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

PHILLIP R. MAY

ON BEHALF OF

ENTERGY LOUISIANA, LLC

PUBLIC REDACTED VERSION

OCTOBER 2024

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EXHIBIT LIST

I. INTRODUCTION AND BACKGROUND

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

A. My name is Phillip R. May. I am President and Chief Executive Officer ("CEO") of Entergy Louisiana, LLC ("ELL" or the "Company").[1] My business addresses are 4809 Jefferson Highway, Jefferson, Louisiana 70121 and 446 North Boulevard, Baton Rouge, Louisiana 70802.

Q2. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?

A. I am testifying on behalf of ELL.

Q3. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. 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 subsidiaries of Entergy Corporation for over 38 years. I joined Louisiana Power & Light Company (now known as ELL) in 1986 as an Engineer in the Rates and Regulatory Affairs Department. I was responsible for developing cost

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

of service studies to support Legacy ELL's retail and wholesale rates. I also planned and directed 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.,[2] 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.

[2] Entergy Services, LLC ("ESL"), formerly Entergy Services, Inc., is a service company to the five Entergy Operating Companies ("EOCs"), which are ELL, Entergy Arkansas, LLC, Entergy Mississippi, LLC, Entergy Texas, Inc., and Entergy New Orleans, LLC.

As my background and current duties indicate, in addition to my other areas of formal education and experience, 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. And, for over a decade of service as ELL's CEO, I have worked regularly with state and local officials on efforts to develop and strengthen Louisiana's economy.

Q4. WHAT ARE YOUR CURRENT DUTIES?

A. As President and CEO of ELL, I have 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. In addition, 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.

Q5. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY PROCEEDING?

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

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My Direct Testimony introduces and supports the Company's application (the "Application") in this docket before the Louisiana Public Service Commission ("LPSC" or the "Commission") that seeks, among other things, certification of and

approval for ELL's construction of new generation and transmission facilities necessary to serve the load associated with a new [redacted] to be developed by [redacted] (the "Customer"), in Richland Parish, Louisiana (the "Project"). The Customer plans to invest over $5 billion in Richland Parish, and its Project will require up to [redacted] megawatts ("MW") of reliable power. I acknowledge from the outset that this Application involves a significant amount of ELL investment and presents some requests that are different from what the Commission traditionally sees, but the core requests regarding certification of generation and transmission are substantially similar to those handled by the Commission many times in its history. And, most importantly in my view, the Customer's Project and the utility infrastructure to support it present a transformative opportunity for Louisiana's economy and the communities that ELL serves in Northeast Louisiana. ELL and a variety of stakeholders are prepared to do their part, but the Commission's collaboration and support are indispensable to the Project's success.

In particular, ELL will require 2,262 MW (installed capacity) of new baseload generation and significant transmission assets and upgrades to serve this new Customer and continue providing reliable service to its existing customers. As I explain below, ELL is planning to construct three (3) new 1x1 Combined Cycle Combustion Turbine ("CCCT") generators to provide the energy and capacity needed to serve the new load (sometimes referred to herein as the "Planned Generators"), as well as transmission interconnection and upgrade investments. In order to protect ELL's existing customers from being unfairly burdened by the incremental costs to serve the Customer, ELL and

the Customer's agreed-upon billing terms produce projected base rate and Formula Rate Plan ("FRP") revenues from the Customer that exceed the projected revenue requirements associated with those incremental generation and transmission additions. Moreover, in order to manage emissions from the new gas-fired generation, ELL has obtained commitments from the Customer that provide a path to offset or "clean" approximately sixty percent (60%) of the gas megawatt-hours from the Planned Generators by 2031. To accomplish that goal, ELL is seeking authorization to implement a new Corporate Sustainability Rider (sometimes referred to herein as the "CSR") that includes a commitment to add a significant amount of incremental clean resources over time to offset the emissions associated with the Customer's future electricity usage in Louisiana. I and other Company witnesses filing Direct Testimony in support of the Application describe in more detail the full listing of requests included in the Company's Application.

Q7. HOW IS YOUR TESTIMONY ORGANIZED?

A. I begin in Section II by explaining the opportunity that the Project presents for Richland Parish and the surrounding region – and also to customers served by ELL statewide – that support why the Company is submitting its Application to the Commission for approval. In Section III, I provide a more detailed overview of the Project and ELL's generation and transmission investments that are required to serve the Project. I also discuss the terms of the agreements that have been negotiated with the Customer and the protections that have been secured for ELL's other customers included therein, as well as the proposed monitoring plan through which quarterly updates on the status of

ELL's generation and transmission investments, including schedule, costs, and other critical associated activities, will be reported to Commission Staff ("Monitoring Plan"). In Section IV, I describe the new Customer-specific CSR for which ELL is seeking approval that identifies commitments to which the Customer and ELL have agreed in order to comply with each other's sustainability goals. In Section V, I discuss the anticipated economic impacts to the Richland Parish region where the Project will be located. Finally, in Section VI, I summarize the Company's requests for relief, and I introduce the other witnesses supporting the Company's Application.

II. ELL IS UNIQUELY POSITIONED TO FACILITATE ECONOMIC DEVELOPMENT OPPORTUNITIES LIKE THE PROJECT

Q8. PLEASE EXPLAIN WHY THE COMPANY IS FILING ITS APPLICATION.

A. ELL takes seriously its obligation to provide electric service and understands its vital role in daily life and development of the communities it serves. From the time of its first discussions with the Customer, ELL recognized the Project as a potential game changer for Northeast Louisiana. The Project will bring an historic investment in a part of our state that has not previously enjoyed the same sort of economic growth that has materialized in other areas of Louisiana. For decades, leaders in our state have sought development in Northeast Louisiana that would provide meaningful opportunities to grow its communities through jobs, new sources of revenue, and improved quality of life. The benefits that this Project are anticipated to bring are unlike anything that has been contemplated to date, as I discuss in more detail below.

Recognizing the opportunity that the Project provides to positively impact the economic trajectory not just for Northeast Louisiana, but for the state, the Company explored available options for serving the load associated with the Project under terms that not only would satisfy the Customer's needs, but that also would ensure that the benefits associated with the Project would be shared with all of ELL's customers.[3] The Company's Application demonstrates how the size and geographic diversity of an electric utility like ELL, which has a presence in fifty-eight (58) of Louisiana's sixty-four (64) parishes, make a difference in helping the state, and Northeast Louisiana in particular, attract the sort of development opportunity that the Project represents. Furthermore, and importantly, ELL's size and statewide presence benefit all customers, which rationale was central to Legacy ELL's and Legacy EGSL's proposing the Business Combination in LPSC Docket No. U-33244.[4]

[3] Company witness Laura K. Beauchamp discusses in her testimony the options considered by the Company to serve the Project's load.

[4] *See* Order No. U-33244-A (September 14, 2015), *In re: Potential Business Combination of Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C.*, Docket No. U-33244 ("LPSC Order No. U-33244-A"), at 3 (summarizing ELL's testimony that the Business Combination "balances the interests of all stakeholders, addresses existing customers' interests by ensuring they receive a fair share of the benefits of the Business Combination, addresses prospective customers' and the State's interests by ensuring that the Business Combination facilitates economic development in Louisiana, and addresses the Commission's interests by ensuring that the appropriate mechanisms are put in place to regulate the newly-combined company efficiently in the future").

Q9. PLEASE ELABORATE ON HOW ELL'S CHARACTERISTICS CONTRIBUTE TO MAKING RICHLAND PARISH AN ATTRACTIVE LOCATION FOR THE PROJECT.

A. ELL's size and ability to raise capital are essential to making the investments needed to serve the Project on the timeline requested by the Customer. ELL's ability to respond to such opportunities requires the Company to deploy capital quickly to make transmission upgrades to serve additional load and to ensure an adequate and reliable supply of generation. Indeed, preparing to help the communities that ELL serves take advantage of economic development opportunities like the Project and positioning Louisiana for economic growth were key drivers of the Business Combination that the Commission approved in 2015.[5]

Since that time, and with the Commission's support, ELL has done significant work to improve reliability, make the grid more resilient in the face of extreme weather, and add clean, affordable sources of energy – all of which efforts serve to support the economic development that is occurring in the state by making the investments necessary to keep Louisiana attractive to businesses on which Louisiana citizens rely. And during that time, the Commission's leadership and ELL's prudent management of its resources have allowed ELL's customers to enjoy rates for electric service that are well below the national average. The Commission's recent approval of an extension

[5] *See* LPSC Order No. U-33244-A, at 3 ("According to Mr. May, the proposed Business Combination will result in one electric utility with a stronger balance sheet and a better ability to attract capital, enabling the surviving entity to make necessary investments in infrastructure, as well as take advantage of economic opportunities available as a result of the *industrial renaissance* sparked by low energy prices.") (emphasis in original).

and modification of ELL's Formula Rate Plan in Order No. U-36959 also has shored-up ELL's financial health, which enables ELL to make investments needed to serve this Customer.[6] In short, the Project represents the sort of opportunities that ELL, the Commission, and community stakeholders have been preparing for.

Q10. WILL YOU DESCRIBE, GENERALLY, THE COMPANY'S PLANS TO SATISFY ITS LONG-TERM GENERATION RESOURCE NEEDS, INCLUDING THOSE ATTRIBUTABLE TO INCREASED LOAD GROWTH ASSOCIATED WITH ECONOMIC DEVELOPMENT OPPORTUNITIES LIKE THE PROJECT?

A. Yes. As Company witness Laura Beauchamp discusses, the Company is projected to need additional long-term generating capacity over the course of the long-term planning horizon to replace deactivated capacity and address load growth in order to reliably serve customers – even before consideration of the needs of the Project. To that end, as Ms. Beauchamp describes, the Company has developed and continues to refine an integrated plan that considers generation, demand response, energy efficiency, and transmission and is expected to meet customer needs in the lowest-reasonable-cost manner. The plan is to meet ELL's needs through a diverse set of resources that will provide efficient operating flexibility to solve evolving customer demands.

[6] *See* LPSC Order No. U-36959 (September 13, 2024), *In re: Application for an increase in rates, whether through a Formula Rate Plan extension or rate review, and proposed revisions to certain fees assessed to customers,* Docket No. U-36959.

Q11. ARE INVESTMENTS IN TRANSMISSION UPGRADES ALSO NECESSARY TO ADDRESS INCREASED LOAD GROWTH?

A. Yes. In addition to satisfying its long-term generation resource needs, the Company also must plan to invest in transmission upgrades to improve load serving capability where new load and generation are added.

Q12. IS THE TIMELINESS OF THE COMPANY'S INVESTMENT IN ITS GENERATION AND TRANSMISSION INFRASTRUCTURE A SIGNIFICANT FACTOR IN ENCOURAGING ECONOMIC DEVELOPMENT GROWTH IN THE STATE?

A. Yes. Investment in infrastructure must be timely because speed to market is one of the keys to attracting new investment like the Project. In other words, all else being roughly equal, if a prospective customer is choosing between two locations, and if that customer believes that location A can more quickly bring the customer's facility on-line than location B, that customer is more likely to choose to build at location A. [redacted], this "need for speed" may be especially acute and an even more significant factor in the selection of a location for a customer's project.

Once a prospective customer makes the decision to locate a new facility in Louisiana (or expand an existing operation), the addition of that load will benefit all customers in the state. Specifically, the ability to attract new industrial customers will provide additional sales across which to spread the cost of new capital investment needed to support the provision of safe, reliable, and economic service to all customers. In addition, attracting new industrial customers to Louisiana, regardless of whether they

are served by the Company, can bring more jobs and lead to improvements in community infrastructure such as schools, streets, parks, and other resources that enhance the daily lives of Louisiana's citizens.

Q13. IS LOUISIANA'S REGULATORY ENVIRONMENT A FACTOR THAT PROSPECTIVE CUSTOMERS CONSIDER WHEN DECIDING WHERE TO LOCATE?

A. Yes, it is. When a prospective project requires investment in the grid to meet electric service requirements, whether the Commission will support and approve that investment and do so on a timely basis are factors that the prospective customer considers when making its decision.

Q14. PLEASE ELABORATE ON HOW THE COMPANY HAS CONTINUED TO POSITION LOUISIANA FOR ECONOMIC GROWTH BY INVESTING IN THE RESILIENCE AND RELIABILITY OF ITS INFRASTRUCTURE.

A. ELL has been working to make its system more resilient since the significant storms that impacted Louisiana in the early 2000s, and the experience with Hurricane Ida in 2021, as well as the challenges of the record-setting 2020 Atlantic hurricane season, demonstrate the necessity of those improvements. In the intervening years, ELL, like the overall electric utility industry in the United States, has invested considerable capital to replace and upgrade aging infrastructure.

In particular, ELL has modernized its power plants, adding both cleaner and more efficient energy sources in order to provide our customers with reliable, safe, and

low-cost energy. ELL also has invested significantly in its transmission grid to expand for growth and to comply with federal reliability requirements. And, for its distribution system, ELL has implemented grid modernization and system-hardening improvements as customer reliance on the electric grid evolves and increases (*e.g.,* electric vehicles and e-commerce).

ELL also has begun implementing an accelerated approach to improving the resilience of the electric grid. In LPSC Docket No. U-36625,[7] the Company filed its Entergy Future Ready Resilience Plan (Phase I) ("Resilience Plan") that addressed directly the significant risks faced by communities in the Gulf Coast region and the Company's plan to improve its electric system to help customers meet the challenges and opportunities of tomorrow. As the Company described in the Resilience Plan docket, the implementation of the Resilience Plan will substantially improve the risk profile for the ELL grid by reducing the cost of restoring the electric grid after major storms as well as reducing the number and duration of outages associated with those events. As ELL also explained in that docket, ELL's Resilience Plan is responsive to the increase in customers' dependence upon the electric grid, which, in turn, is increasing demands and expectations for a resilient system. Customers expect that the electric distribution grid will accommodate and facilitate technological advancements that are changing the way electricity can be supplied, distributed, and consumed. The improvements contemplated by the Resilience Plan are therefore vital to the communities that we serve and, in turn, to the economy of Louisiana.

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[7] LPSC Docket No. U-36625, *In re: Application for approval of the Entergy Future Ready Resilience Plan (Phase I).*

The Commission, in LPSC Order No. U-36625, highlighted the positive impact on economic development efforts that the hardening projects included in ELL's Resilience Plan would produce: "In addition to the direct customer benefits of these projects, the projects will support economic development and jobs in Louisiana, both in terms of the linemen who will do the work and the businesses that will want to invest in a more resilient Louisiana."[8] And in the case of the Customer, which is one such business that has chosen to invest in our state, the benefits from the investment in its Project will flow to all customers because the Customer will be contributing to the cost of the Resilience Plan as well as toward hurricane recovery by providing support for financed storm costs, as I discuss below.

Q15. WHAT OTHER EFFORTS HAS THE COMPANY MADE TO ENCOURAGE BUSINESSES TO LOCATE IN LOUISIANA?

A. First and foremost, businesses that are looking to make major capital investments pay close attention to the cost of electricity, and the Company works to provide safe and reliable service that also is cost competitive. In addition to its ongoing efforts to keep rates for electric service in its Louisiana service areas competitive with other states, the Company works closely with the Louisiana Department of Economic Development and regional economic development organizations to encourage businesses to locate new facilities within Louisiana and to expand existing Louisiana facilities, all of which could substantially benefit the Louisiana economy.

[8] *See* LPSC Order No. U-36625 (May 10, 2023), *In re: Application for approval of the Entergy Future Ready Resilience Plan (Phase I)*, Docket No. U-36625, ("Order No. U-36625"), at 6.

Specifically, the Company assists state, regional, and local economic development partners with the identification, development, and certification of new industrial and commercial sites. The Company also provides its economic development partners with a state-of-the-art "Buildings & Sites" online database to assist with the site selection process.[9] In addition, the Company works with its economic development partners to respond to requests for information, plan for prospect visits to the state, provide outreach to site selection consultants, provide industry research, develop geographic information system mapping, conduct demographic analyses, and create conceptual layouts and virtual tours for available industrial sites.

Furthermore, and importantly, the Company is an active participant in education and workforce training initiatives that help make Louisiana competitive with other states and provide opportunities for its citizens. Examples of those initiatives include the following:

- Participating on the workforce advisory group for the LA FUEL grant awarded by the National Science Foundation to a consortium led by Louisiana State University.
- Helping Southern University at Shreveport and Dillard University in New Orleans secure $500,000 from the U.S. Department of Energy's HBCU Clean Energy Education Prize competition.

[9] *See* Entergy's Building & Sites Online Commercial Database and GIS Mapping Application, available at https://buildingsandsites.com/.

- Providing financial support to the National Society of Black Engineers (NSBE) student chapter at the University of Louisiana at Lafayette.
- Working closely with Baton Rouge Community College to submit an energy curriculum called Energy Industry Fundamentals to the Louisiana Community and Technical College System for certification as an Industry Based Credential that may be then taught by any community college (and to dual enrolled high school students) across the state.
- Participating as a partner and advisory group member for Energy Partners In Innovation and Collaboration ("E.P.I.C.") Consortium at River Parishes Community College (part of Louisiana's H2theFuture grant from the Economic Development Administration).
- Supporting lineworker programs at Delgado Community College and Fletcher Technical Community College.
- Providing field/on-site learning opportunities for college and high school students (*e.g.*, recently hosted students from Louisiana Delta Community College's Industrial Instrumentation program at the Ouachita power plant in Sterlington).

The Project represents a successful culmination of efforts to encourage economic development for the communities located in Northeast Louisiana and provides hope that continued efforts will bring additional opportunities. The testimonies and exhibits included with the Company's Application demonstrate how the generation and transmission investments necessary to serve the Project would serve the public convenience and necessity and why they should be approved.

III. OVERVIEW OF THE PROJECT

A. Description of the Project

Q16. PLEASE DESCRIBE THE CUSTOMER'S PROJECT AND ITS AGREEMENT WITH ELL.

A. The Project is a new [redacted] that the Customer is planning to construct in Richland Parish, Louisiana. The proposed [redacted] has significant capacity and energy requirements, and ELL and the Customer have worked closely to reach commercial terms on an Electric Service Agreement ("ESA") and related contracts that provide both the power needed by the Customer and significant financial contributions from the Customer towards construction of the necessary incremental resources. As I discuss below, in addition to the ESA, ELL and the Customer have entered into an Agreement for Contribution in Aid of Construction and Capital Costs (the "CIAC Agreement"), which details how contributions (cash payments) from the Customer will be used to (1) fund the construction of certain transmission facilities that will directly interconnect and serve the Customer's load from the Entergy Transmission System, and (2) [redacted]. Ms. Beauchamp describes the ESA between ELL and the Customer in more detail in her Direct Testimony, as well as the CIAC Agreement that is a part of the ESA. The ESA is attached to Ms. Beauchamp's Direct Testimony as Highly Sensitive Protected Materials ("HSPM") Exhibit LKB-2.

Q17. WHAT IS THE TIMELINE FOR THE PROJECT?

A. The Project is expected to begin taking service for construction power in [redacted] and ramp up to full capacity in [redacted]. Ms. Beauchamp discusses the specific details regarding the Customer's anticipated ramp-up schedule in her Direct Testimony. To support the Customer's timeline, ELL must begin project advancement activities in 2024. Those activities include engineering, ordering long-lead materials, establishing construction power, securing a position in the Midcontinent Independent System Operator, Inc. ("MISO") queue for generator interconnections, and early site assessment.

Q18. HAS THE CUSTOMER MADE ANY COMMITMENTS IN CONNECTION WITH ITS LOCATING THE PROJECT IN RICHLAND PARISH?

A. Yes. The Customer has committed to an investment of at least $5 billion in Richland Parish to build the Project, although the actual investment is anticipated to be greater. The initial indications with respect to the Project are that the Customer will hire at least 300 to 500 full-time employees with an average salary of $82,000.[10] And construction spending for the Project is expected to generate 4,800 construction jobs. Moreover, as I discuss in greater detail below, the infrastructure improvements associated with the Project are likely to provide additional opportunities for Northeast Louisiana and elevate the quality of life of the citizens of the region.

[10] It is believed that these initial figures may be updated as more details are revealed about the Project.

B. ELL's Investment Necessary to Serve the Project

Q19. DOES ELL CURRENTLY HAVE THE CAPACITY NEEDED TO SERVE THE CUSTOMER'S ANTICIPATED LOAD?

A. No. As I noted above and as Ms. Beauchamp describes, even without considering the anticipated load required to serve the Project, ELL's projected load (plus a planning reserve margin) exceeds the capacity of ELL's existing and LPSC-approved resources, indicating a need for additional long-term capacity. ELL is engaged in ongoing efforts to obtain additional sources of existing capacity. Ultimately, however, there simply are not sufficient transmission and generation resources currently installed to serve the new load associated with the Project, as discussed by Company witness Daniel Kline. As explained by Ms. Beauchamp, the Customer's projected demand for the Project ([redacted] MW) translates, in terms of energy consumption, to an approximately [redacted] increase over the amount of terawatt hours currently sold annually by ELL statewide.

Q20. CONSIDERING THE CAPACITY LIMITATIONS THAT YOU HAVE HIGHLIGHTED, SHOULD ELL HAVE ADVISED THE CUSTOMER THAT IT CANNOT SERVE THE PROJECT?

A. No. As I alluded to previously, utility service is intertwined with the public interest, and ELL is reasonably expected to provide service to customers who request and are willing to pay for that service in accordance with the rules, terms, and conditions approved by the Commission. Under ELL's LPSC-approved Terms and Conditions of Electric Service ("Terms and Conditions"), the Company normally extends its facilities

to serve new, permanent customers when the anticipated revenue from the expanded load is sufficient to justify the investment required to provide the new service. Those Terms and Conditions observe ELL's role in fostering economic development in the areas it serves and that grid improvements can benefit both a new customer and the overall system. Additionally, the rate schedule under which the Customer will take service contemplates situations where facilities of suitable capacity and voltage are not adjacent to the Customer's facility and permits ELL to require a Customer contribution in order to provide the requested service.

As more fully addressed by Company witness Ryan D. Jones, ELL approached the Customer's request for service in the manner the Commission would expect, and that included assessment of anticipated revenue and the improvements required to provide service. Importantly, the Customer observed from the outset the principles that inform ELL's obligation to serve and made clear that it was fully prepared to assume reasonable financial responsibility in connection with improvements required for ELL to provide service to the Project. In other words, protecting existing customers has been a shared goal from the beginning, so working with the Customer to facilitate the Project was and remains the appropriate path for ELL and all of its customers.

Q21. HOW IS ELL PLANNING TO PROVIDE THE NEW BASELOAD GENERATION REQUIRED TO SERVE THE PROJECT?

A. The large load associated with the Project at a single location requires a complex, integrated transmission and generation solution, including several high-capacity factor sources of energy to reliably serve the load while also maintaining the reliability of the

bulk electric system ("BES"). ELL evaluated numerous options to serve the Customer in a manner that addresses its need for speed, reliability, cost, and sustainability, but that also mitigates harm and ensures continued reliable service to other customers. The options considered include all gas-fired generation with no zero-carbon generation, a renewables-only (plus intermittent gas capacity) solution, and a transmission-only solution. Ultimately, the Company opted to construct three new 1x1 CCCT facilities to provide the energy and capacity needed to serve the new load, which provides the needed capability to support service at the Customer site. Ms. Beauchamp explains the rationale for this solution versus other alternatives that were considered.

To meet BES compliance and operational flexibility and reliability requirements, two of these generators will be adjacent to the Customer's load at the Franklin Farm Site in Richland Parish where the Project will be constructed, which location significantly reduces potential stresses to the BES, as discussed by Mr. Kline. The third generator will be located at another as yet to be determined site within ELL's Southeast Louisiana Planning Area ("SELPA").[11] These three new CCCTs will operate as dispatchable generation resources that will be committed and dispatched in economic merit order by MISO, which will help maintain reliability when intermittent resources are not available. Company witness Matthew Bulpitt discusses the Planned Generators in more detail in his Direct Testimony. As discussed by Mr. Bulpitt, the CCCTs will be configured to enable carbon capture and storage ("CCS") technology to meet future federal emission standards and capable of burning up to 30% hydrogen.

[11] As discussed by Ms. Beauchamp, ELL intends to supplement this Application over the coming months with further details regarding the third CCCT.

Q22. WHY DID ELL SELECT CCCT TECHNOLOGY FOR THE GENERATION RESOURCES?

A. As Mr. Bulpitt explains, CCCT technology provides efficient, around the clock, reliable generation and is considered throughout the industry to be the best available technology for limiting greenhouse gas emissions when combusting fossil fuels for electrical generation. In addition, a CCCT can achieve full power operation within a few hours of starting, thus providing flexibility for dispatching purposes.

Q23. WILL ALL THE OUTPUT OF THE PLANNED GENERATORS BE DEVOTED TO THE CUSTOMER?

A. No. The new CCCTs are being built to serve ELL's total load in the future, which will include the load of the new Customer. As Ms. Beauchamp explains, the Planned Generators will be a part of ELL's overall generation-resource portfolio, and ELL is seeking approval of the CCCTs as system resources. ELL anticipates that, as system resources, these CCCTs will be offered into MISO's markets for capacity and energy and committed and dispatched in the normal order, consistent with security constrained economic unit commitment and dispatch, to serve the needs of all ELL customers, as is the case with other system resources.

Q24. PLEASE DESCRIBE THE TRANSMISSION INTERCONNECTION AND UPGRADE INVESTMENTS NECESSARY TO SERVE THE PROJECT.

A. The transmission-related projects include new substations and upgrades to equipment at substations, as well as new transmission lines. There are four substation projects

presented in the Application, including the Car Gas Substation, the Smalling Substation, six substations to be constructed on the Customer's property (referred to as the Customer 1 through 6 substations), and upgrades to the equipment at the Sterlington 500 kV Substation. ELL also will be constructing the "Perryville-to-Smalling 500 kV Lines #2 and #3" and the transmission lines that are connecting the Smalling Substation to each of the Customer 1 through 6 substations. Finally, ELL will be constructing a new 500 kV transmission line extending from a substation near Sarepta, Louisiana, to a substation near Mount Olive, Louisiana (referred to as the "Mount Olive to Sarepta 500 kV Transmission Facilities"). The Mount Olive to Sarepta 500 kV Transmission Facilities are needed for compliance with North American Electric Reliability Corporation regulations governing transmission planning and reliability. In addition, the Customer will require transmission facilities for immediate service, before the above-described transmission facilities are completed. Mr. Kline discusses these transmission projects in more detail in his Direct Testimony.

As Mr. Kline describes, ELL expects that the proposed new transmission lines will generally improve the reliability of the transmission system and help to ensure its secure and reliable operation. The Mount Olive to Sarepta 500 kV Transmission Facilities will improve reliability for customers throughout Louisiana by increasing load serving capability and improving operational flexibility to allow for maintenance outages to take place. The line also will provide resilience benefits to an area of the state that historically has experienced ice storms and tornadoes.

Q25. ARE ANY OTHER GENERATION RESOURCES REQUIRED TO SERVE THE PROJECT?

A. Yes. As I discuss below and as Company witness Elizabeth C. Ingram discusses in more detail in her testimony, ELL will need to procure and seek certification of 1,500 MW of solar and/or solar and storage ("hybrid") resources using either the expedited processes approved by the Commission in LPSC Order No. U-36697 or through another process approved by the Commission.[12] In addition, as Ms. Beauchamp describes, the difference between the Customer's total anticipated load ([redacted] MW) and the Planned Generators (2,262 MW) is approximately [redacted] of needed capacity. ELL is continuing to evaluate all possible options with respect to providing the additional capacity and associated energy that is needed when the Project is fully operational.

Q26. WHAT IS THE PROJECTED OVERALL COST FOR THE COMPANY'S INVESTMENTS TO SERVE THE LOAD ASSOCIATED WITH THE PROJECT?

A. During the commercial negotiations of the CIAC Agreement and ESA, the Company estimated a total capital investment of approximately $3.2 billion for the new generators and approximately $[redacted] billion for transmission investments and upgrades. Further detail regarding the current cost estimates for the generators and transmission investments can be found in the Direct Testimonies of Ms. Beauchamp, Mr. Bulpitt,

[12] *See* LPSC Order No. U-36697 (June 14, 2024), *In re: Application for approval of an alternative market-based mechanism process seeking to secure up to 3,000 MW of solar resources, including certification of those resources, expansion of the Geaux Green Option Rider, and approval of a new renewable tariff*, Docket No. U-36697 ("LPSC Order No. U-36697").

and Mr. Kline. As I mentioned above, however, the Customer is contributing substantially toward that cost (in the amount of approximately [redacted]) in the form of a transmission contribution in aid of construction ("CIAC") [redacted]. And, as I discuss below, the cost to own and operate the Planned Generators for the term of the ESA will be offset through the Customer's minimum monthly charges and billings pursuant to the standard rate schedule for base electric service applicable to the Customer. Mr. Jones discusses these details more fully in his Direct Testimony, but, generally speaking, the Customer will pay for the vast majority of the cost of the new CCCTs through its minimum charge obligations if the Customer takes service under the ESA through 2056. As Mr. Jones also describes, the minimum bill charges during the ramp-up period also ensure that sufficient cash flow is generated to maintain the Company's credit and financial integrity during the process of constructing the new CCCTs.

Q27. WHAT IS THE TIMELINE FOR ELL'S GENERATION AND TRANSMISSION INVESTMENTS TO SERVE THE PROJECT?

A. In order to meet the Customer's anticipated ramp-up timeline, construction of the new generators and transmission facilities would need to be completed by 2028 (for the two generators adjacent to the Project) and 2029 (for the third generator).

C. Transaction Structure, Customer Protections, and Rate Impacts

Q28. PLEASE DESCRIBE THE TERMS AND GENERAL CONSIDERATIONS OF THE ESA BETWEEN THE COMPANY AND THE CUSTOMER.

A. The Customer and ELL have executed an ESA for an original term of fifteen (15) years, with automatic renewal for subsequent terms of five (5) years until either party provides advance notice of an intent not to renew. Given the unusually large size of [redacted] projects, a critical consideration for ELL was the Customer's willingness to pay the incremental cost of service and ELL's ability to mitigate the impact on other customers from significant levels of incremental costs related to the significant investment for both generation and transmission assets that are required to serve the Customer. To that end, the majority of the transmission interconnection and upgrade investments that are necessary to serve the Customer's load will be funded via a CIAC from the Customer, as described by Ms. Beauchamp. These arrangements ensure that the Customer is paying the incremental cost to serve it during the term of the ESA term and protect other customers in a manner consistent with the revenue justification policy found in ELL's Terms and Conditions.

The ESA with the Customer does not, however, explicitly address the costs of certain transmission investments considered as "System Improvements" that, although necessary to serve the Customer, have other benefits, needs, and drivers independent of the Project. Consistent with prior practice regarding transmission System Improvements and ELL's Terms and Conditions, those costs are shared by all customers, including the Customer, as they serve other needs unrelated to the Project and will provide significant system benefits once in-service.

Q29. DOES THE ESA INCLUDE FEATURES OTHER THAN THE CIAC AGREEMENT THAT PROTECT ELL'S OTHER CUSTOMERS?

A. Yes. Protections and risk mitigation for other customers include termination payments before and after the ESA term that are covered in part by Parent Guaranties and credit insurance products, as well as true-up provisions that provide for rate adjustments if the actual cost of generation varies from estimates. In the event the Customer terminates the ESA prior to the end of the 15-year term, [redacted]. This protects ELL's other customers by covering the resources' incremental investment costs in the event of early termination.

In addition, and over and above the direct contributions discussed above, under the ESA, the Customer will take service under a standard rate schedule offered to qualifying large industrial customers – ELL's Large Load, High Load Factor Power Service Rate Schedule ("Rate Schedule LLHLFPS-L"), under which a number of such customers already take service. As described by Mr. Jones, the ESA also provides for a monthly minimum charge which, at the most basic level, offsets the cost of the incremental system resources necessary to serve the Customer's load so that other customers are not unduly burdened by such cost.[13] The minimum bill charges and the

[13] As I noted above and as Mr. Jones describes in more detail, the minimum bill charges during the ramp-up period also will help ELL maintain its cash flow and credit metrics as the Company undertakes the large-scale construction projects to serve the Project. These charges address the direct incremental cost to serve the Customer and any indirect cost associated with potential adverse credit actions so that the Customer's and existing customers' interests are balanced.

amounts charged under Rate Schedule LLHLFPS-L to the Customer are sufficient to offset the incremental revenue requirement of the investments and costs necessary to serve the Customer during the 15-year term of the ESA. In addition, the Customer will contribute its share of all future costs charged through the tariff, including the cost of transmission system improvements, spreading ELL's cost across more sales to the benefit of all customers. The Customer also will be subject to the FRP Rate Adjustment, the Fuel Adjustment Clause ("FAC"), and an allocated share[14] of all other applicable Riders, including Financed Storm Cost Riders and the Resilience Plan Cost Recovery Rider, so that the Customer bears a reasonable share of ELL's cost to provide electric service over the term of the ESA. Under these terms, the Customer will be treated in the same way as almost all of the Company's other retail customers and will share in the cost of operating the Company's electrical system through the appropriate recovery mechanisms. To that end, as Mr. Jones discusses in his Direct Testimony, the projected base rate and FRP revenues from the Customer exceed the projected revenue requirements associated with the incremental generation and transmission additions necessary to serve the Customer. In addition, over the 15-year original term of the ESA, it is expected that the Customer will contribute approximately [redacted] toward the repayment of existing securitized storm debt[15] and approximately [redacted] toward ELL's current Resilience Plan costs previously approved by the LPSC

[14] 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.

[15] As noted in the Direct Testimony of Mr. Jones, this contribution includes the costs to repay financed storm costs through the Finance Storm Costs Riders net of the shared tax benefits that are included in the Storm Cost Offset Riders.

in Order No. U-36625 and that would otherwise be paid for solely by ELL's existing customers.

Mr. Jones also discusses the expected impact on customers' bills as a result of the Customer's full participation in Schedule LLHLFPS-L. At a high level, as Mr. Jones explains, the terms of the ESA, including the CIAC Agreement, the monthly minimum charge, and the application of ELL's filed rates, including Rider FRP, have significant benefits for ELL's other customers during the term of the ESA. Relative to a scenario where the Customer were to choose not to locate its Project in Louisiana, the structure of the transaction is expected to save ELL's customers hundreds of millions of dollars in the form of reduced rates during the term of the ESA.

Q30. PLEASE ELABORATE ON THE PARENT GUARANTIES AND COLLATERAL REQUIRED IN THE ESA.

A. Under the ESA, the Customer is required to furnish to ELL collateral security in the form of a Parent Guaranty in the amounts set forth in the ESA, which Parent Guaranty must remain in force and effect throughout the 15-year original term of the ESA. The ESA contains provisions requiring additional collateral security in the form of surety bonds, irrevocable stand-by letters of credit, credit insurance, cash, and an additional Parental Guaranty under certain circumstances. A separate Parent Guaranty is required in the CIAC Agreement, which requirement covers the period of time prior to the December 1, 2026, effective date of the ESA. The purpose of requiring collateral security in this manner is to mitigate the risk of default by the Customer and to help

ensure that the obligations assumed by the Customer in the ESA do not fall to the Company's other customers.

Q31. HAS THE CUSTOMER MADE ANY UPFRONT CONTRIBUTIONS TOWARD THE COST OF THE COMPANY'S INVESTMENTS TO SERVE THE PROJECT TO ENSURE THAT THE CUSTOMER'S RAMP-UP TIMELINE CAN BE SATISFIED?

A. Yes. As discussed by Ms. Beauchamp, the Customer already has contributed approximately [redacted] in payments for certain long-lead items including, for example, deposits on turbines, which take a long time to manufacture and deliver.

Q32. DOES THE CUSTOMER ANTICIPATE MAKING ANY OTHER CONTRIBUTIONS TO FACILITATE CONSTRUCTION?

A. Yes, as Mr. Jones and Ms. Beauchamp describe, [redacted]

Q33. WHAT HAPPENS IF THE CUSTOMER OPTS NOT TO EXTEND THE TERM OF THE ESA BEYOND THE ORIGINAL 15 YEARS?

A. As Ms. Beauchamp explains in her Direct Testimony, even if the Customer does not require the same level of service for the Project after the expiration of the ESA's 15-year original term, ELL still anticipates needing the dispatchable capacity associated with the Planned Generators based on forecasted load growth across the state (independent of the load added by the Customer), together with expected resource deactivations. The Planned Generators could be utilized, if the Customer does not renew the ESA, to defray the need for adding additional generation that would replace the deactivated generators or meet the demand for new load from economic development. Company witness Samrat Datta provides an economic analysis of that potential outcome in his Direct Testimony. As discussed by Mr. Datta, even if the Customer terminates its ESA after year fifteen, ELL's other customers would not be harmed; in fact, when factoring in the savings they would realize from the Customer's contributions during the original term of the ESA and from the avoided cost of resources otherwise needed after year fifteen, ELL's other customers would realize substantial net benefits.

D. Monitoring Plan

Q34. PLEASE DISCUSS THE COMPANY'S PROPOSED MONITORING PLAN.

A. To keep the Commission informed on the progress and costs of the generation and transmission investments described in ELL's Application, the Company is proposing to submit quarterly monitoring reports reflecting ELL's progress on construction of

those projects. ELL's proposed form of monitoring plan is attached to Ms. Beauchamp's Direct Testimony as Exhibit LKB-5.

Q35. DOES ELL HAVE AN OBLIGATION TO PRUDENTLY MANAGE THE PROJECTS INCLUDED IN ITS APPLICATION?

A. Yes. And while the monitoring reports will demonstrate how ELL is prudently managing the projects described in the Application, the Commission's approval of the Application and the projects included therein will not constitute a final determination of the prudence of the costs ultimately incurred for those projects. Rather, the Company asks, in connection with the requested findings that the resources at issue are prudent and in the public interest, that the projected costs of those resources be deemed eligible for recovery through the Company's applicable rate mechanisms, subject to a continuing obligation to execute the projects to develop these resources prudently. The Commission will have the opportunity to review all such costs in the normal course to ensure that the projects to develop the resources have been prudently executed and, accordingly, that the costs have been prudently incurred.

IV. CORPORATE SUSTAINABILITY RIDER

Q36. YOU MENTIONED ABOVE THAT ELL PLANS TO OFFSET A PORTION OF THE EMISSIONS FROM THE PLANNED GENERATORS CONSTRUCTED TO SERVE THE PROJECT. PLEASE EXPLAIN HOW THAT WILL TAKE PLACE.

A. Although the Project is driving investments in gas generation, ELL plans to offset a portion of the emissions from the CCCTs through a Customer-specific Corporate

Sustainability Rider centered on sustainable, clean resources. The CSR is an agreement designed specifically for (and open only to) the Customer and that is incorporated into the Customer's ESA to identify customer-specific commitments for clean resources, including solar, hybrid, CCS, and, potentially, wind and other clean resources, as well as relevant charges for such resources, where applicable.

As with the ESA and the CIAC Agreement, the parties' ability to negotiate and reach an agreement on the CSR was a necessary element for the Company in achieving its sustainability goals, and was a relevant factor also for the Customer as it decided whether to move forward with the Project in Louisiana. As Ms. Beauchamp and Company witness Elizabeth Ingram explain, the Company has robust sustainability goals, which I discuss further below, and the CSR is necessary for the Company to remain in line to achieve those goals. Similarly, the Customer also is dedicated to minimizing its environmental impact and promoting sustainability in all aspects of its business. The ability for ELL to provide options for zero to near-zero carbon emission resources was important for the Customer in selecting ELL and the State of Louisiana as the site of its Project. Furthermore, the CSR encompasses a commitment by the Customer to reduce emissions within the same region as the Project. The CSR is attached to Ms. Beauchamp's testimony as Appendix E to Rider 1 of the ESA (HSPM Exhibit LKB-2) and is separately attached to the Direct Testimony of Ms. Ingram as HSPM Exhibit ECI-2.

As discussed in more detail by Ms. Beauchamp and Ms. Ingram, the Customer has committed to a customer-specific arrangement that includes pricing consistent with Option B of ELL's existing Geaux Zero green tariff for the 1,500 MW of solar and/or

hybrid resources contemplated by the CSR. In conjunction with that participation, ELL is not seeking certification of or approval for any specific solar and/or hybrid resources at this time. Rather, ELL is proposing to use the expedited certification process contemplated by LPSC Order No. U-36697 for approval of the 1,500 MW of incremental solar and/or hybrid resources (in excess of the 3,000 MW of solar resources previously approved by the Commission)[16] that ELL will solicit and procure either (1) through an alternative, streamlined, competitive procurement process that is consistent with the process approved in LPSC Order No. U-36697 or (2) through another procurement process agreed to between the parties, such as the process outlined in the Commission's Unsolicited Offer General Order.[17] ELL also is seeking approval generally of the CSR, including the Customer's agreement to pay for the incremental cost to install CCS technology at the Company's Lake Charles Power Station ("LCPS") as a means to offset, in part, the emissions impacts from the Planned Generators required to serve the Project.[18]

This strategy provides incremental low-to-zero carbon energy to manage the incremental carbon intensity of the new gas-fired generation. These clean options will

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[16] As explained more fully by Ms. Ingram, as it relates to ELL's Application in this docket, ELL only seeks approval to use the expedited certification process for resources that fall within the Breakeven Parameters approved in LPSC Order No. U-36697. To the extent ELL elects to seek certification for resources associated with the CSR the cost of which exceeds the approved Breakeven Parameters, the Company would file for approval under the standard certification process required by the Commission's 1983 General Order.

[17] *See* LPSC General Order (October 15, 2008), *In re: Consideration of procedures whereby jurisdictional electric utilities must provide the Commission Staff with notice of unsolicited offers, as well as their response to, and analysis of, unsolicited offers,* Docket No. R-30703.

[18] At this time, ELL is not seeking certification of CCS at LCPS in its Application. ELL is presently working to develop a more detailed plan and cost estimate for CCS at LCPS, and, assuming that work leads ELL to conclude that proceeding with CCS at LCPS is in the public interest, ELL will submit a future filing to the Commission that seeks approval of CCS at LCPS and any other unit where ELL proposes to add that technology.

offset 60% of the new gas-fired generation and enable ELL and Entergy Corporation ("Entergy") to meet their sustainability objectives while allowing the Customer the flexibility to achieve its own sustainability objectives, which was a relevant factor for the Customer in selecting Louisiana for its investment.

The CSR also includes a corporate social responsibility commitment by the Customer to Entergy's "Power to Care" program. As described by Ms. Beauchamp and Ms. Ingram, the Power to Care is a customer assistance program that was created to provide emergency utility assistance for low-income seniors and customers with disabilities.[19] Through that program, local nonprofit agencies help to provide emergency bill payment assistance to such customers in their time of need. The program is funded through donations from Entergy shareholders, employees, and generous customers who collectively provided $2.8 million last year to the program, inclusive of the match from Entergy shareholders (who match customer donations up to $500,000 annually and also provide an uncapped match for employee donations). Under the CSR, the Customer has agreed to match Entergy Corporation's contribution (through its shareholders) to the Power to Care program by donating up to $1 million per year for the term of its ESA to provide financial assistance to older adult customers and customers with disabilities that live on low or fixed incomes in Louisiana.

[19] For more information regarding Entergy's Power to Care program, see https://www.entergy.com/care/.

Q37. WHAT ARE ENTERGY'S SUSTAINABILITY OBJECTIVES?

A. Entergy is proud of its longstanding commitment to environmental stewardship, which is an integral part of how we help create sustainable value for our communities. In 2001, Entergy was the first utility in the United States to set a voluntary greenhouse gas emissions goal. Today, Entergy operates one of the cleanest large-scale power generation fleets in the country.[20] Entergy's current sustainability targets include achieving net zero greenhouse gas emissions by 2050 and to cease coal power operations by 2030.[21]

Q38. HOW DOES THE CSR IMPROVE THE SUSTAINABILITY OF ELL'S RESOURCE PORTFOLIO?

A. The CSR requires the addition of incremental renewable resources that complement other reliable, dispatchable sources of generation. The CSR also includes a CCS commitment that will offset carbon emissions and may help to bring a new clean technology to Louisiana. These effects are described in more detail by Company witnesses Ms. Beauchamp, Mr. Bulpitt, and Mr. Owens in their Direct Testimonies.

[20] *See* 2023 Benchmarking Air Emissions Report (November 2023), *available at* https://hohoho.sustainability.com/globalassets/insights/benchmarking/benchmarking-air-emissions-2023.pdf.

[21] *See* Additional information regarding Entergy's corporate sustainability goals, *available at* https://www.entergy.com/environment/.

V. ECONOMIC IMPACTS OF THE PROJECT

Q39. HOW DOES THE PROJECT FIT WITH LOUISIANA'S CURRENT ECONOMIC DEVELOPMENT PIPELINE?

A. [redacted].[22] The Project, therefore, adds a new and exciting dimension to Louisiana's pipeline of industrial projects.

Other projects underway or in development continue to be driven by Louisiana's infrastructure, ability to provide feedstock for customers, and low energy prices compared to competitors around the country and the world. Louisiana continues to see investment in energy-intensive industries such as chemical products, refining, natural gas exports, ammonia, and hydrogen. However, such projects are largely centered in the greater New Orleans, Baton Rouge, and Lake Charles areas based primarily on those regions' locations relative to deep-water ports with access to the Gulf of Mexico.[23] In total, there are presently $34.4 billion in projects under

[22] *See* Scott, Loren C., *Louisiana Economic Forecast, State and MSAs: 2025 and 2026*, Loren C. Scott & Associates, Inc. (Oct. 2024) ("Scott Report"), [redacted].

[23] *Id.* at p. 20

construction in the New Orleans, Baton Rouge, and Lake Charles regions.[24] Another $115.7 billion in projects have been announced for potential future development.[25]

Q40. HOW DO RICHLAND PARISH AND NORTHEAST LOUISIANA FACTOR INTO THE OBSERVATIONS ABOUT LOUISIANA'S ECONOMY THAT YOU HAVE JUST PROVIDED?

A. Richland Parish and Northeast Louisiana are not as advantaged by factors such as oil and natural-gas prices and natural assets such as deep-water port access that have driven, and are continuing to drive, economic growth in other areas of Louisiana. As its name implies, farming production from its fertile land was the foundational feature of Richland Parish's economy. The parish today has abundant flat, open land, and the majority remains undeveloped, with Rayville and Delhi being the only classified towns in the parish. Despite the abundant land and other attributes that can be attractive for development, the parish has faced the unfortunate challenges of population loss and a poverty rate of up to 24%.[26]

In 2025, Richland Parish and neighboring Morehouse Parish will become part of the Monroe metropolitan statistical area ("MSA"), presently composed of Ouachita and Union Parishes. State and regional economic development officials have been trying to land new industry and new jobs in this area of the state for years. The recent

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[24] *Id.*

[25] *Id.* at pp. 20-21.

[26] *See* U.S. Census Bureau Profile on Richland Parish, Louisiana, *available at* https://data.census.gov/profile/Richland_Parish,_Louisiana?g=050XX00US22083#income-and-poverty.

success of those efforts has been limited, however, with economic development opportunities in the state remaining concentrated, instead, on the I-10/I-12 corridor and locations close to Louisiana's deep-water ports, as I noted above. What is more, the Monroe MSA has experienced job losses over the last 18 months across a variety of sectors.[27] Accordingly, this is a region of Louisiana that needs new investment and good jobs.

Q41. WHAT IMPACT WILL THE PROJECT HAVE ON RICHLAND PARISH AND THE SURROUNDING COMMUNITIES?

A. The Project is an opportunity that Northeast Louisiana has been waiting for and that, in my view, will change the economic outlook for the region. As I noted above, my understanding is that the Customer has committed to investing billions of dollars in Richland Parish to build the Project and to hiring 300 to 500 full-time employees with an average salary of $82,000, which is significantly higher than Richland Parish's median household income of $48,125.[28] This investment and job creation will spur incremental economic activity and benefits, creating a "major positive jolt"[29] through, among other things, increased demand for goods and services in the region and multiplier effects from increased spending in the region by [redacted] employees and

[27] *See* Scott Report at p. 117.

[28] *See* U.S. Census Bureau Profile on Richland Parish, Louisiana, *available at* https://data.census.gov/profile/Richland_Parish,_Louisiana?g=050XX00US22083#income-and-poverty.

[29] *See* Scott Report at p. 87; *see also, id.* at 119.

the additional jobs that such spending will create when the Project locates in Richland Parish.

In this way, the Project could very well represent a once-in-a-lifetime opportunity for what has been one of the most economically disadvantaged parts of Louisiana. An investment of this magnitude can be expected to result in new infrastructure, civic services, and overall improvement in quality of life. More to the point, the Project can provide hope to families in the region that their children will have opportunities to make lives for themselves and their own families close to home if they so choose.

Q42. WILL THE COMPANY'S GENERATION AND TRANSMISSION INVESTMENTS TO SERVE THE PROJECT ALSO HAVE AN ECONOMIC IMPACT ON THE REGION?

A. Yes. In addition to the economic benefits resulting from the Project itself, ELL's investment in electric infrastructure to serve the Project will create additional construction and permanent jobs that will have a positive impact on the economies of Richland Parish, the new Monroe MSA, and the State of Louisiana. That investment will also result in a more reliable, resilient electric grid that should help attract further economic development to the region.

VI. OVERVIEW OF THE APPLICATION AND INTRODUCTION OF WITNESSES

Q43. PLEASE SUMMARIZE THE PURPOSE OF THE COMPANY'S APPLICATION.

A. The purpose of the Application is to request that the Commission find, among other things,[30] that (1) the Planned Generators to be constructed by the Company to serve the load associated with the Project serve the public convenience and necessity, are in the public interest, and are therefore prudent in compliance with the applicable Commission Orders, including the Commission's General Order dated September 20, 1983 (the "1983 General Order"),[31] (2) the Company has complied with the requirements of Rule 3 in the LPSC's General Order dated July 29, 2019, in Docket No. R-34860[32] relating to ESAs with industrial customers requiring significant resource additions, and (3) under the specific facts and circumstances presented in the Application, including significant third-party funding, the substantial economic benefits to the citizens of the State of Louisiana afforded by the Project, and other circumstances described in the Company's Application and supporting testimony, good cause exists for the Commission to grant an exemption to the formal request for proposal process set forth in the Commission's Market-Based Mechanisms General

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30 I discuss the Company's specific requests for relief in more detail below.

31 *See* LPSC General Order (September 20, 1983), *In re: In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the LPSC*, as amended by LPSC General Order (Corrected) (May 27, 2009) *In re: Possible modifications to the September 20, 1983 General Order to allow (1) for more expeditious certifications of limited-term resource procurements and (2) an exception for annual and seasonal liquidated damages block energy purchases*, Docket No. R-30517.

32 *See* LPSC General Order 7-29-2019, *In re: Rules Applicable to Electric Service Providers' Provision of Service to Load Outside its Historical Footprint that may be Offered for Industrial Load*, Docket No. R-34860.

Order ("MBM Order"), to the extent applicable.[33] The Company is also seeking findings under LPSC General Order R-36199 dated September 10, 2024 (the "Transmission Siting Order") with respect to certain transmission facilities. The Commission is also asked to authorize the implementation of the Corporate Sustainability Rider, including the processes for procuring and securing Commission approval to add future resources to that rider. The Commission is also asked to approve specific rate-making treatment that accounts for, among other things, the unique aspects of the Customer's contributions, as well as the Company's proposed Monitoring Plan. Finally, the Company requests any other approvals or authorizations as may be required by the Commission.[34] Company witness Joshua B. Thomas discusses the specific findings requested by the Company in its Application, which also are set forth in the Prayer for Relief in the Company's Application.

Q44. WHEN DOES THE COMPANY REQUEST THAT THE COMMISSION GRANT THE APPROVALS REQUESTED IN THE APPLICATION?

A. The Company requests that the Commission grant the approvals requested in the Application no later than September 2025, which would allow almost a full year for

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[33] *See* LPSC General Order (February 16, 2004),*In re: Development of Market-Based Mechanisms to Evaluate Proposals to Construct or Acquire Generating Capacity to Meeting Native Load, Supplements the September 20, 1983 General Order*, Docket No. R-26172 Subdocket A, (as amended by General Order, Docket No. R-26172, Subdocket B, dated November 3, 2006, and further amended by the April 26, 2007 General Order, and the amendments approved by the Commission at its October 15, 2008 Business & Executive Meeting; the October 29, 2008 General Order, Docket No. R-26172, Subdocket C; and the October 14, 2024 General Order, Docket No. R-34247.

[34] Mr. Jones discusses, for example, the Commission's General Order (7/1/2019), in Docket No. R-34738, *In re: Proceeding to Establish Rules Regarding Electric Utility Tariff Filings and Related Review, Including Site Specific Rate Filings* ("Tariff Filings General Order").

these proceedings, so that the Project can progress on its timeline, which I describe in more detail below.

Q45. WHY IS A TIMELY DECISION FROM THE COMMISSION IMPORTANT AND IN THE BEST INTERESTS OF ELL'S CUSTOMERS?

A. A timely decision from the Commission is critical to seize on this opportunity for Northeast Louisiana. If the Application is not decided on a timeline that supports the needs and expectations of the Customer and its multi-billion dollar investment, it is likely that the Customer will relocate and the benefits associated with the Project, which I and other witnesses discuss, will be lost.

Q46. PLEASE INTRODUCE THE OTHER WITNESSES WHOSE TESTIMONY IS BEING SUBMITTED WITH THE APPLICATION AND IDENTIFY THE SUBJECTS THAT EACH ADDRESSES.

A. In addition to my testimony, the Company's Application is supported by the testimonies of the following witnesses:

- Laura K. Beauchamp: Director, Resource Planning and Market Operations for ELL. Ms. Beauchamp discusses the Customer's load profile and provides an overview of the Project. She also describes ELL's long-term resource planning process and ELL's need for dispatchable generation as well as for generation in the future. Ms. Beauchamp also discusses MISO's role with respect to the generation and transmission investments necessary to serve the Project's load and the cost of those investments. Finally, she explains the fuel supply and

clean energy components associated with the investments and supports the monitoring plan proposed by the Company.

- Nicholas W. Owens: Partner at the NorthBridge Group. Mr. Owens addresses ELL's proposal to build gas-fired generation to meet its capacity and energy needs arising from serving the Customer as well as proposals to build gas-fired generation elsewhere in the country. He also discusses the significance of the Customer's clean energy funding commitments.
- Matthew Bulpitt: Vice President of Power Development for ESL. Mr. Bulpitt discusses the CCCT generator technology required to serve the Project, taking into consideration system reliability, resiliency, sustainability, cost-competitiveness, and the timeline requirements of the Customer. He also describes the estimated cost and schedule to construct the two CCCT units that will be co-located at the Project site as well as the process through which ELL plans to contract for the construction of the third CCCT unit to be sited at another yet to be determined location within ELL's SELPA. Finally, Mr. Bulpitt explains the project management risk mitigation plan implemented for the Project and how the CCCT units will be configured to leverage CCS technology to meet future federal emission standards.
- Daniel Kline: Director, Power Delivery Planning for ESL. Mr. Kline provides an overview of the ELL transmission system, including facilities relevant to the Project in North Louisiana. He also provides a general description of the transmission facilities proposed for the Project and details the planning evaluation that was performed to assess the costs, benefits, and necessity of the

proposed transmission facilities, taking into account the costs and benefits of alternative solutions. Mr. Kline also explains the costs and benefits of the proposed transmission facilities and why they are a reasonable solution for providing service to the Project. Finally, Mr. Kline explains the MISO transmission interconnection process for the generators needed to serve the Project.

- Ryan D. Jones: Manager, Regulatory Affairs for ELL. Mr. Jones presents the analysis used by ELL to develop the billing terms and certain other ESA terms for the Customer. He also describes in detail the ratemaking treatments that the Company is requesting the Commission approve to ensure that the FRP continues to produce just and reasonable rate changes that are not confusing and disruptive to ELL's customers as the generation infrastructure needed to provide reliable electric service to customers (including the Customer) is included in plant in service and the revenue from the Customer is recognized.
- Ryan E. O'Malley: Controller of Utility Operations Accounting for ESL. Mr. O'Malley describes the accounting treatments of three payments that the Customer will make under the terms of the ESA, namely, the CIAC to offset the cost of certain transmission capital additions, the CIAC to [redacted], and the minimum bill charges received from the Customer during the ramp-up period before ELL is serving the Customer's contracted demand and the Customer begins paying a demand charge calculated in accordance with Rate Schedule LLHLFPS-L. He also describes the requested regulatory revenue deferral.

- Elizabeth C. Ingram: Director of Regulatory Strategy for ESL. Ms. Ingram supports ELL's request for authorization to implement the CSR. She provides an overview of the CSR, as well as the solar, hybrid, and CCS commitments in the CSR, together with the wind and other clean resources. Finally, she discusses the cost recovery treatment associated with the CSR.
- Joshua B. Thomas: Vice President of Regulatory Services for ESL. Mr. Thomas describes the findings from the Commission that the Company requests in its Application. He also explains why approval of the Company's Application is in the public interest. Mr. Thomas discusses how the Application complies with the 1983 General Order and the reasons supporting the Company's requested exemption from the MBM Order. Finally, he addresses the proposed ratemaking treatment for the costs associated with the Long-Term Service Agreement.
- Samrat Datta: Director of Advanced Network Planning for the System Planning Organization at ESL. Mr. Datta provides an economic analysis of the generation and transmission resources to be constructed to serve the Project. His analysis addresses the costs and benefits of those resources, net of the Customer's contributions to the costs of the resources, as well as the benefit to all ELL customers of the Customer's payment of an allocated share of other ELL rates such as the FRP and storm riders during the 15-year original term of the ESA. Mr. Datta's analysis also addresses the economic impact and risks to ELL's customers at the end of the 15-year original ESA term under a

conservative assumption if the Customer chooses to terminate its ESA at that time.

- Jeremy Halland: Manager of Environmental Project Services at ESL. Mr. Halland explains the required environmental permits and the Company's compliance efforts with respect to the Project.

VII. CONCLUSION

Q47. PLEASE SUMMARIZE THE REASONS WHY THE COMPANY'S APPLICATION IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED.

A. The Project will diversify Louisiana's economy and bring a new source of well-paying jobs to a region of our state that really needs them. A critical objective of both ELL and the Customer in negotiating and reaching contractual terms was to craft the ESA and its components in a way that demonstrates that Louisiana is an attractive place to invest and do business, while protecting the interests of ELL's current customers and ensuring their continued access to power that is reliable, affordable, and sustainable. The agreed-upon terms with the Customer are the product of extensive arms-length negotiations that resulted in the Customer's choosing Louisiana as the location of its proposed Project, which will bring with it significant opportunity for future development in the state, and Northeast Louisiana in particular, through an injection of significant human and economic capital into a long-underdeveloped region. Furthermore, the Project provides Northeast Louisiana with a significant opportunity to grow its load and transmission system capacity with a customer willing to shoulder much of the cost. Finally, and relatedly, the Customer will share significantly in the

overall cost of operating and improving the Company's electric system, which benefits all of ELL's existing customers who currently share that cost.

Just as it helped position Louisiana for economic growth by approving the Business Combination in 2015, the Commission's support and approval of ELL's Application are necessary for the Project to become a reality. I emphasize that the components of the ESA and ELL's plan to serve the Project are the product of careful, extensive negotiation, and attempting to alter one component in response to a special interest could jeopardize the whole and the Project itself, and that would disserve the broader public interest. If the Commission wants to attract the sort of investment that the Project represents, it should approve ELL's Application and do so in a timely manner that allows the Company to meet the Customer's desired timeline. Otherwise, Louisiana will miss out on the transformative benefits that the Project has to offer and will signal to potential investors that the state is not open to new opportunities.

Q48. 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 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 May

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 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
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

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
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
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
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

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
08/30/2023	Direct	2023 Rate Case/FRP extension	LPSC	U-36959