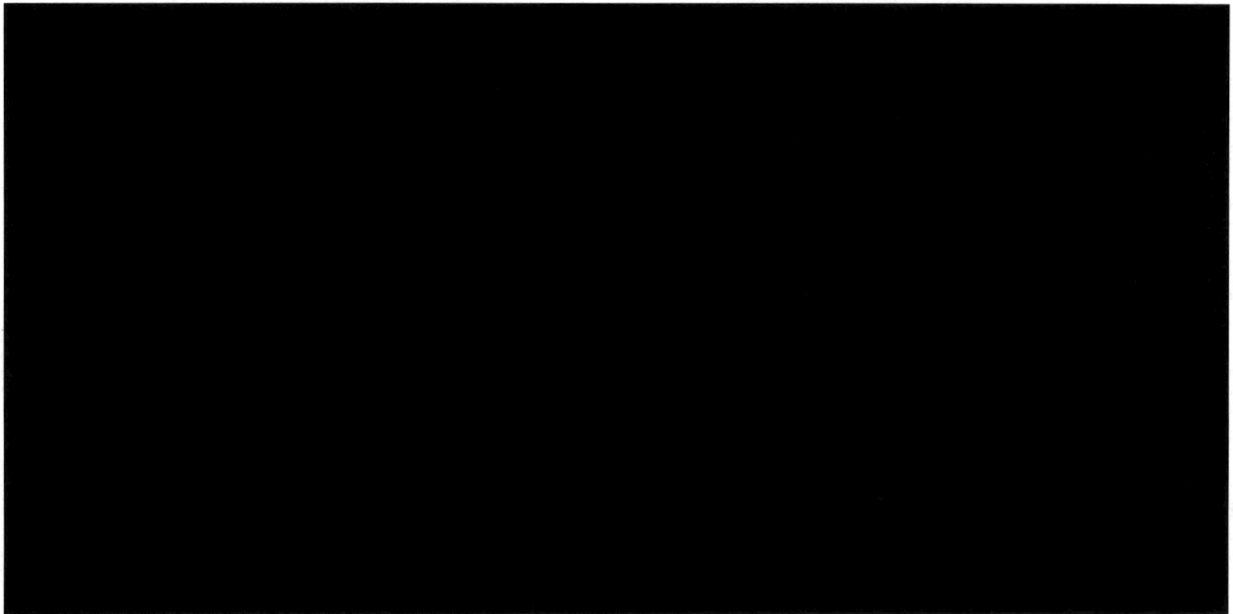
11 A. The development of the projected transmission revenue requirements is much simpler.  
12 The model assumes that Customer makes a CIAC offsetting 100% of the construction  
13 costs of the Customer-Specific Transmission Projects. The Transmission O&M  
14 associated with the Customer-Specific Transmission Projects is projected to be [REDACTED]  
15 [REDACTED] annually beginning in 2029. In 2027 and 2028, before all of the Customer-  
16 Specific Transmission Projects have been placed in service, the Transmission O&M is  
17 projected to be [REDACTED] annually.

18

19 Q16. HAVE YOU PREPARED A GRAPHICAL REPRESENTATION OF THE  
20 CHANGING REVENUE REQUIREMENTS OVER THE TERM OF THE ESA?

21 A. Yes. Below is a graph containing highly sensitive protected materials ("HSPM")  
22 showing the increase and then steady decrease in the related revenue requirements.

HSPM Figure 1



**B. Projected Revenues**

Q17. PLEASE DESCRIBE THE INPUTS AND ASSUMPTIONS USED IN THE MODEL TO PROJECT REVENUES?

A. My analysis first relies on information provided by the Customer about their anticipated usage profile to develop the expected revenues. Those inputs include an assumed ramp-up schedule, maximum demand, and load factor. For purposes of this analysis, I assume that the Customer's load will ramp up from a starting load of [REDACTED] beginning in [REDACTED] and reaching the maximum contracted load of [REDACTED]. The Customer is assumed to have an average load factor of [REDACTED] once full load is achieved.

Because my analysis begins in December 2026 at the ESA effective date and extends until November 2041, I am also required to make assumptions about future

1 rates that cannot be predicted with certainty. Those assumptions include assumptions  
2 about the rate paradigm that will be in effect during the ESA Term (*i.e.*, whether the  
3 Company will remain subject to an FRP and whether the provisions of the Large Load  
4 Schedule will have changed), and about how rates might escalate over time under the  
5 assumed rate paradigm. For the purposes of this analysis, I assume that the Company  
6 will remain subject to an FRP for the entire term of the ESA and that FRP rates will  
7 escalate by three percentage points annually on the same schedule as the currently-  
8 effective FRP from a baseline estimated FRP factor of 86% at the start of the ESA. This  
9 escalation rate translates to a base rate increase of approximately 1.5% per year.

10  
11 Q18. PLEASE DESCRIBE THE AGREED-TO BILLING FRAMEWORK UNDERLYING  
12 THE MODEL'S PROJECTED REVENUES.

13 A. There are three major components of the billing framework which in large part affect  
14 the pricing under the Large Load Schedule: (1) minimum bill charges, (2) billings under  
15 the Large Load Schedule and other riders including the FRP, and (3) the average  
16 demand specified in the Customer's contract.

17  
18 Q19. WHAT IS THE AMOUNT OF THE MINIMUM BILL CHARGES?

19 A. For the period [REDACTED], the monthly minimum charge is  
20 [REDACTED]. For the period [REDACTED], the monthly  
21 minimum charge is approximately [REDACTED], subject to a true up based on the  
22 actual cost of capacity as described in Section 3 of Rider 1 to the ESA. When  
23 determining when the monthly minimum bill should apply, ELL would compare the

1 minimum bill amount to the sum of the following charges: the billings pursuant to the  
2 Large Load Schedule, the FRP Rate Adjustment, and the Resilience Plan Recovery  
3 Charge. The monthly minimum charge does not include Financed Storm Costs, FAC  
4 charges, charges under other non-base rate riders and taxes.  
5

6 Q20. WHAT IS THE PURPOSE OF THE MINIMUM BILL CHARGES?

7 A. At the most basic level, the minimum bill charges offset the cost of the incremental  
8 system resources necessary to serve Customer's load. The amount of the minimum bill  
9 charges is informed by my analysis of the estimated revenue requirements for the  
10 infrastructure necessary to serve Customer's load and are set in such a way that the  
11 Customer will pay the entirety of those incremental revenue requirements over the  
12 fifteen-year original term of the ESA. Minimum bills are a feature of many of the  
13 Company's ESAs with customers that require extension of facilities to serve new load  
14 and where the cost of those facilities extensions is revenue justified under the  
15 Company's Terms and Conditions. In this case, the minimum bill charges also ensure  
16 that sufficient cash flow is generated to maintain the Company's credit and financial  
17 integrity during the process of constructing the proposed Planned Generators. Thus,  
18 the minimum bill charges protect other customers from bearing both the direct  
19 incremental cost to serve Customer and any indirect cost associated with potential  
20 adverse credit actions.  
21



1 Q21. WHAT IS THE AMOUNT OF PROJECTED REVENUE RESULTING FROM THE  
2 MINIMUM BILL CHARGES?

3 A. The minimum bill charges result in projected non-fuel revenue of [REDACTED]  
4 which is nearly equal to the calculated fifteen-year incremental revenue requirements,  
5 save for some minor differences of less than 1%. As I mentioned earlier and as  
6 described further below, the minimum bill charges are subject to a true-up based on the  
7 actual cost of capacity necessary to serve Customer.

8

9 Q22. PLEASE DESCRIBE THE TERMS OF THE BILLING UNDER LARGE LOAD  
10 RATE SCHEDULE AND OTHER RIDERS.

11 A. The Large Load Rate Schedule is one of the Company's filed, Commission-approved  
12 rates for electric service eligible for large customers with at least 70 megawatts ("MW")  
13 of firm load under contract for a term of at least five years. The Large Load Rate  
14 Schedule was most recently modified by LSPC Order No. U-36959 issued September  
15 13, 2024. Because the Large Load Rate Schedule is a standard rate for electric service,  
16 it is contemplated that service under this rate is subject to the Company's Terms and  
17 Conditions and that monthly bills rendered pursuant to this rate will include charges  
18 under all other applicable current and future rate riders including but not limited to the  
19 FRP, FAC, the Resilience Plan Cost Recovery Rider ("RPCRR" or "Resilience Rider")  
20 and securitized storm riders.<sup>11</sup> Under these terms, Customer would be treated in  
21 generally the same way as the Company's other retail customers in the industrial class

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<sup>11</sup> Securitized storm riders include rider schedules FSCIV-ELL, FSCV-ELL, SCO-L, SCOII-L, SCOIII-L, SCOIV-ELL, and SCOV-ELL.

1 and will share in the cost of operating the Company's electrical system through the  
2 appropriate recovery mechanisms. My analysis indicates that over the 15-year original  
3 term of the ESA, Customer will contribute approximately [REDACTED] toward  
4 previously securitized storm costs, which includes the costs to repay financed storm  
5 costs through the Finance Storm Costs ("FSC") Riders net of the shared tax benefits  
6 that are included in the Storm Cost Offset ("SCO Riders"), and approximately [REDACTED]  
7 [REDACTED] toward the Company's current Resilience program costs, as well as its  
8 proportional share of all costs that will be recovered through the FRP in the future. In  
9 this way, all customers will benefit from the revenue contributions of Customer, before  
10 even considering the broader economic benefits to the state from the Customer's  
11 investment in Louisiana.

12  
13 Q23. PLEASE DESCRIBE THE SIGNIFICANCE OF THE AVERAGE DEMAND ON  
14 THE BILLING UNDER THE LARGE LOAD RATE SCHEDULE.

15 A. The Large Load Schedule has a quadruple declining block demand charge with the  
16 First Demand Block priced at \$10.55 per kilowatt ("kW") and the size of each block  
17 depends on the Average Demand specified in the contract or the Maximum Demand as  
18 the case may be. For customers without an established billing history, an amount of  
19 Average Demand is to be established in the customer's contract. In this instance, ELL  
20 and Customer have agreed to establish the Average Demand at a value sufficient to  
21 generate revenues from the Customer that cover the estimated cost of the incremental  
22 capacity necessary to serve the Customer's Project plus a reasonable contribution to  
23 embedded FRP costs in excess of the estimated incremental revenue requirements. Per

1 the ESA terms, this value will be adjusted as needed, once the actual cost of the capacity  
2 resources is known, to ensure that the revenue collected is sufficient to cover the actual  
3 costs. This is the true-up mechanism I mentioned above.  
4

5 Q24. WHAT IS THE AMOUNT OF PROJECTED BASE RATE REVENUE OVER THE  
6 TERM OF THE ESA?

7 A. Based on the set of input and rate assumptions that I have described, my analysis  
8 projects that ELL will receive total base rate revenue, including minimum bill charges  
9 and charges billed pursuant to the Large Load Schedule plus the FRP, of approximately  
10 [REDACTED]. As mentioned earlier, this amount is greater than the required minimum  
11 bill charges, and thus exceeds the estimated incremental revenue requirement by  
12 approximately [REDACTED] over the term of the ESA, which amount serves as a  
13 contribution to embedded costs. This amount does not include charges billed under the  
14 Resilience Rider or the securitized storm riders.  
15

16 Q25. PLEASE DESCRIBE THE TRUE-UP PROVISION OF THE CUSTOMER'S  
17 CONTRACT AND HOW IT MIGHT AFFECT THE BILLING TERMS.

18 A. The Customer's contract contains true-up provisions related to both the actual cost of  
19 transmission investment and the cost of system generation capacity. For transmission  
20 interconnection costs that are being funded through CIAC, the contract provides for the  
21 CIAC amounts to be updated based on changes in the actual cost from the estimated

1 cost specified in the contract.<sup>12</sup> With respect to system generation capacity costs, the  
2 true-up provisions provide a schedule dictating how minimum bill charges and Average  
3 Demand will be updated based on the actual cost of the projects.<sup>13</sup> Because the arms-  
4 length negotiation necessarily relies on assumptions as to the cost of the capacity  
5 necessary to serve Customer's load, it is necessary that the true-up provisions provide  
6 for changes to the negotiated contract terms depending upon the actual cost of capacity  
7 needed to serve Customer's load. The agreed-upon true-up methodology ensures that  
8 whatever the actual cost of both transmission and system generation capacity may be,  
9 the CIAC amounts (for the transmission) and the total minimum bill charges (for the  
10 system generation capacity) cover the full incremental cost to serve Customer's load  
11 and maintain the estimated contribution to embedded cost as measured by the margin  
12 between the total projected base revenue and incremental revenue requirement. The  
13 true-up provisions therefore serve as a necessary safeguard to maintain the balanced  
14 allocation of the cost of the investments necessary to serve the Customer and to ensure  
15 that the benefits afforded to other customers through Customer's projected embedded  
16 cost contribution are also reasonably protected.

---

<sup>12</sup> See Agreement for Contribution in Aid of Construction and Capital Costs By and Between Entergy Louisiana, LLC and the Customer Section 1(f).

<sup>13</sup> See Electric Service Agreement, Rider 1 Section 3.A-B.

1 Q26. HAVE YOU PREPARED A GRAPHICAL REPRESENTATION OF THE  
2 CHANGING REVENUE LEVELS OVER THE TERM OF THE ESA?

3 A. Yes. Below is a graph showing the steady increase in projected revenues over the  
4 ESA's term. I will address ratemaking proposals to address the periodic differences  
5 between the annual revenue requirement and the annual base and FRP revenues from  
6 the Customer later in my testimony.

7 HSPM Figure 2



8  
9

10 **C. Reasonableness of Billing Terms**

11 Q27. ARE THE AGREED-TO BILLING TERMS REASONABLE?

12 A. Yes. The billing terms agreed to by ELL and Customer are reasonable. Additionally,  
13 the billing terms balance the interests of stakeholders, including existing customers, so  
14 that existing customers are not unfairly burdened by the incremental generation and  
15 transmission costs that ELL must incur to serve Customer.

16

1 Q28. PLEASE EXPLAIN THE BASIS OF YOUR OPINIONS.

2 A. Customer's average price per kWh is consistent with the average price per kWh that  
3 other customers on the Large Load Schedule pay, when considering usage. Currently,  
4 ELL has [REDACTED] customers that take electric service on the Large Load Schedule. Like  
5 Customer, the billing terms for those customers were the product of individual  
6 negotiations considering the facts and circumstances pertinent to each customer. Based  
7 on calendar year 2023 billing data, their range of average non-fuel prices per kWh is  
8 [REDACTED]. Customer's  
9 average price based on the estimated billing quantities I have described and using the  
10 same FRP factor that was in place for 2023 is [REDACTED]

11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED] This comparison indicates that billing  
16 terms agreed to by ELL and Customer are reasonable. [REDACTED]

17 [REDACTED]  
18 [REDACTED] in addition to the  
19 projected revenue from the Large Load Schedule and all other applicable rate riders,  
20 the billing terms are reasonable.

21

22 Q29. DO THE BILLING TERMS REASONABLY BALANCE THE INTERESTS OF THE  
23 CUSTOMER AND EXISTING CUSTOMERS SO THAT EXISTING CUSTOMERS

1 ARE NOT UNDULY BURDENED BY COSTS RELATED TO CUSTOMER'S  
2 SERVICE?

3 A. Yes. Such billing terms are reasonable in the context of existing customers. First,  
4 during the ESA's term, the minimum bill charges cover the entire incremental cost of  
5 serving Customer's load, and projected revenues expected to result from the billing  
6 terms exceed the incremental revenue requirements by approximately [REDACTED] as  
7 I have described. Additionally, because Customer will be subject to all of the  
8 applicable rate riders assessed to other customers within the Large Load Schedule rate  
9 class they will contribute an additional [REDACTED] toward securitized storm cost and  
10 resilience program recovery as described earlier. Further, existing customers will  
11 benefit by having ELL spread its current and future costs recovered over more usage.  
12 As an example, ELL has approximately 58 terawatt-hours ("TWh") of sales in 2023  
13 and Customer's annual expected usage is approximately [REDACTED] per year meaning that  
14 sales to Customer would equate to approximately [REDACTED] of the Company's total sales.  
15 This greater spreading will result in existing customers bearing less costs than they  
16 would have borne if Customer had not become a customer of ELL.

17  
18 Q30. DO THE BILLING TERMS REASONABLY MAINTAIN ELL'S FINANCIAL  
19 CONDITION SO THAT EXISTING CUSTOMERS ARE NOT UNDULY  
20 BURDENED BY COSTS RELATED TO CUSTOMER'S SERVICE?

21 A. Yes. Both the payments that will be made under the CIAC Agreement, which are  
22 described by Ms. Beauchamp, and the minimum monthly charges help support ELL's  
23 financial integrity during the construction period of the Planned Generators. Payments

1        made under the CIAC agreement and monthly minimum charges will help maintain  
2        ELL's operating cash flow by (1) providing cash that can be used for construction  
3        expenditures, thus limiting the amount of new debt financing that is required to fund  
4        construction activities, and (2) generating operating revenues that support and maintain  
5        credit metrics. The Customer's willingness to support the Company's ability to  
6        maintain its financial integrity during such a large Project is an important consideration  
7        when attracting new load and balancing of interests of new and existing customers. If  
8        not carefully considered, other customers may experience unforeseen costs due to  
9        adverse credit action or reduction in the Company's financial wherewithal to make  
10       other needed investments on behalf of its customers. In this case, ELL and Customer  
11       have agreed to billing terms that reasonably maintain ELL's financial condition so that  
12       existing customers are not unduly burdened by costs related to Customer's service.

13  
14    Q31.   ARE   THERE   ANY   OTHER   FACTORS   THAT   SUPPORT   THE  
15       REASONABLENESS OF THE BILLING TERMS?

16    A.    Yes. The billing terms are the product of extensive arms-length negotiations between  
17       the Customer and the Company.

18  
19                    **IV.    PROPOSED RATEMAKING TREATMENTS**

20    Q32.   [REDACTED]

21    A.    [REDACTED]

22       [REDACTED]

23       [REDACTED]

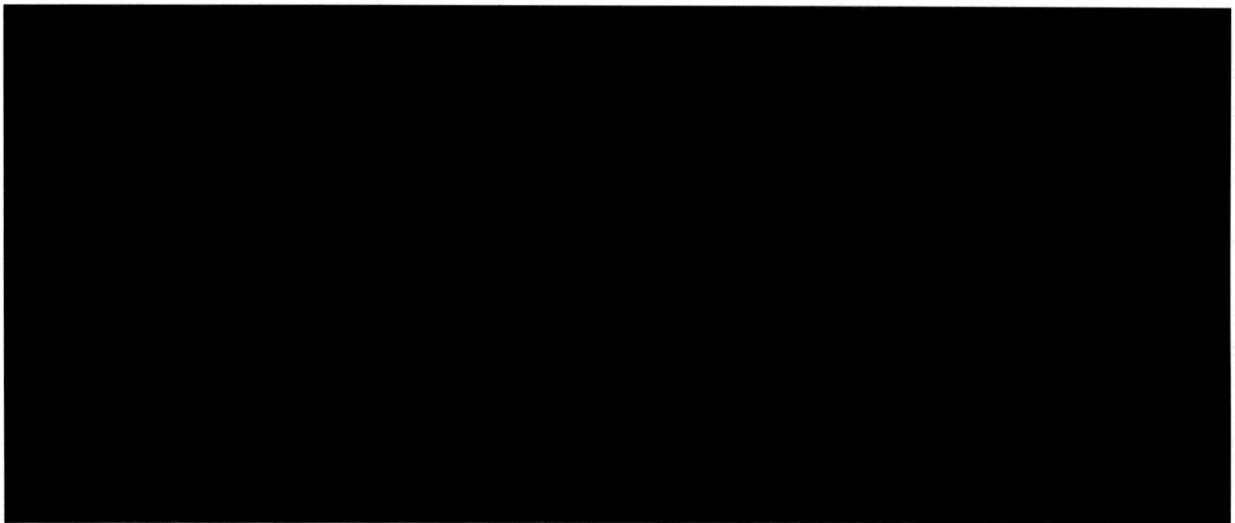


1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8  
9 Q33. [REDACTED]  
10 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]  
11 [REDACTED]  
12 A. [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9  
10 Q34. [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 A. [REDACTED]  
14 [REDACTED]  
15 [REDACTED]

1

HSPM Figure 3



2

3

4

Q35.

[Redacted]

5

[Redacted]

6

A.

[Redacted]

7

[Redacted]

8

[Redacted]

9

[Redacted]

10

[Redacted]

11

[Redacted]

12

[Redacted]

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[Redacted]

14

[Redacted]

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[Redacted]

16

[Redacted]

1

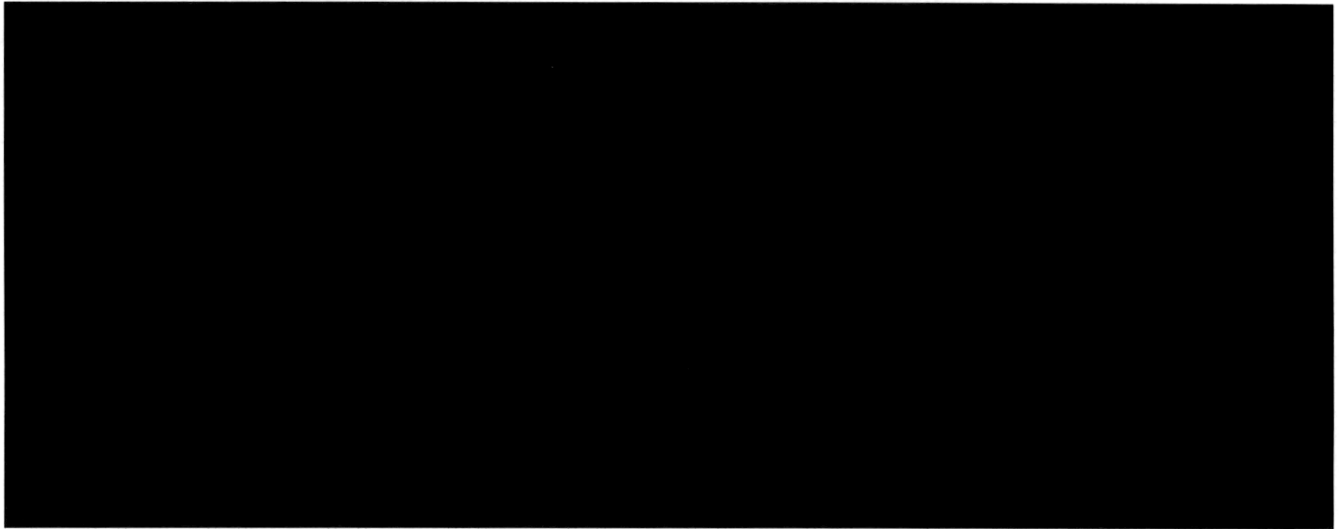
[REDACTED]

2

[REDACTED]

3

HSPM Figure 4



4

5

6

Q36.

[REDACTED]

7

[REDACTED]

8

[REDACTED]

9

A.

[REDACTED]

10

[REDACTED]

11

[REDACTED]

12

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15

[REDACTED]

1 [REDACTED]

2 [REDACTED]

3

4 Q37. [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 A. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18

19 Q38. [REDACTED]

20 [REDACTED]

21 A. [REDACTED]

22 [REDACTED]

23 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]

6

7 Q39. IS ELL REQUESTING ANY RATEMAKING TREATMENTS WITH RESPECT TO  
8 THE REVENUE REQUIREMENTS FOR THE PLANNED GENERATORS?

9 A. Yes. ELL requests that the costs of the Planned Generators be deemed eligible for  
10 recovery in rates in the same manner as the costs of the Company's other system  
11 generating resources. Assuming an FRP similar to ELL's currently-effective FRP  
12 remains in effect, such recovery shall occur through the Additional Capacity  
13 Mechanism ("ACM"). For the proposed Planned Generators, however, the Company  
14 would include within the first-year revenue requirement that is implemented in rates an  
15 offsetting entry for pro-forma Customer revenue such that the net effect on FRP rates  
16 is \$0.

17 In the event that ELL is not subject to an FRP which includes an ACM, the  
18 Company requests that it be authorized to defer the non-fuel revenue requirement (*i.e.*,  
19 costs that are not eligible for recovery through the FAC) associated with each of the  
20 Planned Generators, net of deferred customer revenues until such time as the costs of  
21 each of the Planned Generators is reflected in the Company's retail rates.

1 Q40. HOW SHOULD THE REVENUE REQUIREMENTS FOR THE PLANNED  
2 GENERATORS BE TREATED IN FRP EVALUATION REPORTS AFTER THE  
3 GENERATORS ARE INCLUDED IN PLANT IN SERVICE?

4 A. The revenue requirements for the proposed Planned Generators would be reflected  
5 within the FRP in the same manner as that of the Company's other system generators.  
6 The inside-the-bandwidth revenue requirements would continue to be offset with  
7 Customer revenues through the proposed pro-forma adjustments reflecting the deferral  
8 or amortization of Customer revenues in the manner described above. The net result in  
9 all years would result in no incremental cost to other customers as ELL would amortize  
10 Customer revenues within the FRP to fully offset the cost of the Planned Generators  
11 that is included within the FRP, plus an estimated stabilized contribution to embedded  
12 FRP costs.

13

14 Q41. DOES THE COMPANY HAVE A PLAN FOR HOW TO ADDRESS THE  
15 PURCHASED CAPACITY COSTS THAT ARE CONTEMPLATED?

16 A. Yes, but because there is less certainty as to whether the purchased capacity costs would  
17 drive an increase in the amount of purchased capacity costs relative to what is currently  
18 reflected in the FRP, the Company does not have a concrete proposal for how such  
19 costs should be addressed from a ratemaking standpoint. As mentioned by Ms.

20 Beauchamp, [REDACTED]

21 [REDACTED]

22 [REDACTED]. While Customer has agreed

23 that its revenues should be sufficient to offset those actual costs and that their billing

1 terms and minimum monthly charges should be trued-up based on the actual cost of  
2 purchased capacity that the Company procures, there is not adequate information  
3 available today to develop a concrete ratemaking proposal.  
4

5 **V. COMPLIANCE WITH TRANSMISSION SITING ORDER**

6 Q42. PLEASE EXPLAIN THE RELIEF SOUGHT BY THE COMPANY SPECIFIC TO  
7 THE TRANSMISSION SITING ORDER.

8 A. In compliance with the Transmission Siting Order, ELL is seeking an exemption from  
9 LPSC certification with respect to the construction of the portfolio of projects required  
10 to interconnect the Customer's load to the bulk electric system consisting of  
11 Construction Power Project, Commissioning Power Project, the Customer Substations  
12 1-6, Smalling 500/230kV Substation Project, Smalling to Car Gas 500kV  
13 Transmission Line Project, and the Car Gas Road 500kV Switching Station.  
14 Collectively these projects are referred to as the Customer-specific Transmission  
15 projects. The Company is also seeking a finding from the Commission that the  
16 proposed system improvement projects serve the public convenience and necessity  
17 such that they can be certified by the Commission in compliance with the requirements  
18 of the Transmission Siting Order and thus are eligible for recovery in rates.  
19

20 Q43. PLEASE DESCRIBE GENERALLY THE TRANSMISSION SITING ORDER.

21 A. The Transmission Siting Order was the result of the LPSC rulemaking initiated in  
22 Docket No. R-26018 and was recently modified in Docket No. R-36199. The purpose  
23 of the rulemakings was to consider whether the LPSC should exercise its jurisdiction



1 over the certification and siting of transmission projects constructed in Louisiana. At  
2 the end of the rulemaking process, the Commission concluded that it should exercise  
3 its jurisdiction over the certification and general routing of certain specifically  
4 identified transmission projects, which the order defines as “Transmission Facilities.”  
5 The Transmission Siting Order defines a Transmission Facility as “a system of  
6 structures, wires, insulators and associated hardware, but not including switching or  
7 substations, that carry electric energy over distances and that are located in whole or in  
8 part within the State of Louisiana, regardless of whether the line provides electric  
9 service to customers within the state and that would be constructed and operated at or  
10 above a nominal 100kV, exceeds one mile in length, and the estimated cost to construct  
11 exceeds \$20 million. A Transmission Facility shall include the construction of any  
12 projects, or group/portfolio of projects, designed to resolve a common transmission-  
13 related concern.”<sup>14</sup>

14 The Transmission Siting Order generally provides that any utility seeking to  
15 construct a transmission project meeting the definition of Transmission Facility must  
16 first obtain LPSC certification that the project serves the public convenience and  
17 necessity unless it qualifies for certain enumerated exemptions. For example, the  
18 Transmission Siting Order exempts from certification projects undertaken for the sole  
19 purpose of “accommodating a new or expanding load for specifically identified

---

<sup>14</sup> See Transmission Siting Order, Section II(a).

1 customers located in Louisiana that have executed interconnection agreements and/or  
2 electric service agreements.”<sup>15</sup>

3  
4 Q44. DO THE CUSTOMER-SPECIFIC TRANSMISSION PROJECTS AND THE  
5 SYSTEM IMPROVEMENT PROJECTS QUALIFY AS TRANSMISSION  
6 FACILITIES UNDER THE TRANSMISSION SITING ORDER?

7 A. Yes. As explained in greater detail by Company witnesses Daniel Kline, the  
8 transmission projects consist of approximately 120 miles of new 500 kilovolt (“kV”)  
9 transmission lines and eight new 230kV lines to the Customer substations. Also needed  
10 are new switching and/or substations, which do not qualify as Transmission Facilities  
11 under the Transmission Siting Order’s definition.

12  
13 Q45. HAS THE COMPANY COMPLIED WITH THE REQUIREMENTS OF THE  
14 TRANSMISSION SITING ORDER AS IT RELATES TO THE CUSTOMER-  
15 SPECIFIC TRANSMISSION PROJECTS?

16 A. As I appreciate the Siting Order language, the Customer-Specific Transmission  
17 projects qualify for an exemption under Section VIII(f) on the basis that these  
18 Transmission Facilities directly accommodate a new load in Louisiana that has  
19 executed an ESA. My Direct Testimony, together with the Direct Testimonies of the  
20 other Company witnesses, supports the applicability of this exemption. Certain  
21 individual components of the portfolio of Customer-Specific Transmission projects

---

<sup>15</sup> See Transmission Siting Order, Section VIII(f).

1       also qualify for exemptions under Section VIII(a) which provides that new switching  
2       or substations are exempt from certification requirements. Section VIII(h) also  
3       provides for an exemption “if the costs of the Transmission Facility, and the cost of  
4       any associated System Impacts, will never be reflected or recovered in the retail or  
5       wholesale rates to be assessed to customers of Louisiana electric utilities including  
6       cooperatives.” Because the cost of the Customer-Specific Transmission projects is  
7       being paid by the Customer through a CIAC and thus will not be included in ELL’s  
8       rate base, these projects may also qualify for an exemption under Section VIII(h). For  
9       those reasons, the Company is not seeking a certificate of convenience and necessity  
10      for the Customer-Specific Transmission projects.

11  
12   Q46.   HAS THE COMPANY COMPLIED WITH THE REQUIREMENTS OF THE  
13           TRANSMISSION SITING ORDER AS IT RELATES TO THE SYSTEM  
14           IMPROVEMENT PROJECTS?

15   A.    Yes. As described by Mr. Kline, the system improvement projects<sup>16</sup> are necessary to  
16           maintain compliance with North American Electric Reliability Corporation  
17           Transmission Planning (“NERC TPL”) reliability standards. However, the cost of the  
18           transmission projects exceeds the \$75 million threshold under Section VIII(e), and thus  
19           the projects do not qualify for an exemption from the requirements of the Siting  
20           Order. Through my Direct Testimony and the Direct Testimonies of its other witnesses,

---

<sup>16</sup>       The system improvement projects consist of the Mount Olive to Sarepta 500kV transmission lines and facilities and certain substation equipment upgrades. Mr. Kline provides additional detail on these system improvement projects on p. 14 of his Direct Testimony.

1 the Company has provided the information required by the Transmission Siting Order  
2 as follows:

- 3 • Requirement V(a): ELL is the Applicant in this proceeding and the only entity  
4 participating in the construction of the system improvement projects.
- 5 • Requirement V(b): Mr. Kline provides a description of each component of the  
6 system improvement projects.
- 7 • Requirement V(c): Ms. Beauchamp and Mr. Kline provide detailed  
8 explanations of the justification for the system improvement projects. In  
9 addition, Mr. Kline describes the analyses performed by ELL to determine that  
10 the system improvement projects are the best among the available alternatives  
11 to address the anticipated non-compliance with NERC TPL reliability  
12 standards.
- 13 • Requirement V(d-f): Mr. Kline provides the general proposed location of each  
14 component of the system improvement projects, including whether the  
15 proposed Transmission Facility is located within a NIETC and whether any  
16 federal proceeding or pre-filing process related to back-stop siting of the  
17 proposed Transmission Facility has occurred.
- 18 • Requirement V(g): Mr. Kline discusses the anticipated source of funding for  
19 the system improvement projects.
- 20 • Requirement V(h): Mr. Kline provides the Company's current best estimate of  
21 the cost of each component of the system improvement projects, which he  
22 explains is a Class 5 estimate and is subject to change as the project is more  
23 fully developed and refined.

- 1           • Requirement V(i): I provide a discussion below of the effect that the system  
2           improvement projects will have on ELL customer rates, and Mr. Kline discusses  
3           the effects on ELL's transmission rates paid by other Louisiana customers.
- 4           • Requirement V(j): As an exhibit to his Direct Testimony, Mr. Kline provides  
5           single-line drawings of the typical structures anticipated to be used in  
6           constructing the system improvement projects.
- 7           • Requirement V(k): Mr. Kline discusses the current schedule and timeline for  
8           completing construction of each component of the system improvement  
9           projects and placing them in service.
- 10          • Requirement V(l): Mr. Kline explains the Company's current plans for right-  
11          of-way acquisition.
- 12          • Requirement V(m): Mr. May, Ms. Beauchamp, and Company witness Joshua  
13          B. Thomas provide other information that the Company considers relevant to  
14          support a public interest determination (*e.g.*, the benefits to the state of the  
15          proposed Customer Project).

16          All of this information details the significant analyses that have gone into developing  
17          the system improvement projects and the Company's reasonable plan for completing  
18          the development and construction to bring the reliability and other benefits of the  
19          system improvement projects to its customers.

20

1 Q47. HAVE YOU PREPARED AN ESTIMATED REVENUE REQUIREMENT FOR THE  
2 SYSTEM IMPROVEMENT PROJECTS IN RESPONSE TO REQUIREMENT V.I?

3 A. Yes, I have prepared an estimated first-year revenue requirement based on the Class 5  
4 estimates provided by Mr. Kline. As an initial point, the estimated revenue requirement  
5 and thus the estimated bill effect that I will present are based on early-stage estimates  
6 that will be refined as the system improvement projects progress. The Commission  
7 should not view the Company's preliminary estimate as a cap or yardstick to assess the  
8 prudence of the Company's final costs, as costs can deviate from estimates made at this  
9 stage for many reasons unrelated to the Company's prudence in executing the system  
10 improvement projects. It will be the final prudently incurred costs of the system  
11 improvement projects that the Company seeks to recover in customer rates. The  
12 calculation of the revenue requirement, which is detailed in Exhibit RDJ-3, begins with  
13 the calculation of the project's effect on rate base based on the estimated construction  
14 cost of \$546.0 million. For simplicity, this estimated revenue requirement assumes that  
15 all components of the system improvement projects are placed in-service  
16 simultaneously and these capital construction costs represent the amount to be included  
17 in rate base on the first day that ELL places the projects in service. Depreciation and  
18 amortization expense in the first year of ownership is estimated to be approximately  
19 \$10.9 million, based on the two percent depreciation rate utilized for Transmission  
20 investment recovered pursuant to Section 3.F. of the currently effective FRP. As shown  
21 in Exhibit RDJ-3, this expense, which represents the return of rate base during the first  
22 year of operation, increases the reserve for depreciation and amortization in the same  
23 amount and is a reduction to rate base in the first year of ownership. The final step in

1 determining the rate base is incorporating the ADIT, which represent the tax effect of  
2 the timing differences between book and tax depreciation and is a reduction to rate  
3 base. The end result of these calculations is an average first-year rate base of \$538.3  
4 million, as detailed in Exhibit RDJ-3. The return on rate base is calculated by  
5 multiplying the pretax rate of return by the average rate base discussed above. For  
6 purposes of this calculation, I used the same 8.5% pre-tax rate of return that was utilized  
7 for the base rate analysis presented earlier. The calculation of the estimated first-year  
8 revenue requirement also includes estimated incremental O&M expenses of  
9 approximately \$191,000 consistent with the amount utilized for the economic analysis  
10 conducted by Company witness Samrat Datta. While not a significant part of the  
11 revenue requirement, it is worth noting that these expenses are difficult to predict with  
12 specificity when considering that the system improvement projects will not be placed  
13 in service for several years. In addition, there are other expenses that will be incurred  
14 as a result of the construction of the system improvement projects including property  
15 taxes. Given the early stages of the system improvement project development and the  
16 fact that specific parcels of land have not been designated at this time, those expenses  
17 have not been quantified for purposes of estimating the revenue requirement here.  
18 Finally, the retail revenue requirement is adjusted by the Revenue Conversion Factor  
19 to reflect uncollectible revenues, regulatory commission taxes, and local franchise  
20 taxes. For the purposes of this calculation, I am using the factors that were most recently  
21 utilized in the Company's Test Year 2023 FRP Evaluation Report filing of 1.013. The  
22 estimated first-year revenue requirement is \$57.6 million as shown in Exhibit RDJ-3.  
23

1 Q48. WOULD THE RETAIL REVENUE REQUIREMENTS NOTED ABOVE BE  
2 OFFSET BY OTHER REVENUES RECEIVED BY THE COMPANY?

3 A. Yes. The retail revenue requirement of the system improvement projects would be  
4 offset by transmission wholesale revenues that the Company receives from those  
5 entities taking service on the Company's transmission system. Those revenues are  
6 collected for transmission customers' use of the Entergy Louisiana Transmission  
7 Pricing Zone ("TPZ") transmission assets pursuant to the MISO Tariff and based on  
8 the combined revenue requirement of the Transmission Owners in the Entergy  
9 Louisiana TPZ. The load associated with the Customer's Project will increase ELL's  
10 share of the peak load in the ELL TPZ and thus increase the share of this combined  
11 revenue requirement borne by ELL retail customers. On the other hand, the system  
12 improvement projects will increase the Company's revenue requirement and therefore,  
13 all else equal, increase the revenue received from transmission customers, which will  
14 offset the retail revenue requirement for the system improvement projects.

15

16 Q49. IS ELL REQUESTING ANY RATEMAKING TREATMENTS WITH RESPECT TO  
17 THE REVENUE REQUIREMENTS FOR THE TRANSMISSION SYSTEM  
18 IMPROVEMENT PROJECTS?

19 A. Yes, the Company is requesting that the costs be deemed eligible for recovery, by virtue  
20 of a Commission finding that construction of the system improvement projects is in the  
21 public interest, through the FRP to the extent the Company remains subject to one, or  
22 to authorize the creation of a regulatory asset until such time that the costs can be  
23 reflected in rates in order to mitigate the effects of regulatory lag in the alternative



1       where there is no FRP. In other words, if the Company's FRP is still effective at the  
2       time that the system improvement projects are placed in service, and the Company has  
3       not received approval of some specific alternative recovery for the system improvement  
4       project costs, the Company would recover the revenue requirement through the normal  
5       FRP recovery mechanisms. If instead the Company is not subject to an FRP and the  
6       costs have been recorded to an approved regulatory asset, it would seek separate  
7       Commission approval for any recovery of the proposed regulatory asset through a  
8       future rate proceeding.

9  
10   Q50. HOW WOULD THE REVENUE REQUIREMENT FOR THE SYSTEM  
11       IMPROVEMENT PROJECTS AFFECT CUSTOMER BILLS?

12   A.   Assuming the revenue requirement for the system improvement projects is reflected in  
13       rates on a dollar-for-dollar basis through the Transmission Recovery Mechanism of the  
14       currently-effective FRP, a residential customer using 1,000 kWh per month would  
15       experience a bill increase of approximately \$1.66. The calculation of the estimated bill  
16       increase is included in Exhibit RDJ-3. As a reminder, since the costs are based on  
17       early-stage estimates and since the ultimate form of recovery is uncertain (*i.e.*, whether  
18       through the FRP or through some other method approved by the Commission in a future  
19       rate proceeding), the estimated bill effects I provide may not be representative of the  
20       actual customer impact that will be seen. It is also worth noting again that this estimate  
21       does not factor in any offsetting revenues from entities taking service on the Company's  
22       transmission system.

23

1 Q51. PLEASE SUMMARIZE YOUR TESTIMONY.

2 A. My Direct Testimony gives insight into the process used to analyze and establish the  
3 billing terms and certain other terms of the Customer's ESA. I discuss the Company's  
4 analysis of the incremental costs to serve the Customer and the many considerations  
5 given to how and to what degree other customers should be affected so that the  
6 Customer's interests and the other customers' interests are balanced. The rate  
7 framework that has been established ensures that the revenues from the Customer offset  
8 a reasonable share of the incremental costs to make service available to the Customer  
9 and also shares in the future cost of providing service like other customers do including  
10 FRP costs, securitized storm costs, and resilience costs. My Direct Testimony describes  
11 the steps that are necessary from a ratemaking standpoint to manage the effects of the  
12 Project on the rates charged to ELL's other customers. Finally, my Direct Testimony  
13 describes the Company's compliance with the Transmission Siting Order so that the  
14 proposed system improvement projects can be found to serve the public convenience  
15 and necessity such that it can be certified by the Commission.

16

17 Q55. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

18 A. Yes, at this time.

**AFFIDAVIT**

**STATE OF LOUISIANA**

**PARISH OF JEFFERSON**

**NOW BEFORE ME**, the undersigned authority, personally came and appeared, **Ryan D. Jones**, 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.

  
\_\_\_\_\_  
Ryan D. Jones

**SWORN TO AND SUBSCRIBED BEFORE ME**

**THIS 23 DAY OF Oct 2024**

  
\_\_\_\_\_  
**NOTARY PUBLIC**

**My commission expires:** at death

Lawrence J. Hand Jr.  
Bar 23770 / Notary 52176  
Notary Public in and for the  
State of Louisiana.  
My Commission is for Life.

**Listing of Previous Testimony Filed by Ryan D. Jones**

<u>DATE</u>	<u>TYPE</u>	<u>JURISDICTION</u>	<u>DOCKET NO.</u>
08/22/2019	Affidavit	LPSC	U-35370
06/17/2021	Settlement	LPSC	U-35584
12/08/2021	Direct	LPSC	U-36222
4/21/2022	Direct	LPSC	U-36338
11/14/2022	Settlement	LPSC	U-36222
11/15/2022	Rebuttal	LPSC	U-36338
12/29/2022	Settlement	LPSC	U-36338
10/31/2023	Affidavit	LPSC	U-34951, U-35205, U-35581, U-36092, U-36381
12/11/2023	Direct	LPSC	S-37079
1/31/2024	Affidavit	LPSC	S-37113
3/5/2024	Direct	LPSC	U-37131
3/22/2024	Direct	LPSC	U-37143
5/3/2024	Direct	LPSC	U-37193
5/28/2024	Direct	LPSC	U-37225
8/2/2024	Affidavit	LPSC	U-36959

**BEFORE THE**  
**LOUISIANA PUBLIC SERVICE COMMISSION**

**APPLICATION OF ENTERGY )**  
**LOUISIANA, LLC FOR APPROVAL OF )**  
**GENERATION AND TRANSMISSION )**  
**RESOURCES PROPOSED IN )**  
**CONNECTION WITH SERVICE TO A )**  
**SIGNIFICANT CUSTOMER PROJECT IN )**  
**NORTH LOUISIANA, INCLUDING )**  
**PROPOSED RIDER, AND REQUEST FOR )**  
**TIMELY TREATMENT )**

**DOCKET NO. U-\_\_\_\_\_**

**EXHIBIT RDJ-2**

**HIGHLY SENSITIVE**  
**PROTECTED MATERIAL**

**INTENTIONALLY OMITTED**

**OCTOBER 2024**

Entergy Louisiana, LLC  
**SYSTEM IMPROVEMENT PROJECTS REVENUE REQUIREMENT**  
**DERIVATION OF THE RATE BASE**  
(Dollars in Thousands)

Item	Beginning Of Year	End Of Year
Rate Base		
A. Plant In Service	546,000	546,000
B. Accumulated Depreciation	0	(10,920)
C. Accumulated Deferred Income Taxes <sup>(1)</sup>	0	(4,410)
D. Rate Base	546,000	530,670
<b>E. Average Rate Base</b>		<b><u>538,335</u></b>

**Notes:**

[1] The tax position of ELL relative to the first year revenue requirement has not been finally determined. To the extent that ELL has Net Operating Losses for tax purposes, the amount of ADIT used to calculate the Average Rate Base is subject to change.

Entergy Louisiana, LLC

SYSTEM IMPROVEMENT PROJECTS REVENUE REQUIREMENT

DERIVATION OF THE REVENUE REQUIREMENT  
(Dollars in Thousands)

	<u>First Year of Operation</u>
<b>A. Operation and Maintenance Expense</b>	
1. T-Line & Substation Maintenance Expense	191
<b>B. Return Of and On Rate Base</b>	
2. Pre-Tax Return (@ 8.5%)	45,758
3. Depreciation and Amortization Expense	10,920
4. Total Return Of and On Rate Base	<u>56,678</u>
<b>C. Revenue Requirement</b>	<u><b>56,869</b></u>
<b>D. ELP Revenue Conversion Factor</b>	1.013
<b>E. ELP LPSC Jurisdictional Revenue Requirement</b>	<u><b>57,609</b></u>

Entergy Louisiana, LLC

ESTIMATED BILL EFFECT OF THE SYSTEM IMPROVEMENT PROJECTS

<b>Residential Base Rate (kWh)</b>	<b>1,000</b>
Customer Charge (Schedule RS)	\$10.00
Energy Charge (Schedule RS)	\$37.62
AMS Charge (Schedule AMS)	\$2.41
<b>Subtotal</b>	<b>\$50.03</b>
Estimated FRP Increase	3.3184%
<b>Estimated Bill Effect</b>	<b>\$1.66</b>

TY2023 FRP Applicable Base Revenue	\$1,736,043,951
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