Louisiana Public Service Commission



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May 9, 2025

VIA HAND DELIVERY

Louisiana Public Service Commission Records and Recordings 602 N. Fifth Street Galvez Building, 12th Fl. Baton Rouge, LA 70802 LA PUBLIC SERVICE COMM MAY 9 2025 PM3:27

Re: Docket U-37425, Entergy Louisiana, LLC, ex parte. In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana.

To whom it may concern:

Enclosed for filing in the above-captioned matter is the Cross-Answering Testimony of R. Lane Sisung on behalf of the Staff of the Louisiana Public Service Commission. Please file the enclosed into the record of the above-captioned docket and provide a copy to the Administrative Hearings Division. A confidential and attorney-eyes-only version of this filing is being provided under seal. If you have any questions regarding this filing, please do not hesitate to contact me.

Sincerely,

Lauren Temento Evans (Bar Roll 35576)

Deputy General Counsel

Louisiana Public Service Commission

Phone: (225) 342-9888 Email: lauren.evans@la.gov

cc: Service List (via email)

PUBLIC VERSION AEO/HSPM INFORMATION HAS BEEN REMOVED

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-37425

ENTERGY LOUISIANA, LLC

LA PUBLIC SERVICE COMM MAY 9 2025 PM3:27

In re: Application for Approval of Generation and Transmission Resources in Connection with Service to a Single Customer for a Project in North Louisiana

CROSS-ANSWERING TESTIMONY

OF

R. LANE SISUNG

ON BEHALF OF THE
STAFF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

PUBLIC VERSION

MAY 9, 2025

1		TABLE OF CONTENTS	
2	I.	INTRODUCTION	2
3	II.	POTENTIAL ESA AMENDMENT	8
4	III.	ESA NON-RENEWAL / TERMINATION RISK	11
5		A. Notice Period for Non-Renewal at End of Original Term	12
6		B. Non-Renewals of 5-Year Extensions After the Original Term	13
7		C. Customer Termination Prior to ESA Effective Date	14
8	IV.	CONCERNS WITH PARENT GUARANTY	17
9	v.	MBM EXEMPTION AND POTENTIAL COST OVERRUNS	18
10	VI.	MINIMUM BILL REQUIREMENTS	23
11	VII.	ECONOMIC ANALYSIS	28
12 13	VIII.	POTENTIAL UNIDENTIFIED COSTS - TRANSMISSION MITIGATION	., 33
14 15	IX.	POTENTIAL UNIDENTIFIED COSTS – OPERATIONS OF PLANNED GENERATORS	34
16 17	Χ.	POTENTIAL UNIDENTIFIED COSTS-FUTURE TRANSMISSION NEEDS	37
18	XI.	CUSTOMER LOAD FLEXIBILITY	38
19	XII.	CSR CONCERNS	40
20		A. Non-Compliance with LPSC Tariff Rules	42
21		B. Scope of the CSR Requirements for Procurement	45
22		C. Non-Binding Requirements for the Designated Renewable Resources	47
23		D. The Low Carbon Option (LCO)	48
24	XIII.	CONCLUSION	49
25 26			

I. INTRODUCTION

- 2 Q1. PLEASE STATE YOUR NAME, PLACE OF EMPLOYMENT, TITLE, AND
- 3 **BUSINESS ADDRESS.**
- 4 A. My name is R. Lane Sisung. I am President of United Professionals Company, LLC
- 5 ("UPC"). My business address is 3850 North Causeway Boulevard, Suite 1930, Metairie,
- 6 Louisiana 70002.
- 7 Q2. ON WHOSE BEHALF ARE YOU APPEARING IN THIS DOCKET?
- 8 A. I am appearing on behalf of the Commission Staff ("Staff").
- 9 Q3. ARE YOU THE SAME R. LANE SISUNG THAT PROVIDED DIRECT
- 10 TESTIMONY IN THIS MATTER?
- 11 A. Yes.
- 12 Q4. PLEASE SUMMARIZE THE SUBJECT MATTER OF THIS DOCKET.
- 13 A. Entergy Louisiana, LLC ("Company" or "ELL") filed an application (the "Application")
- to the Commission for several requests related to potential service to a significant customer
- 15 ("Customer" or "Laidley") for its construction and operation of a hyperscale data center
- (the "Project"). The Project would require the construction of three new Combined Cycle
- 17 Combustion Turbine ("CCCT") generators (the "Planned Generators"), the construction of
- customer-sited transmission, and the construction of proposed system transmission
- projects, a line from Mt. Olive to Sarepta and upgrades to the Sterlington Substation
- 20 (collectively, the "Planned Transmission"). The Application is supported by an Electric
- 21 Service Agreement (the "ESA") between ELL and Customer that establishes the allocation
- of costs and risks as between the parties. The Application additionally proposes
- 23 mitigations and rate-making adjustments that ELL proffers will ensure that the incremental

investments necessary to serve Customer will not unduly burden ELL's other ratepayers. The ESA incorporates a Rider 1 to the ESA which (i) includes a proposal for a sustainability rider to assist in offsetting the emissions of the Planned Generators (the "Customer Sustainability Rider" or "CSR") and (ii) incorporates two Contributions in Aid of Construction Agreements ("CIACs") for long-lead generation and transmission equipment, which have already been funded (the "Long-Lead CIACs"), and a third CIAC which provides for continuing customer funding (the "Continuing CIAC")¹.

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Q5. PLEASE PROVIDE A SUMMARY OF YOUR DIRECT TESTIMONY IN THIS DOCKET.

Following 139 pages of discussion and analysis, my Direct Testimony concludes that, subject to my recommendations for (1) specific prayers for relief that should be denied; (2) protective conditions that should be adopted; (3) the adoption of the customer rate mitigations proposed; and (4) a full consideration of the potential benefits and risks of the Application, including the economic benefits that the Project may deliver for Louisiana residents, that the Commission could find that the Application is in the public interest and certify the Planned Generators and Planned Transmission (to the extent required).

17 Q6. WHAT SPECIFIC PRAYERS FOR RELIEF IN ELL'S APPLICATION DO YOU 18 RECOMMEND THE COMMISSION DENY?

19 A. I recommend that the Commission deny (i) the Application's request for approval of the
20 Customer Sustainability Rider provisions related to Carbon Capture and Storage ("CCS")
21 at Lake Charles Power Station ("LCPS") and (ii) the Application's request to apply the

The Long-Lead CIACs and the Continuing CIAC are collectively referred to as the "CIAC Agreements."

1 3GW Order's provisions for an expedited procurement and certification process to the

2 CSR, as it defines that term.²

Q7. WHAT CONDITIONS DO YOU PROPOSE IN YOUR DIRECT TESTIMONY?

- 1. If the ESA is amended to increase the load to be served, ELL shall return to the Commission with the amended ESA and an updated proposal demonstrating how ELL intends to serve that updated load in a manner that continues to serve the public interest. [See Question 20 of Direct Testimony].
- 2. ELL shall prudently manage the CIAC Agreements and ratepayers will be held harmless and indemnified from any losses resulting from CIAC project expenditures that are greater than the amount of the CIAC payments received from Customer. [See Question 41 of Direct Testimony].
- 3. ELL shall ascertain and provide the Commission with Customer's renewal status prior to any filing pursuant to the MBM Order or the Capacity Certification Order seeking the addition of any resource, the need for which is dependent on the continuation of the Customer load. ELL shall not rely on the Customer's renewal or non-renewal as support for any future request for an exemption from the MBM Order. [See Question 43 of Direct Testimony].
- 4. The true-up calculation contemplated by the ESA will include, at a minimum, all O&M associated with the Planned Generators (including the costs of the LTSAs), the planned capital additions for the Planned Generators, the transmission operations and maintenance ("O&M") on the customer transmission, and the premium payment for the Collateral Insurance Agreement. [See Question 53 of Direct Testimony]
- 5. ELL shall present the Commission with the proposed true-up for minimum bills to ensure such true-up calculation has been performed in accordance with the required provisions and that such calculation includes all non-fuel O&M including the cost of Long Term Service Agreements ("LTSAs"). [See Question 53 of Direct Testimony]
- 6. Any future true-ups of the Minimum Monthly Charges should be approved by the Commission or alternatively ELL expressly assumes the risk for any harm experienced by ratepayers due to the use of an imprudent purchase power price or any other assumptions used in the true-up calculation. [See Question 162 of Direct Testimony]

LPSC Order No. U-36697 (corrected) (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) ("3GW Order").

8.	If there is an early termination of the Related Agreements and corresponding receipt
	of an Early Termination Fee, ELL must make a filing with the Commission for
	approval of the manner in which it proposes to utilize the termination fee to offset the
	impact to rates from the loss of Customer revenue. [See Question 61 of Direct
	Testimony]

- The sufficiency of the Parent Guaranty contractual obligations and the form of guaranty should be confirmed as providing the purported security by way of a legal opinion from New York counsel experienced in New York law concerning parent guaranty agreements, that confirms that the Parent Guaranties comply with and are
- are covered by the Parent Guaranty, and if not, how ELL is addressing the risks associated with those costs. [See Question 64 of Direct Testimony]
- collateral security, will enforce its rights under the Parent Guaranties and other collateral security, will ensure that it timely obtains the Parent Guaranties in the specified amounts in advance of incurring costs toward the generation and transmission projects that would exceed those specified amounts, and will hold ratepayers harmless for liability not recovered from Laidley or Meta that should have been secured pursuant to Rider 1, but was not due to ELL's failure to timely secure the Parent Guaranty or other collateral security, as required by Rider 1 to the ESA.
 - ELL shall provide confirmation and support that the proceeds that would be received from the combination of the credit insurance proceeds plus the corresponding Parent Guaranty cover 100% of the Early Termination Fee or [See Question

ELL and Customer should agree to a credit quality minimum on any future credit insurance policy entered into to cover the Early Termination Fees for the remainder of the term of the ESA not currently covered under a credit insurance agreement and that the Commission approve such agreement. [See Question 66

c.	ELL will prudently seek and obtain credit insurance for periods beyond 202			
		[See Question 66 of Direct		
	Testimony]			

- d. ELL shall prudently manage the collateral security requirements of Rider 1 to the ESA and ensure that it maintains all required and appropriate security and that it is maximally protected from those security instruments and will indemnify and hold harmless ratepayers for any losses resulting from an imprudent failure to maintain the requisite and appropriate security collateral. [See Question 66 of Direct Testimony]
- 13. ELL shall notify the LPSC of any disputes that trigger the dispute resolution procedures in Section 21 of Rider 1 to the ESA within 5 days of taking or responding to any of the actions required under Section 21. [See Question 68 of Direct Testimony]
- 14. The full revenue requirement for any ELL owned Designated Renewable Resources shall be used for the annual determination of the Renewable Energy Charge under the Company's proposed solar procurement plan for the Customer. [See Question 83 of Direct Testimony]
- 15. Any non-ministerial changes to the Related Agreements are subject to Commission approval. Alternatively, in the event ELL does not seek or receive Commission approval of such changes, ELL will indemnify and hold-harmless ratepayers for any losses caused by a modification to the Related Agreements that has not been approved by the Commission. [See Question 106 of Direct Testimony]
- 16. ELL shall prudently maximize the value of any 45Q Tax Credits related to Carbon Capture and Sequestration ("CCS") on the Planned Generators for the sole benefit of ratepayers. [See Question 137 of Direct Testimony]
- 17. ELL shall present the

 [See Question 153 of Direct Testimony]
- 18. ELL expressly acknowledges that the Commission's order does not provide approval or certification for the procurement or construction of any generating capacity to satisfy the deficit between the Customer load other than the Planned Generation. [See Question 162 of Direct Testimony]
- 19. The revenue requirements for the Planned Generators and System Improvement Projects shall not be determined until they are proposed to be included in rates

1 2		through an Formula Rate Plan ("FRP") Additional Capacity Mechanism ("ACM") inclusion or otherwise. [See Question 182 of Direct Testimony]
3 4 5 6		20. The period of deferral for any revenue requirement not allowed into rates by the terms of a then current FRP shall be determined at the time of application for such revenue requirement to be included in rates. [See Question 183 of Direct Testimony]
7 8 9 10		21. ELL shall expressly acknowledge that no ratemaking treatment has been approved regarding either Designated Wind Resources or Designated Low Carbon Option Resources. [See Question 193 of Direct Testimony]
11 12	Q8.	DO YOU RECOMMEND ANY OTHER CONDITIONS?
13	A.	Yes. I propose as mitigation of the Application's risks to ratepayers: (i) a Staff Revenue
14		Deferral Proposal and (ii) a Staff Revenue Sharing Proposal which are fully described in
15		my Direct Testimony. ³
16	Q9.	WHY ARE YOU SUBMITTING THIS CROSS-ANSWERING TESTIMONY?
17	A.	I am submitting this cross-answering testimony to address and respond to positions taken
18		by various Intervenor ⁴ witnesses in this matter. The Intervenor witnesses that provided
19		testimony are presented in the table below:

INTERVENOR WITNESSES		
	Constantine Gonatas	
NPO	Catherine Kunkel	
	Nicholas Miller	
LEUG	James Dauphinais	
LEUG	Maurice Brubaker	
Sierra	Devi Glick	
SREA	John Wilson	
	医多类型 计图像数据 医多种性	
Walmart	Steve Chriss	

Direct Testimony of R. Lane Sisung at 135-39.

Intervenors in this proceeding include the Louisiana Energy Users Group ("LEUG"), Southern Renewable Energy Association ("SREA"), Alliance for Affordable Energy ("AAE"), 1803 Electric Cooperative ("1803"), Sierra Club ("Sierra"), Housing Louisiana, Walmart, Inc. ("Walmart"), Occidental Chemical Corporation ("OCC"), Northeast Electric Power Cooperative ("NELPCO"),

1 O10. ON WHAT DID YOU RELY IN PREPARING YOUR TESTIMONY?

- 2 A. In addition to the materials that I relied on for my Direct Testimony, I reviewed and relied
- on the Direct Testimony, Exhibits, and Workpapers of the Intervenor witnesses, as well as
- 4 Intervenor responses to Data Requests.

5 Q11. HOW IS THIS CROSS-ANSWERING TESTIMONY STRUCTURED?

- 6 A. My review of the Direct Testimony of the Intervenor witnesses identified many common
- 7 issues addressed by multiple witnesses, and therefore, I have structured this testimony to
- 8 address issues raised, rather than separately addressing the testimony of each individual
- 9 witness. Accordingly, as I address each issue, I provide applicable Intervenor witness
- 10 positions material to such issue.
- 11 Q12. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION
- OF AN INTERVENOR WITNESS INDICATE WHETHER YOU SUPPORT OR
- 13 OPPOSE SUCH A POSITION?
- 14 A. It does not.
- 15 II. POTENTIAL ESA AMENDMENT
- 16 Q13. WHY IS A POTENTIAL ESA AMENDMENT AN ISSUE OF CONCERN?
- 17 A. ELL Witness Laura K. Beauchamp filed Supplemental Direct Testimony indicating that
- the Customer approached the Company about increasing the load of the project from

Alliance for Affordable Energy ("AAE"), and the Union of Concerned Scientists ("UCS") (AAE and UCS are collectively referred to as the Non-Profit Organizations or "NPOs"). Of the intervenors, LEUG, SREA, Walmart, Sierra Club, and the NPOs served discovery requests upon ELL. Southwest Louisiana Electric Membership Corporation ("SLEMCO"), Cleco Power, LLC ("Cleco Power"), Pointe Coupee Electric Membership Corporation ("PC Electric"), Retail Energy Supply Association ("RESA"), Southwestern Electric Power Company ("SWEPCO"), Association of Louisiana Electric Cooperatives ("ALEC"), and EP2 Consulting ("EP2") additionally participated in this proceeding as Interested Parties.

MW to MW.⁵ Ms. Beauchamp further states that the Company determined that it could serve the load without constructing any additional generation; however, the increased load request would require the construction of million in additional transmission facilities ("Additional Facilities") that the Customer would pay.⁶ Ms. Beauchamp next expresses the Company's position that neither the Additional Facilities nor the amended ESA would need to be approved by the Commission.⁷ Then, in ELL's response to a data request, the Company states that the Company and Customer have not reached agreement on additional commercial terms at this time.⁸ It is uncertain when, or if, such agreement will be reached."⁹ However, less than two full days prior to the due date of this Cross Answering Testimony, ELL filed a supplemental response to NPO Data Request 11-10, which provided an AEO Rider 2 to the ESA and an AEO Amended and Restated CIAC Agreement. Due to the late production of these documents by way of an amended discovery response, and due to my position provided in my Direct Testimony regarding any potential ESA amendments, I am not addressing these documents in this Cross-Answering Testimony other than acknowledging receipt.

Supplemental Direct Testimony of Laura Beauchamp at 4.

⁶ *Id.*

⁷ *Id.* at 6.

⁸ Exhibit CMK-4.

⁹ *Id*.

014. WHAT POSITIONS DO THE INTERVENOR WITNESSES TAKE RELATED TO

2 MS. BEAUCHAMP'S TESTIMONY RELATED TO A POTENTIAL ESA

3 **AMENDMENT?**

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A. Ms. Kunkel expresses concern that the economic analysis presented by ELL does not address the final agreement, ¹⁰ and further disagrees with the Company's position that an amendment to the ESA should not be approved by the Commission. ¹¹ Similarly, Ms. Glick takes issue with the prospect of the ESA being amended to increase the load without Commission approval. ¹² Mr. Chriss states that the Commission should require the Company and the Customer to ensure the underlying rate agreements regarding minimum bills are scaled to reflect this change if the Customer's load increases above the amount included in the Application. ¹³ Mr. Dauphinais includes consideration of the additional megawatts ("MW") proposed by the potential ESA amendment in his analysis of what should be included in a minimum bill, which I discuss further in Section VI. ¹⁴

14 Q15. DO YOU ADDRESS THE POTENTIAL ESA AMENDMENT IN YOUR DIRECT 15 TESTIMONY?

16 A. Yes. In Questions 10 and 11 of my Direct Testimony, I state that my recommendations are
17 limited to the as-filed Application without the potential additional load that may be added
18 with an amendment to the ESA referenced in the Supplemental Direct Testimony of Ms.

Direct Testimony of Catherine Kunkel at 10-11.

¹¹ *Id.* at 11-12.

Direct Testimony of Devi Glick at 7-8.

Direct Testimony of Steve Chriss at 4-5.

Direct Testimony of James Dauphinais at 15, 17, and 22.

1	Beauchamp. ¹⁵ Further, in Question 20 and Condition 1 of my Direct Testimony,
2	recommend that if the ESA is amended to increase the load to be served, that ELL be
3	required to return to the Commission with the amended ESA and an updated proposal
4	demonstrating how ELL intends to serve that updated load in a manner that continues to
5	serve the public interest. ¹⁶

O16. DO YOU BELIEVE THAT CONDITION ADDRESSES THE CONCERNS RAISED 6

7 BY INTERVENORS RELATED TO AN AMENDED ESA?

8 A. Yes, and I reiterate my recommendation that ELL be required to file supplemental 9 testimony and analysis to support that the proposed amendments to the ESA and 10 Continuing CIAC that were provided as an addendum to a data response are in the public 11 interest.

III. ESA NON-RENEWAL / TERMINATION RISK

Q17. PLEASE DESCRIBE THE ESA NON-RENEWAL / TERMINATION RISK.

A. After reviewing the Intervenor direct testimony, there are categories of distinct risks associated with an ESA non-renewal or termination that are discussed as follows: (1) there 16 is only a 12 month notice requirement (with a 24 month best efforts notice) for non-renewal 17 of the ESA at the end of the original term (i.e., Year 15); (2) the non-renewal of one of the 18 three five-year extensions; and (3) a Customer termination of the ESA prior to its effective date.

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Direct Testimony of R. Lane Sisung at 11-12.

Id. at 16-17.

Α. NOTICE PERIOD FOR NON-RENEWAL AT END OF ORIGINAL TERM 1 2 WHAT ARE THE INTERVENOR CONCERNS REGARDING THE NOTICE 3 PERIOD FOR NON-RENEWAL AT THE END OF THE ORIGINAL TERM? 4 A. Ms. Kunkel identifies the mismatch between the notice requirement for renewal (12 months before expiration) and the time it will take to build new resources to replace the Customer's 5 load if it decides not to renew because construction could take 40 months. ¹⁷ Mr. Chriss 6 states that the Commission should assess whether the terms of the ESA will allow the 7 8 Company to determine whether it can rely on resources proposed to serve the Project to serve other customers if the Customer elects not to renew the ESA after 2041.¹⁸ Mr. 9 Brubaker raises a similar concern in his testimony. 19 10 11 Q19. DO YOU ADDRESS THIS 12 MONTH NON-RENEWAL RISK IN YOUR DIRECT **TESTIMONY?** 12 Yes. In Question 43 of my Direct Testimony, I identify the same concern and I propose 13 Α. 14 Condition 3, which would require ELL to ascertain and provide the Commission with 15 Customer's renewal status prior to any filing pursuant to the MBM Order or the Capacity 16 Certification Order (as such Orders are defined in my Direct Testimony) seeking the 17 addition of any resource, the need for which is dependent on the continuation of the

Direct Testimony Catherine Kunkel at 20-21. Technically the renewals are automatic, and the notice required is a notice not to renew, but the issues raised by Ms. Kunkel are the same in any event.

¹⁸ Direct Testimony of Steve Chriss at 5.

Direct Testimony of Maurice Brubaker at 7-9.

1		Customer load. Condition 3 also states that ELL shall not rely upon the Customer's renewal
2		or non-renewal as support for any future request for an exemption from the MBM Order. ²⁰
3	Q20.	DO YOU BELIEVE THIS ADDRESSES THE CONCERN OF THE 12 MONTH
4		NON-RENEWAL NOTICE OF THE ESA?
5	A.	Yes. With this condition, proposals for certification of new generation must demonstrate
6		that the generation is necessary to serve Company's load. Proposed Condition 3 requires
7		ELL to support any request for new generation with the actual expected load of the
8		Customer. If ELL cannot confirm the continuation of the Customer load, the request for
9		certification may be denied as not necessary to serve load.
10 11		B. NON-RENEWALS OF 5-YEAR EXTENSIONS AFTER THE ORIGINAL TERM
12	Q21.	WHAT IS THE STATED CONCERN REGARDING A NON-RENEWAL AFTER
13		THE ORIGINAL TERM?
14	A.	The ESA provides for three automatic 5 year extensions unless notice of non-renewal by
15		either party is received at least twelve (12) months prior to the termination of such extended
16		period. ²¹ Ms. Kunkel addresses the extreme risks associated with this scenario in her
17		economic analysis, which I discuss in Section VII below. ²²

Direct Testimony of R. Lane Sisung at 31.

²¹ Direct Testimony of Beauchamp at 12.

²² Direct Testimony of Catherine Kunkel at 21-24.

1	Q22.	DO YOU BELIEVE THAT YOUR PROPOSED CONDITION 3 ALSO
2		ADDRESSES THE RISK OF A NON-RENEWAL AFTER THE ORIGINAL
3		TERM?
4	A .	Proposed Condition 3 in my Direct Testimony addresses the risk of a non-renewal of any
5		of the three 5-year automatic extensions in the same manner that it addresses the
6		aforementioned risk of non-renewal at the end of the original term. ²³ ELL will not be
7		allowed to certify a need for generation without fully accounting for the risk of the loss of
8		the Customer load.
9		C. CUSTOMER TERMINATION PRIOR TO ESA EFFECTIVE DATE
10	Q23.	WHAT IS THE EFFECTIVE DATE OF THE ESA?
11	A.	The Effective Date of the ESA will be the later of "December 1, 2026 or completion of
12		the first phase (and partial energization of) the Smalling Facility."24
13	Q24.	WHAT IS THE PRIMARY CONCERN RAISED BY INTERVENOR WITNESSES
14		RELATED TO A CUSTOMER TERMINATION PRIOR TO THE EFFECTIVE
15		DATE?
16	A.	Ms. Kunkel estimates that based on the payment schedules of the EPC Contract for the
17		Planned Generators that would be expended on the generators prior to
18		December 1, 2026. ²⁵ Ms. Kunkel then states that Laidley is only responsible for paying up
19		to million under the Continuing CIAC Agreement. ²⁶

Direct Testimony of R. Lane Sisung at 31.

Direct Testimony of Laura Beauchamp at 13.

²⁵ Direct Testimony of Katherine Kunkel at 26.

²⁶ *Id.* at 27.

1 Q25. DO YOU AGREE WITH THIS IDENTIFIED RISK?

- Yes, however, I believe her cite supporting her concern is to the wrong provision of the
 Continuing CIAC.²⁷ The cite provided relates to the Parent Guaranty which I discuss in
 Section IV. I believe the correct cite for this concern with the Customer's primary liability
 is HSPM Exhibit LKB-2 at 118 (CIAC Agreement at 3, Section 1(f)), which cross
 references the provision cited by Ms. Kunkle.
- Q26. IS THERE AN ADDITIONAL CONCERN RAISED RELATED TO A CUSTOMER
 TERMINATION PRIOR TO THE EFFECTIVE DATE?
- Yes. Mr. Miller states that there is reason to think that the ESA's effective date will be 9 A. later than December 1, 2026.²⁸ He points out that the ESA and Exhibit F of the Continuing 10 CIAC Agreement (as defined in my Direct Testimony) provide for initial energization at 11 Smalling by December 31, 2026.²⁹ Mr. Miller then further points out his concern for long-12 13 lead items and an ELL discovery request that presented lead times were currently estimated Ms. Kunkel references Mr. Miller's concern 14 15 and states that if the ESA takes effect at a materially later date than the Effective Date the amount of risk can be greater.³¹ 16

²⁷ *Id.* at 27 (citing HSPM Exhibit LKB-2 at 121-22).

²⁸ Direct Testimony of Nicholas Miller at 29-30.

²⁹ *Id.* at 29.

³⁰ *Id.* at 30 (citing HSPM Exhibit NWM-12 (ELL Response to NPO 13-3)).

Direct Testimony of Katherine Kunkel at 27.

1	Q27.	DO YOU ADDRESS THIS CONCERN OF PRE-ESA INVESTMENT NOT
2		COVERED BY THE CIACS IN YOUR DIRECT TESTIMONY?
3	A.	Yes. I identify this concern in Queston 41 and Proposed Condition 2 of my Direct
4		Testimony. Condition 2 of my Direct Testimony requires that ELL prudently manage the
5		CIAC Agreements and that ratepayers will be held harmless and indemnified from any
6		losses resulting from CIAC projects expenditures that are greater than the amount of CIAC
7		payments received from customers. ³² Nevertheless, to avoid any doubt, I propose adding
8		to that condition the following:
9 10 11 12 13 14 15 16		This hold harmless and indemnification shall explicitly include, but not be limited to, holding harmless and indemnifying ratepayers for any payments or expenditures on the Planned Generators before the Effective Date of the ESA that are greater than the amounts received from the Customer under the CIAC Agreements for the Planned Generators and secured by the Parent Guaranty, without regard to any monetary limitations imposed on the definitions of "Estimated Capital Costs" or "Generation Capacity Construction Costs" by provisions 1(f), 3(b) or other provision of the CIAC Agreement .
18	Q28.	DO YOU BELIEVE THE REVISED CONDITION ADDRESSES THE CONCERN
19		OF RATEPAYER RISK FROM ELL SPENDING MORE ON THE PLANNED
20		GENERATORS THAN COLLECTED FROM THE CIACS?
21	A. ,	Yes.

³² Direct Testimony of R. Lane Sisung at 30.

IV. CONCERNS WITH PARENT GUARANTY

2 Q29. WHAT CONCERNS ARE RAISED BY INTERVENOR WITNESSES 3 CONCERNING THE PARENT GUARANTY?

A. Mr. Brubaker refers to what he believes is the vague and incomplete nature of the document, and the unknowns regarding enforceability and durability.³³ Accordingly, Mr. Brubaker recommends that the Commission find that if circumstances arise that are adverse to ELL customers, and damages are not paid as a result of the parental guaranty, that ELL's stockholders should be responsible for protecting customers from any adverse impacts.³⁴

Q30. DO YOU ADDRESS THIS CONCERN IN YOUR DIRECT TESTIMONY?

Yes. Proposed Conditions 9 through 11 in my Direct Testimony address concerns associated with the Parent Guaranty Agreements. Since they are governed by New York Law, Condition 9 requires that a legal opinion be provided by New York licensed counsel experienced in New York law concerning the sufficiency of the Parent Guarany contractual obligations and form of guaranty, and that the Parent Guaranties comply with and are enforceable under New York law.³⁵ Condition 10 requires a confirmation that the are covered by the Parent Guaranty.³⁶ And, Condition 11 requires ELL to act prudently with respect to the Parent Guaranty agreements and other collateral security, to ensure that it timely obtains the Parent Guaranties in the specified

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Direct Testimony of Maurice Brubaker at 11-12.

³⁴ *Id.* at 12.

Direct Testimony of R. Lane Sisung at 45-46.

³⁶ *Id.* at 46.

1 amounts in advance of incurring costs toward the generation and transmission projects that 2 would exceed those specified amounts, and to hold ratepayers harmless for liability not 3 recovered from Customer or Meta that should have been secured pursuant to Rider 1, but 4 was not due to ELL's failure to timely secure the Parent Guaranty or other collateral security, as required by Rider 1 to the ESA.³⁷ 5 Q31. DO YOU BELIEVE THESE CONDITIONS ADDRESS THE CONCERNS WITH 6 7 THE PARENT GUARANTY RAISED BY MR. BRUBAKER? 8 Α. I do. However, if ELL is unable or unwilling to comply with these or similar conditions,

then I would agree with Mr. Brubaker that any losses that result from the lack of Parent

Guaranty coverage should not be the responsibility of ratepayers and should instead be the

12 V. MBM EXEMPTION AND POTENTIAL COST OVERRUNS

responsibility of ELL's shareholders.

- 13 Q32. PLEASE DESCRIBE THE INTERVENOR WITNESS CONCERN WITH ELL'S
 14 REQUEST FOR AN EXEMPTION FROM THE MBM ORDER.³⁸
- 15 A. Mr. Wilson devotes a large portion of his testimony demonstrating that ELL did not comply
 with the requirements of the MBM Order and explaining his opposition to ELL's requested
 exemption from the MBM Order.

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³⁷ *Id*.

LPSC General Order, Docket No. R-26172, Subdocket A (Feb. 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), as amended by General Order No. R-26172, Subdocket B (Nov. 3, 2006), further amended by the April 26, 2007 General Order, and further amended by General Order No. R-26172, Subdocket C (Oct. 29, 2008), and further amended by General Order 10-14-2024, Docket No. R-34247 (Oct. 14, 2024) ("MBM Order").

- 1 Q33. DO YOU AGREE WITH MR. WILSON'S TESTIMONY RELATED TO ELL'S
- 2 NON-COMPLIANCE WITH THE MBM ORDER?
- 3 A. I do.
- 4 Q34. DO YOU ADDRESS ELL'S REQUEST FOR AN EXEMPTION FROM THE MBM
- 5 ORDER IN YOUR DIRECT TESTIMONY?
- I address ELL's proposed exemption from the MBM Order in Section V.B. of my Direct 6 A. Testimony.³⁹ I observe that the Commission has recently approved an exemption from the 7 8 MBM Order, and I review ELL's stated need for the MBM exemption, i.e., the Customer's purported need for speed to be in service. 40 Based on my review, I conclude that such a 9 10 need does exist. I find that the purported Customer need is supported by Customer's 11 willingness to make at-risk investments of over to procure long-lead generation and transmission items prior to the Effective Date of the ESA or Commission approval.⁴¹ 12 13 I also find that conducting an MBM for all three generators would have prevented t ELL from meeting the Customer-required in-service date. 42 I then perform a heightened review 14 of the procurement process for the Planned Generators since there was no RFP process.⁴³ 15 16 Ultimately, I conclude that the request for the certification of the Planned Generators and

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for an exemption to the MBM Order are just one part of ELL's proposed plan to add the

Planned Generators and Transmission to economically and reliably serve the Customer's

³⁹ Direct Testimony of R. Lane Sisung at 82-90.

⁴⁰ *Id*.

⁴¹ *Id.* at 85.

⁴² *Id.* at 86-87.

⁴³ *Id.* at 87-90.

1		large load addition. ⁴⁴ I express my opinion that the Commission's response to ELL's
2		request for an exemption to the MBM Order is dependent on the Commission's overarching
3		determination of whether the Application in total, including all Prayers for Relief and my
4,		proposed conditions, is in the public interest. ⁴⁵
5	Q35.	DOES THAT REMAIN YOUR POSITION?
6	A.	Yes. Although I fully share Mr. Wilson's concerns regarding the lack of an MBM process,
7		I do not believe that the Commission is prohibited from considering a waiver to the MBM
8		Order to allow for a large load addition if the Commission determines that the overall
9		proposal is in the public interest. Prohibiting the Commission from granting an exemption
10		to its own rule could undermine the public interest by requiring a rigid adherence to the
11		MBM order, even when a waiver would best serve the public.
12	Q36.	DO YOU PROPOSE A CONDITION TO PROVIDE ADDITIONAL SUPPORT
13		FOR THE COMPETITIVE PRICING OF THE PLANNED GENERATORS?
14	A. 1	In my Direct Testimony, I propose Condition 17, which requires ELL to present
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⁴⁴ *Id.* at 91.

⁴⁵ *Id*.

⁴⁶ *Id.* at 89.

Q37. IS THERE ANY OTHER INTERVENOR TESTIMONY RELATED TO ELL'S REQUEST FOR AN EXEMPTION TO THE MBM ORDER?

Mr. Brubaker states that the lack of a comprehensive competitive solicitation for the Planned Generators means that it is not known whether the costs of the units is the lowest reasonable cost, as required by the MBM Order. Accordingly, Mr. Brubaker proposes that the rate base costs of the three units be limited to the costs presented in ELL's filing, with the limited exception that the Commission could consider allowing for adjustment based on demonstrated changes in the law that are beyond ELL's control. Relatedly, Ms. Kunkel identifies the risk of cost overruns on the Planned Generators, which could potentially expose ratepayers to additional costs in the event that Laidley does not renew the ESA for the full 30 years.

12 Q38. HOW DO YOU ADDRESS THE CONCERNS REGARDING THE MBM 13 EXEMPTION AND COST OVERRUNS IN YOUR DIRECT TESTIMONY?

A. First, pursuant to the terms of the ESA, all cost overruns will be included in the Customer's minimum bill after a true-up, such that those additional costs, for at least the first 15 years, will not be imposed on other ratepayers for the original term. The cost overruns will never be imposed on other ratepayers if the Customer maintains service through the full 30-year period allowed by the ESA at a load usage high enough for the revenue to cover such cost. However, as I point out in Question 60 of my Direct Testimony, the Early

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⁴⁷ Direct Testimony of Maurice Brubaker at 10.

⁴⁸ Id. at 9-11; see also Exhibit RLS-024.

⁴⁹ Direct testimony of Catherine Kunkel at 24-26.

See Direct Testimony of Ryan D. Jones at 21-22.

Termination Fee does not cover potential cost over-runs on the Planned Generators if the Customer were to terminate prior to the end of the original term. ⁵¹ Ideally, the terms of the Parent Guaranty would be changed to include coverage of any cost overruns on early termination; otherwise, that risk has to be accounted for in the Commission's overall analysis of potential benefits and risks. Additionally, any cost overruns will increase the ratepayers' risk related to the value of the remaining life of the Planned Generators if the Customer were to depart prior to the end of life of the Planned Generators. Therefore, absent the Commission accepting some variation of Mr. Brubaker's proposed condition that ELL's shareholders be required to cover overruns not otherwise covered by the Customer, the risks of cost overruns should be considered an unaddressed risk in the Commission's overall public interest determination.

Q39. ARE THERE ANY PROTECTIONS AGAINST COST OVERRUNS FOR THE PLANNED GENERATORS?

The primary ratepayer protection is ELL's obligation of prudence. If the Planned Generators are certified, ELL's continuing prudence obligation should ensure that the continued construction of the Planned Generators remains in the public interest. Staff witness Jake Chapman has proposed an alternative to the monitoring plan proposed by ELL that would allow Staff to monitor the construction and implementation of the Planned Generators throughout the process.⁵² Further, Staff will perform a post-implementation prudence review. Because there was no MBM process and two of the EPC contracts were not competitively bid, Staff will need to be extremely diligent in reviewing all costs. ELL

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Direct Testimony of R. Lane Sisung at 43.

⁵² See Exhibit JAC-001.

2 competitive protections. 3 VI. MINIMUM BILL REQUIREMENTS 4 5 040. PLEASE DESCRIBE INTERVENOR WITNESS CONCERNS WITH THE 6 MINIMUM BILL REQUIREMENTS. This concern is generally expressed by Mr. Brubaker⁵³ who refers to a more detailed 7 A. handling of the issue by Mr. Dauphinais. I understand Mr. Dauphinais's position to be that 8 any incremental costs associated with a significant load addition should be covered in a 9 minimum bill component of the customer requiring such load.⁵⁴ 10 11 Q41. DOES ELL PROPOSE THAT ANY INCREMENTAL COSTS BE INCLUDED IN A 12 MINIMUM BILL? Yes. ELL has proposed to include (1) the costs of the three 754 MW CCCT generation 13 A. facilities (the Planned Generators); (2) the costs of approximately of supplemental 14 capacity; and (3) the costs associated with a credit insurance product to secure a portion of 15 the minimum bill. 16 WHAT INCREMENTAL COSTS DOES MR. DAUPHINAIS PROPOSE SHOULD 17 O42. BE INCLUDED IN THE MINIMUM BILL OTHER THAN THOSE THAT ELL 18 19 HAS ALREADY INCLUDED? Mr. Dauphinais proposes to add the following additional incremental costs (1) the Mt. 20 A. 21 Olive to Sarepta 500kV transmission facility; (2) the Sterlington 500kV substation

will carry a heavy burden in defending any allegations of imprudence due to the lack of the

⁵³ Direct Testimony of Maurice Brubaker at 6.

Direct Testimony of James Dauphinais at 5-6; see also Exhibit RLS-025 (LEUG response to Staff Data Request 1-3).

of capacity necessary to support the transmission 1 equipment; (3) an additional 2 losses and MISO Planning Reserve Margin for Customer's demand; (4) potentially an of supplemental capacity necessary to support the potential increase 3 ; (5) any natural gas pipeline costs necessary to 4 in demand from to serve the three Planned Generators; and (6) potential inclusion of at least a portion of the 5 planned Babel to Webre 500kV transmission line (although certification of such line is not 6 currently being requested by ELL as part of its prayers for relief in this proceeding).⁵⁵ 7 ARE YOU AWARE OF ANY COMMISSION PRECEDENT THAT WOULD 8 REQUIRE SIGNIFICANT NEW LOADS TO INCLUDE ALL POTENTIAL 9 INCREMENTAL COSTS IN A MINIMUM BILL COMPONENT OF THEIR ESA? 10 I am not. To the contrary, I am aware that the Commission's Tariff Rules⁵⁶ related to Site 11 A. Specific Contracts do not require minimum bills cover all incremental costs, but 12 alternatively, only require the proposed contract pass a Ratepayer Impact Measure Test 13 ("RIM Test").⁵⁷ The RIM Test requires a showing only that the contract is designed so that 14 "the projected incremental revenues . . . will be greater than the projected incremental 15 costs."58 The incremental benefits include "the projected revenues to be generated from 16 17 the [contract] based on the projected Customer usage."59

⁵⁵ Direct Testimony of James Dauphinais at 5-6.

LPSC General Order, Docket No. R-34738 (July 1, 2019) (In re: Proceeding to Establish Rules Regarding Electric Utility Tariff Filings and Related Review, Including Site Specific Rate Filings, General Order) ("Tariff Rules").

⁵⁷ *Id.* at 18.

⁵⁸ *Id.* (emphasis added).

⁵⁹ *Id.* (emphasis added).

O44. DID YOU PERFORM A RIM TEST FOR THE PROJECT?

In essence, yes. Just as is required for the RIM Test, my economic analysis, which is addressed in Section VIII.A. of my Direct Testimony, compares *projected Customer revenues* to *projected incremental costs*. My analysis covers three scenarios: (1) a scenario assuming a 15 year Customer term using projected revenues and costs and an assumed residual value for the Planned Generators; (2) a scenario assuming a 15 year Customer term using ELL's projected minimum bill revenue and projected costs and an assumed residual value for the Planned Generators; and (3) a scenario using projected revenues and costs and assuming the Customer maintains service for full expected useful life of generators (*i.e.*, 30 years). The results of my analyses of these scenarios demonstrated a wide range of potential outcomes, all of which produced positive revenue based on the assumptions used. However, I explained that many of the assumptions could differ from actual results, which could significantly reduce the modeled revenue results, some to the point of costs outweighing revenues. Therefore, I propose additional mitigation by way of a Staff Revenue Deferral Proposal and a Staff Revenue Sharing Proposal. Proposal.

Q45. DID YOU INCLUDE IN YOUR ECONOMIC ANALYSIS THE PROPOSED INCREMENTAL COSTS OF THE MT. OLIVE TO SAREPTA AND

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⁶⁰ See Direct Testimony of R. Lane Sisung at 114-29.

⁶¹ *Id*.

Id. at 135-39.

1		STERLINGTON SUBSTATION PROJECTS AS INCREMENTAL COSTS TO BE
2		COVERED BY INCREMENTAL REVENUES IN YOUR ANALYSIS?
3	A.	Yes.
4	Q46.	DID YOU INCLUDE IN YOUR ECONOMIC ANALYSIS THE INCREMENTAL
5		COSTS OF GAS RESERVATION FEES AS INCREMENTAL COSTS TO BE
6		COVERED BY INCREMENTAL REVENUES IN YOUR ANALYSIS?
7	A.	Yes. For the first two scenarios the gas reservation fees on both the Planned Generators
8		and the post EEA generators were included. For the third scenario, there was no offset to
9		post EEA generators and I assumed that the incremental energy market revenues would
10		cover the incremental costs of gas reservation fees for the Planned Generators over the
11		thirty-year life of the Planned Generators.
12	Q47.	DID YOU INCLUDE THE COSTS OF ADDITIONAL CAPACITY TO COVER
13		THE MISO REQUIRED PLANNING RESERVE MARGIN AS INCREMENTAL
14		COSTS TO BE COVERED BY INCREMENTAL REVENUES IN YOUR
15		ANALYSIS?
16	A. 1	Yes.
17	Q48.	DID YOU INCLUDE THE COST OF POTENTIAL ADDITIONAL CAPACITY
18		BASED ON A POTENTIAL CUSTOMER INCREASE IN DEMAND AS
19		INCREMENTAL COSTS TO BE COVERED BY INCREMENTAL REVENUES IN
20		YOUR ANALYSIS?
21	A.	I did not. As discussed earlier in Question 15 above, my Direct Testimony did not assume
22		any potential load addition from a potential ESA Amendment. I propose Condition 1

- requiring that any proposed load addition be brought to the Commission for separate 1 approval.63 2
- DID YOU INCLUDE THE COST OF THE BABEL-TO-WEBRE TRANSMISSION O49. 3
- PROJECT AS AN INCREMENTAL COSTS TO BE COVERED 4
- INCREMENTAL REVENUES IN YOUR ANALYSIS? 5

Customer, if the Customer were to agree.

- I did not. ELL is not asking for the Babel to Webre project to be certified as part of this 6 A. Application. Further, ELL witness Daniel Kline unequivocally states that the Babel to 7 Webre project "will be needed even if the Project does not move forward and, therefore, 8 is not part of the Application."64 Accordingly, based on that unequivocal representation 9 made under oath by ELL, it is my opinion that for the Babel to Webre project to be certified 10 in the future, ELL should be required to prove that representation or risk a portion of the 11 project not being allowed for recovery from any ratepayers other than potentially the 12 13
- WHAT IS YOUR CONCLUSION RELATED TO MR. BRUBAKER'S AND MR. 14 Q50. DAUPHINAIS'S POSITION THAT ALL INCREMENTAL COSTS FOR 15 SIGNIFICANT NEW LOAD ARE REQUIRED TO BE COVERED BY A 16 MINIMUM BILL? 17
- I am aware of no Commission precedent that would require that all such incremental costs 18 A. be included in a minimum bill. To the contrary, the Commission specifically has a 19 provision for reviewing similar "one-off" proposals that requires that projected revenues 20 based on projected customer usage cover projected incremental costs. Further, I am not 21

Direct Testimony of R. Lane Sisung at 16-17.

Direct Testimony of Daniel Kline at 18 (emphasis added).

aware of any other jurisdiction imposing such requirement. While I fully agree that such a requirement would provide significant additional protection for current ratepayers, such a requirement could put Louisiana at a disadvantage in competing to attract new large loads Accordingly, I continue to recommend that the Commission, as the ultimate arbiter of what is in the public interest, can find this Application to be in the public interest, based on its consideration of the totality of the potential benefits and risks of the Application without requiring a new condition that all of projected incremental costs to serve significant new customer load be included in a minimum bill.

VII. ECONOMIC ANALYSIS

Q51. HOW DO YOU ADDRESS THE ECONOMIC ANALYSIS PRESENTED BY ELL WITNESS SAMRAT DATTA IN YOUR DIRECT TESTIMONY?

I address Mr. Datta's economic analysis in detail in Section VIII.A. of my Direct Testimony.⁶⁵ I propose adjustments to his analysis related to the amount and cost of purchased capacity and the net impact on wholesale revenues.⁶⁶ I then analyze three scenarios: (1) the ELL base case-projected revenues and Customer does not renew after year 15; (2) minimum bill revenues and the Customer does not renew after year 15; and (3) projected revenue and the customer renews the ESA until year 30.⁶⁷ All three scenarios

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⁶⁵ Direct Testimony of R. Lane Sisung at 114-129.

Id. at 116-18.

In my Direct Testimony, I provided an estimated NPV Benefit of \$398 million in the scenario in which the Customer continues to operate for 30 years. In preparing my Cross-Answering Testimony I have discovered an error in one of the assumptions between the changed scenarios. Due to the 30 years of operation there is no need to consider the costs of avoided generation. I, however, failed to eliminate a component of ELL's analysis that economically solved for the difference in capacity value associated with the avoided generation. Correcting for this error results in a NPV of \$376 million instead of the \$398 million contained in my Direct Testimony.

yielded positive results, but those results were largely reliant on unpredictable assumptions, with the largest risk to outcome being the unknown value of the Planned Generators at the end of year 15 in the first and second scenarios. I conclude that the analysis of the three scenarios is illustrative of a broad range of outcomes with risks that could result in significant decreases to the projected benefits. Accordingly, I propose several conditions, and a Staff Revenue Deferral Proposal and Staff Revenue Sharing Proposal to mitigate those risks, and find that with those conditions and upon the Commission's consideration of the total potential benefits and costs associated with the Application, that the Commission could find the Application in the public interest. 69

10 Q52. HOW DO THE INTERVENOR WITNESSES ADDRESS THE ECONOMIC 11 ANALYSIS PRESENTED BY ELL WITNESS SAMRAT DATTA?

A. Ms. Kunkel, on pages 15 through 19 of her Direct Testimony, finds shortfalls in the assumptions used in the economic analysis. Ms. Kunkel also observes that the projected benefits are largely dependent on the uncertain future value of the Planned Generators after the first fifteen year term. Ms., Kunkel then concludes:

In effect, the large excess capacity position resulting from this scenario would put ELL's ratepayers into the shoes of a merchant generator, forced to speculate in the capacity market. For some set of future market conditions, the overall net impact on ratepayers may be minimal or may even produce a benefit; under other sets of future market conditions, ratepayers may be exposed to a significant loss. In short, ELL's conclusion that termination of the ESA in 2041 would result in a net benefit to ratepayers is highly dependent on assumptions about future load and future MISO capacity prices, both of which have a high degree of uncertainty more

⁶⁸ See id. at 118-19.

⁶⁹ *Id.* at 140.

than years into the future. If ELL's forecasts turn out to not be accurate, ratepayers are at risk of bearing excess costs.⁷⁰

Ms., Kunkel's Direct Testimony also presents results from a scenario that includes extremely negative assumptions related to new generation additions and loss of customer load, which generates a negative outcome. This scenario assumed that future Otherwise Needed Generators (as defined in Datta Direct Testimony) would be built to serve the Customer load between the years of 2041 to 2044, and then the Customer would decide not to renew its ESA such that it terminates in 2046.⁷¹ The scenario then values an extreme amount of excess generation based on the uncovered Planned Generators and the newly built Otherwise Needed Generators at the Net Cost of New Entry ("Net CONE"). These deleterious assumptions yielded a result of a

Q53. DOES ANY OTHER INTERVENOR WITNESS ADDRESS THE ECONOMIC ANALYSIS PRESENTED BY ELL WITNESS SAMRAT DATTA?

A. Ms. Glick criticizes ELL's economic analysis because it only evaluated a single scenario that Meta would take service for 15 years and then exit. Ms. Glick additionally observes that the net value is driven in large part by the avoided cost of otherwise needed generators. Ms. Glick then presents the results of her economic analysis where she considered two additional scenarios: (1) a scenario that only includes minimum bill

Direct Testimony of Catherine Kunkel at 19.

⁷¹ Direct Testimony of Catherine Kunkel at 22.

⁷² *Id*.

Direct Testimony Devi Glick at 25-26.

⁷⁴ *Id.* at 27-28.

1		revenues and ESA terminates in year 15 and (2) a scenario that includes projected revenues
2		and Customer remains in service until the end of the expected 30 year useful life of the
3		Planned Generators. Both scenarios generate positive results, albeit the Minimum Bill
4		Revenue scenario positive results are de minimis considering the scope of the Project.
5	Q54.	WHAT ARE YOUR OBSERVATIONS RELATED TO THE INTERVENOR
6		WITNESSES' REVIEW OF MR. DATTA'S ECONOMIC ANALYSIS?
7	A.	I find that their conclusions support the conclusion I reach in my Direct testimony. As
8		referenced in Questions 230 and 233 of my Direct Testimony, the Application can be
9		modeled to produce a broad range of illustrative results of potential outcomes depending
10		on the assumptions used, some of which can be positive and some which can be negative. ⁷⁵
11		For example, my economic analyses also shows a NPV loss for customers as a result of a
12		2046 retirement – a loss instead of the loss calculated by Ms.
13		Kunkel. Yet, if that assumption were changed to an equally plausible 2049 discontinuation
14		of service, customers would benefit by, instead of a net loss. In all, after
15		considering the Intervenor witness analyses along with mine, I note that there are extreme
16		scenarios that could be modelled to generate a negative result for customers. However,
17		there are many other plausible scenarios that result in a net benefit to customers.
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19		I also note that I propose Condition 3 in my Direct Testimony to provide protection against
20		the type of stranded assets modeled by Ms. Kunkel that would result if generation is
21		procured at a time when the Customer is not committed to continued service. Condition 3
22		requires ELL to ascertain the Customer's intentions prior to making any request for

Direct Testimony of R. Lane Sisung at 124-26.

Commission certification of the generation that is used in Ms. Kunkel's scenario to generate the negative results. It is important to recognize that the non-renewal notices are reciprocal and if ELL is unable to receive a certification from the Commission for new generation due to the lack of its ability to secure a commitment from the Customer, then ELL may be forced to exercise its right to not renew. With my Proposed Condition 3, I find it highly unlikely that the Commission would ever allow the modeled scenario -- extreme amounts of excess generation are built without load needing it – to occur.

Q55. WHAT ARE YOUR CONCLUSIONS RELATED TO THE INTERVENOR WITNESSES' REVIEW OF MR. DATTA'S ECONOMIC ANALYSIS?

The Intervenor witnesses' testimonies do not cause me to change my recommendation. Just as my review of Mr. Datta's economic analysis concluded, scenarios can be designed to produce a range of illustrative potential outcomes; and those potential outcomes are associated with significant risks, largely dominated by the uncertain future value of the Planned Generators. Accordingly, I maintain my recommendation of the Staff Revenue Deferral Proposal and the Staff Revenue Sharing Proposal, and those mitigations, coupled with my proposed conditions, would allow the Commission to consider all of the potential benefits and costs of the Application and find that the Application is in the public interest.

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⁷⁶ *Id.* at 31.

1	VIII	I. POTENTIAL UNIDENTIFIED COSTS - TRANSMISSION MITTIGATION
2	Q56.	PLEASE DESCRIBE THE UNIDENTIFIED POTENTIAL COSTS ASSOCIATED
3		WITH POSSIBLE TRANSMISSION MITIGATION THAT ARE NOT
4		ADDRESSED IN ELL'S APPLICATION.
5	A.	Mr. Miller identifies several risks associated with the transmission system that he believes
6		have not been adequately addressed by ELL. Those risks are: (1) Thermal Risks; (2)
7		Voltage Risks; (3) Transient Stability Risks; and (4) Risks associated with the dynamic
8		behavior of the Customer load. ⁷⁷ For each of these risks, Mr. Miller identifies millions of
9		dollars of potential mitigation costs that the Application does not acknowledge. ⁷⁸ Ms.
10		Kunkel states that it is her understanding that
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12		and therefore, these additional
13		costs would be allocated across ELL's customer base such that existing ratepayers would
14		likely bear the majority of the costs. ⁷⁹ Mr. Chriss proposes that the Commission require
15		ELL to actively monitor power quality within 50 miles of the Customer site and report no
16		less frequently than annually to the Commission and interested stakeholders, and, to the
17		extent that power quality mitigations are required, the costs should be borne solely by
18		ELL's shareholders and/or the Customer.80

⁷⁷ Direct Testimony of Nicholas Miller at 3.

⁷⁸ *Id.* at 9-10, 13, 16, 23.

⁷⁹ Direct Testimony of Caterine Kunkel at 29.

⁸⁰ Direct Testimony of Steve Chriss at 5.

057. WHAT IS YOUR RESPONSE TO THESE TRANSMISSION CONCERNS?

I believe Mr. Miller and Mr. Chriss raise valid transmission and system reliability concerns that ELL needs to address. It is my understanding that the information required to address some of these concerns may not be readily available. I believe it is extremely important that ELL receive the information it may need from the Customer to assess these risks as expeditiously as possible. The Customer's requested timeline is the sole reason that the consideration of this Application is compressed; and therefore, the Customer should produce any and all information required to analyze these risks as soon as possible. I believe an additional condition should be added to any Commission approval of the Application, as follows:

22. ELL shall produce, as expeditiously as possible, the information needed to address transmission concerns related to (1) thermal risks; (2) voltage risks; (3) transient stability risks; and (4) Customer load dynamic behavior risk. ELL shall analyze these risks as expeditiously as possible and present the Commission with the results of such analysis as soon as they are available. To the extent that the analysis concludes that material upgrades are necessary to mitigate these concerns, the costs of those upgrades shall be included in the Customer minimum bill or ELL shall seek a Commission determination of whether the inclusion of these costs in rates would still allow the Application to be found to serve the public interest.

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IX. POTENTIAL UNIDENTIFIED COSTS – OPERATIONS OF PLANNED GENERATORS

- Q58. PLEASE DESCRIBE THE INTERVENOR CONCERNS RELATED TO
 POTENTIAL UNIDENTIFIED COSTS FROM THE OPERATIONS OF PLANNED
 GENERATORS?
- A. Ms. Kunkel includes as Figure 3 of her Direct Testimony a graph from a slide titled one of many slides that are attached in an appendix to an ELL slide deck presentation titled that was produced by

ELL as a response to Sierra Club Data Request 1-4.⁸¹ Because Ms. Kunkel did not attach that slide presentation as an exhibit to her testimony, I attach it here as HSPM Exhibit RLS-026. Based on the one slide that she excerpted in her testimony, Ms. Kunkle concludes that net energy costs charged to ratepayers through ELL's Fuel Adjustment Clause Rider ("FAC") will be substantially higher with the Laidley data center load and Planned Generators than they would have been under the prior business plan for ELL, at least in 2028.⁸² Ms. Glick more generally expresses a concern that ELL did not perform production cost modeling on the basis of conservatism.⁸³

9 Q59. DO YOU ADDRESS THE CUSTOMER'S POTENTIAL IMPACT ON THE ELL 10 FAC RATES?

In Questions 219 through 223 of my Direct Testimony I discuss that a missing component of the economic analysis is the effect that the Customer will have on ELL's FAC rate.⁸⁴ I generally agree with Mr. Datta's assumption that capturing those effects would likely increase the benefits to ELL's other customers, largely because market revenues are likely to go up due to the energy margins that the new generators will produce based on their likely lower cost to the marginal unit dispatched.⁸⁵ Nevertheless, I specifically caveated that general assumption of benefits with the fact that there could be some periods of energy

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Direct Testimony of Catherine Kunkel at 30-31.

⁸² *Id.* at 29-31.

⁸³ Direct Testimony of Devi Glick at 25.

Direct Testimony of R. Lane Sisung at 119-22.

⁸⁵ Direct Testimony of Samrat Datta at 16.

exposure when the generation procured or constructed by ELL has not fully matched the pace of the customer's load.

Q60. HOW DO YOU RESPOND TO THE INTERVENOR WITNESSES' CONCERNS OVER THE FAC COSTS FROM THE OPERATIONS OF THE PLANNED GENERATORS?

During periods of steady state, ELL's FAC rate will likely be lower due to energy margins that the Planned Generators and other acquired capacity can generate for the benefit of ratepayers as they are dispatched. However, I continue to acknowledge that during ramp periods there is a risk of exposure to the energy market. The ELL presentation from which Ms. Kunkel extracted her Figure 3 appears to be focused on that period of ramp exposure to the energy market. ⁸⁶ Upon a review of the complete ELL presentation, I find that (1) this is a presentation related to Entergy as a whole, and not limited to ELL's addition of Customer, and (2) the full presentation seems to present a much more limited risk of exposure to the energy market risk than that one appendix slide presents. For example, presentation slide 19 shows that

answer clearly the question of the risk of energy market exposure in the ramp years. ELL should clearly present ELL's energy market exposure from the addition of the Customer in its rebuttal testimony, so that the risk can be adequately considered and addressed in the Commission's public interest determination. If the Commission were to determine this risk material to its public interest determination it may impose a condition that such risks

⁸⁶ See generally HSPM Exhibit RLS-026.

⁸⁷ *Id.* at 13 (Bates labeled p. LC313).

be mitigated by ELL and Customer with potential solutions such as economic curtailment
 during the ramp period.

3 X. POTENTIAL UNIDENTIFIED COSTS-FUTURE TRANSMISSION NEEDS

4 Q61. WHAT IS MS KUNKEL'S CONCERN ABOUT FUTURE POTENTIAL

MITIGATION COSTS IF THE CUSTOMER DISCONTINUES SERVICE?

Ms. Kunkel states that "although the two Planned Generators located in North Louisiana would remain operational to serve other ELL load, the bulk of that load is located in South Louisiana." She opines that additional investment therefore could be necessary to move the power to South Louisiana load, diminishing the net value of the remaining generators. 89

Q62. WHAT IS YOUR RESPONSE?

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The Proposed Generators are planned to be network resources, deliverable as capacity resources to the region in which they operate. So, even if the Customer discontinues service in 2041, ELL's Planned Generators will have the same status as any other network resource in the MISO region, whether that generator is owned by ELL or even located in Louisiana. To suggest that there may be additional transmission required in the future based on future topology changes should have no bearing on ELL's Application. If, instead of the current proposal, the Customer filled its power needs from the MISO market (financially or physically), with no LPSC involvement, the risks of some future transmission investment being foisted upon ELL's customers remain the same. That is, if the Customer discontinues service, MISO could potentially identify upgrades needed to maintain the reliability of the system based on the location of generation and load at the

⁸⁸ Direct Testimony of Catherine Kunkel at 32.

⁸⁹ *Id.* at 33.

time being studied. Indeed, this very argument has been raised by stakeholders concerned about the influence of renewable generation receiving ERIS service. 90 Just as there, this assertion relies on a host of assumptions that are too tenuous to predict, including the location and characteristics of the entire fleet of generation, the topology of the transmission system, the location of load over fifteen years from now, and who caused the changes to each.

XI. CUSTOMER LOAD FLEXIBILITY

Q63. PLEASE DESCRIBE LOAD FLEXIBILITY AS IT MAY RELATE TO THE CUSTOMER DATA CENTER AND HOW INTERVENOR WITNESSES ADDRESSED THIS ISSUE.

In this context, load flexibility refers to the ability of the data center to timely decrease its load consumption for a specific economic or reliability purpose. Ms. Glick finds it problematic that ELL has provided no specific information about the data center's load shape, what functions it intends to use the data center for, or the Customer's ability to ramp operations up or down. Ms. Glick then suggests that the Customer could become an interruptible customer and be compensated for the value it provides by curtailing its load with a demand-response program. Ms. Glick concludes that if Laidley could reduce its

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⁹⁰ See, e.g., Xcel Energy, ERIS Distribution Factor Reduction Proposal, available at https://cdn.misoenergy.org/20220622%20PAC%20Item%2006%20New%20Issue%20-%20ERIS%20Distribution%20Factor%20Change%20Overview%20Xcel%20Presentation625280.pdf (last visited May 6, 2025).

⁹¹ Direct Testimony of Devi Glick at 45.

⁹² *Id*.

firm load by even 10% during the peak times of year and make that portion flexible, it could provide economic value to ELL's system.⁹³

Q64. DO YOU IDENTIFY A SIMILAR CONCERN IN YOUR DIRECT TESTIMONY?

I identify a similar concern regarding the load's ability to ramp down, but not for an economic value proposition. Rather, my discussion of flexibility was more related to ramp capability and the ability of the Customer load to address reliability concerns. In Question 239 of my Direct Testimony, I discuss my concerns with the unique operational issues that the extreme size of the Customer's demand and on-site generation may cause. I then express my belief that the Customer and ELL should propose measures through which they could work together to support the reliability of the region if needed during emergency conditions. I further state that ELL should provide a specific explanation of how its emergency load shed plans will incorporate this unique large load and/or any agreements that Customer and ELL may reach regarding demand reductions during times of emergency for the Commission to consider as part of its overall public interest determination.

Q65. IS THERE OTHER INTERVENOR WITNESS TESTIMONY IN THIS REGARD?

16 A. Mr. Miller's Figure 1 in his Direct Testimony⁹⁷ illustrates the type of dramatic temporary 17 load spikes that could be produced by a data center's potential dynamic load behavior, and

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⁹³ *Id*.

⁹⁴ Direct Testimony of R. Lane Sisung at 133.

⁹⁵ *Id*.

⁹⁶ Id

⁹⁷ Direct Testimony of Nicholas Miller at 18.

1		he expressed concerns related to the risks that such potential dynamic load behavior could
2		produce as discussed in Section VIII. above. 98
3	Q66.	DOES MR. MILLER'S TESTIMONY SUPPORT YOUR CONCERNS RELATED
4		TO THE IMPACTS THAT THE DATA CENTER MAY HAVE ON RELIABILITY
5		DURING EMERGENCY CONDITIONS?
6	A.	It does. If MISO South is in conservative operations, Energy Emergency Alert Level 1
7		("EEA1"), or EEA2, then unexpected dramatic spikes in load as shown in Mr. Miller's
8		Figure 1 could cause dramatic risks to the reliability of the region. Accordingly, I continue
9		to stress that ELL needs to address this concern, and I am adding the following proposed
10		condition to my recommendation that the Application can be found in the public interest.
11 12 13 14 15 16 17 18		23. ELL shall provide the Commission with (i) an agreement between ELL and the Customer on load reduction measures that the Customer will implement in times of system reliability concerns (e.g., MISO-called conservative operations, EEA1 or EEA2 events); (ii) an ELL load reduction plan for Commission approval that is designed to protect the reliability of the system against unplanned Customer load surges during times of system reliability concerns; and/or (iii) other proposed measures to ensure that the reliability of the system is protected against potential unplanned load surges from the Customer during periods of system reliability concern.
20		XII. CSR CONCERNS
21	Q67.	PLEASE REVIEW THE ISSUES YOU ADDRESS IN YOUR DIRECT
22		TESTIMONY RELATED TO THE CSR.
23	A.	The CSR has three primary components: (1) Designated Renewable Resources (Solar and
24		Battery Energy Storage System ("BESS")); (2) Low-Cost Carbon Option ("LCO"); and (3)
25		Designated Wind Resources.
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⁹⁸ *Id.* at 17-27.

Related to the Designated Renewable Resources, in Question 237 of my Direct Testimony, I do not agree with ELL's position that the alternative procurement and expedited certification processes approved in the 3GW Order are applicable to the proposed CSR.⁹⁹ I suggest that if ELL wishes to provide a path for the Customer to access that amount of Solar/BESS resources, then ELL should propose a new comprehensive plan for that potential procurement.¹⁰⁰ Further, I find that ELL should specify in that comprehensive plan how it proposes to allocate future Solar/BESS procurements between the 3GW Order process and any alternatively proposed procurement of 1,500 MW of Solar/BESS resources for the Customer.¹⁰¹

Regarding the LCO, in Question 237 of my Direct Testimony I express concerns related to application of carbon capture and storage ("CCS") at Lake Charles Power Station ("LCPS") and recommended that the Commission reject the CSR provisions related to CCS at LCPS.¹⁰²

Regarding the Designated Wind Resources, I recommend as Condition 21 that any Commission approval of the Application clearly state that such approval is not certifying

⁹⁹ Direct Testimony of R. Lane Sisung at 129-30.

¹⁰⁰ *Id*.

¹⁰¹ *Id.* at 130.

¹⁰² Id. at 129

or otherwise providing any approval for the procurement of wind resources to be included in the CSR.¹⁰³

A. NON-COMPLIANCE WITH LPSC TARIFF RULES

Q68. PLEASE DESCRIBE INTERVENOR WITNESSES CONCERNS WITH THE CSR VIOLATING THE COMMISSION'S TARIFF RULES.

Mr. Dauphinais disputes ELL's contention that the CSR is not a "Rate Rider" as defined in the Commission's Tariff Rule. 104 He contends that per the rules' definitions, the CSR is "an additional rate or charge to be applied to a Customer bill," and therefore, is a "Rate Rider." 105 He also cites to the intent of the Tariff Rule to ensure electric utilities apply non-discriminatory practices to all Customers. 106 Mr. Dauphinais expresses his concern that the CSR allows ELL to offer a service to one customer on terms that are not offered to other customers, resulting in unfair and discriminatory treatment of those other customers, which the Tariff Rules were intended to protect against. 107 Mr. Dauphinais then recommends that the Commission find that the CSR (and in turn the ESA) violates the Tariff Rules and reject it. 108 He further recommends that if Laidley requires the CSR for its ESA, that ELL be required to seek Commission approval of the CSR as a Rate Rider

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¹⁰³ *Id.* at 106.

¹⁰⁴ Direct Testimony of James Dauphinais at 25.

¹⁰⁵ *Id.* at 26, 29.

¹⁰⁶ *Id*.

¹⁰⁷ *Id.* at 29.

¹⁰⁸ *Id.* at 30.

that is part of an approved Tariff. ¹⁰⁹ Further, if ELL pursues approval of the CSR as a Rate Rider that is part of its Tariff, ELL should be required to modify the CSR so that other customers are eligible to subscribe to it so it is not unduly-discriminatory, consistent with the purpose of the Tariff Rules. ¹¹⁰

Q69. DOES MR. DAUPHINAIS EXPRESS ADDITIONAL CONCERNS?

A. Yes. Mr. Dauphinais stated that ELL should not be permitted to prioritize the Customer's access to the 3GW Order Geaux Zero resources under Group 3 in preference to those industrial customers that subscribed to Group 1 resources and those waiting to subscribe to Group 2 resources. Nor, should ELL be allowed to provide Customer with a direct path to renewable power via an unsolicited offer without providing the same path for other industrial customers. 112

Q70. WHAT IS YOUR RESPONSE TO MR. DAUPHINAIS'S CONCERNS?

I share his concerns. As provided in Question 67 above, I express similar concerns regarding the same substantive issues in my Direct Testimony related to the Designated Renewable Resources. Upon a close review of the Commission's Tariff Rule, I also agree with Mr. Dauphinais's observations. I agree that all three components of the CSR propose an additional charge to be applied to a customer bill. Therefore, consistent with my recommendation in my Direct Testimony, as further supplemented after my review of Mr. Dauphinais Direct Testimony, I recommend that the Commission reject the CSR proposal

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¹⁰⁹ *Id*.

¹¹⁰ *Id*.

¹¹¹ *Id*.

¹¹² *Id.* at 31.

in total because it does not meet the requirements of the Commission's Tariff Rule. To the extent that the Customer needs access to the types of carbon offsets that are proposed in the CSR, I recommend that ELL present in Rebuttal a comprehensive plan to address meeting the renewable goals of the Customer in a manner that complies with the requirements of the Tariff Rule.

Α.

Q71. DO YOU HAVE A FURTHER RECOMMENDATION RELATED TO ELL'S PROPOSED CSR TO ALLOW THE CUSTOMER TO ACCESS RENEWABLE RESOURCES AND THE LEUG'S COMPLAINT REGARDING POTENTIAL DELAYS IN ITS ACCESS TO RENEWABLE RESOURCES?

Yes. If accelerated access to renewable resources is desired by the LEUG or the Customer, the Commission has already provided such access with LPSC Order No. R-35462 Attachment 4 - Sleeved Power Purchase Agreements. This Order authorizes the utility to enter into a wholesale pass through sleeved PPA with a renewable provider chosen by the customer which provides the customer with access to renewable energy and attributes at a wholesale cost. The Order was passed by the Commission as a response to a LEUG request. And, while the wholesale pass-through sleeved PPA may not provide the most favorable economic outcome desired by the LEUG in its request, it provides access to Renewable Energy Credits ("RECs") retired in a customer's name in the same manner as the 3GW Order. Therefore, if quick access to renewables is needed by a member of the LEUG or the Customer, they should utilize the wholesale pass through sleeved PPAs

General Order Dated August 1, 2024 (R-35462), In re: Rulemaking to Research and Evaluate Customer-Centered Options for all Electric Customer Classes as well as other Regulatory Environments; Attachment 4 (Sleeved Power Purchase Agreements).

already allowed by the Commission. While there is currently a cap on the program, if customers exhaust the cap, it can be considered for increase by the Commission.

B. SCOPE OF THE CSR REQUIREMENTS FOR PROCUREMENT

Q72. PLEASE DESCRIBE INTERVENOR WITNESS CONCERNS REGARDING THE SCOPE OF THE CSR.

Mr. Gonatas states that the time allowed by the CSR for the identification of renewable resources (*i.e.*, by 2030) is unacceptable when there are many GW of solar and hybrid resources currently advancing through the MISO South queue. He recommends that the Commission direct ELL to accelerate its identification and procurement of renewable resources, "allowing a fuller picture of ELL's ultimate transmission needs to be clarified. He willow their commitments, including the commitments set forth in the CSR in Meta's letter to Commissioners that ELL filed on April 4, 2025 (The "Meta Letter"). In particular, Mr. Gonatas referred to Meta's commitment to "matching 100% of [its] data centers' electricity use with clean and renewable energy. Accordingly, Mr. Gonatas recommends that the Commission require ELL to (1) "solicit and procure, and the Customer to commit to paying for, at least enough clean and renewable energy to match or 'offset' 100% of the gas megawatt-hours required to serve the Customer's data centers' electricity usage"; (2) "to issue RFPs that are open to all sources of clean and renewable

Direct Testimony Constantine Gonatas at 25.

¹¹⁵ *Id*.

Direct Testimony of John Wilson at 4-5.

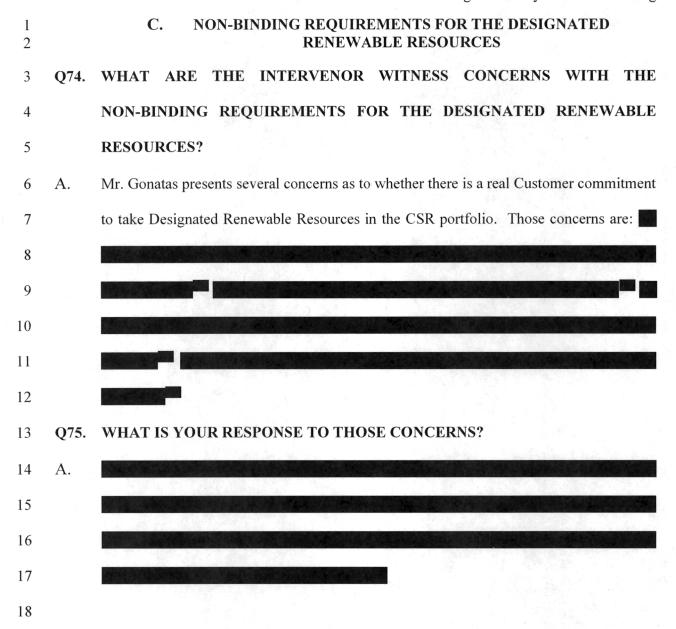
¹¹⁷ *Id.* at 5.

energy, including solar, battery, wind, and hybrid resources; and (3) [s]pecify the timeframe for procurement of incremental renewable resources to allow developers, including SREA members, to plan accordingly."¹¹⁸

Q73. WHAT IS YOUR RESPONSE TO THESE RECOMMENDATIONS?

I am unaware of the Commission ever enacting a requirement for a specific amount of renewables to be procured by a utility, much less on behalf of one customer. I have a concern if any such requirement were to include an accelerated deadline for the procurement. That requirement would put the utility at a competitive disadvantage negotiating with providers that know that the utilities have to make a procurement by a certain deadline and thus increase costs to consumers. However, I am aware that ELL and Cleco Power are currently conducting RFPs for renewables where many of the GW of solar and hybrid resources advancing through the MISO South queue are able to participate and be evaluated. Having open RFPs is the better course to gain economic access to renewable energy opportunities for ELL's customers. Further, wind resources should be included in these RFPs. This would be consistent with recent Southwestern Electric Power Company ("SWEPCO") and Cleco Power MBM processes.

¹¹⁸ *Id.* at 53-54.



¹¹⁹ Direct Testimony of Constantine Gonatas at 11.

¹²⁰ *Id*.

¹²¹ *Id.* at 11-12.

¹²² *Id.* at 12.

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19		D. THE LOW CARBON OPTION (LCO)
20	Q76.	PLEASE PROVIDE THE INTERVENOR WITNESS POSITIONS ON THE LOW-
21		CARBON OPTION ("LCO") CONTAINED IN THE CSR.
22	Α.	Mr. Gonatas opines that the LCO is an unlikely possibility, primarily because, in his view,
23		the economics do not appear to support it. Mr. Gonatas conducts an analysis that estimates
24		that the cost of the CCS option at LCPS could translate into \$36.71/MWh or higher, which

1		would be Based on
2		this analysis, Mr. Gonatas concludes that the CCS project appears unlikely to happen.
3	Q77.	WHAT IS YOUR RESPONSE TO MR. GONATAS'S POSITION ON THE
4		LIKELIHOOD OF THE CCS PROJECT AT LCPS.
5	A.	I present my concerns with CCS at LCPS in Question 100 of my Direct Testimony ¹²⁴ and
6		my more general concerns with CCS in Section V.A.3. of my Direct Testimony. 125 I
7		believe Mr. Gonatas concern is additive to my prior expressed concerns.
8		XIII. CONCLUSION
10	Q78.	PLEASE PROVIDE AN UPDATED SUMMARY OF YOUR PROPOSED
11		CONDITIONS AFTER YOUR CONSIDERATION OF THE DIRECT
12		TESTIMONY OF THE INTERVENOR WITNESSES.
13	A.	Please see Exhibit RLS-027, which contains red-lined and clean versions of my updated
14		recommended conditions. Additionally, I continue to recommend (1) the adoption of the
15		Staff's Revenue Deferral and Revenue Sharing Proposals discussed in my Direct
		Totion (2) - sinting of ELL's CCD and also side of substantial states of the substantial states
16		Testimony and (2) a rejection of ELL's CSR proposals with an updated recommendation
16 17		that if Customer access to renewables is desired, then ELL should make a comprehensive
17	Q79.	that if Customer access to renewables is desired, then ELL should make a comprehensive

¹²³ Direct Testimony of Constantine Gonatas at 19-21.

¹²⁴ Direct Testimony of R. Lane Sisung at 66.

¹²⁵ *Id.* at 77-82.

AFFIDAVIT

Robert Lane Sisung, being first duly sworn, deposes and says that he is the same Robert Lane Sisung whose testimony accompanies this signed affidavit: that such testimony was prepared by him; that he is familiar with the contents thereof; that the facts set forth therein are true and correct to the best of his knowledge, information and belief; and that he does adopt the same as his sworn testimony in this proceeding.

Robert Lane Sisung

Subscribed and sworn before me on this 8+4 day

y of May

2025.

Notary Public

Justin A. Swaim

My Commission State of Louisiana-Notarial ID No. 144181

My commission is issued life

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-37425

ENTERGY LOUISIANA, LLC, EX PARTE

In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana.

EXHIBIT RLS-024

OF

R. LANE SISUNG

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION STAFF

Staff Data Request No. 1-13: Please refer to Mr. Brubaker's recommendations on page 11 of his testimony, which states:

In order to provide ratepayers with some degree of protection, it is my recommendation that the rate-based costs of these three units be limited to the costs presented in ELL's filing, with the limited exception that the Commission could consider allowing for adjustments based on demonstrated changes in the law that are beyond ELL's control.

Please address the following:

- a. What types of changes in law is Mr. Brubaker referring too.
- b. Is Mr. Brubaker suggesting that cost over-runs on the three generation units not be allowed in rates, but they are to still be included in the minimum bill calculations?

LEUG Response to Staff Data Request No. 1-13:

- a. Changes in law that would impact revenue requirements, such as income tax rates.
- b. Yes, cost over-runs on the three generation units should not be included when setting rates for other customers, and cost over-runs should be included when setting charges for Laidley pursuant to and during the term of the ESA.

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-37425

ENTERGY LOUISIANA, LLC, EX PARTE

In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana.

EXHIBIT RLS-025

OF

R. LANE SISUNG

ON BEHALF OF THE
LOUISIANA PUBLIC SERVICE COMMISSION STAFF

Staff Data Request No. 1-3: Is it Mr. Dauphinais' position that the minimum charge on any new customer load must cover all of ELL's fixed incremental costs to serve such load?

LEUG Response to Staff Data Request No. 1-3:

In addition to General Objections, LEUG objects to Staff Data Request 1-3 as vague and ambiguous and seeking response to a generalized and incomplete hypothetical without sufficient factual context, and seeking information that is irrelevant to the particular facts and analysis at issue in this proceeding as presented. Subject to and without waiver of objections, LEUG responds as follows.

It is Mr. Dauphinais' view that the Entergy proposal to serve the Laidley Data Center need is unique and unprecedented in magnitude and scope of generation and transmission needs and costs as well as risks to other ratepayers. Mr. Dauphinais' Direct Testimony in this proceeding relates specifically to the Entergy proposal to serve the Laidley Data Center need, not to any other circumstances beyond this proceeding or review and analysis thereof.

Mr. Dauphinais further submits his view that, in general, the minimum monthly non-fuel revenue collected from a new customer on any rate should be sufficient to fully cover the revenue requirement of the fixed costs ELL incurs that it would not have incurred but for providing service to that customer. However, if the infrastructure investment that is associated with a particular fixed cost is readily reusable by other customers, the revenue requirement for that fixed cost does not necessarily need to be covered by the minimum monthly non-fuel revenue collected from the customer. Similarly, if the infrastructure investment in question is very lumpy in nature such that the minimum generation, transmission or distribution capacity provided by that infrastructure is well in excess of that necessary to only serve the customer, it may be reasonable for the minimum monthly revenue collected from the customer to be less than the revenue requirement of the entire fixed cost of the lumpy infrastructure investment to the extent there is a very high likelihood that the portion of the infrastructure investment not covered by the customer's minimum monthly revenues would be used to serve other customers within a short period of time. With respect to this proceeding, Mr. Dauphinais has given consideration to the foregoing and maintains his recommendations presented in his Direct Testimony.

PUBLIC VERSION AEO/HSPM INFORMATION HAS BEEN REMOVED

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-37425

ENTERGY LOUISIANA, LLC, EX PARTE

In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana.

EXHIBIT RLS-026 PUB

OF

R. LANE SISUNG PUBLIC VERSION

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION STAFF

HSPM

ATTACHMENT

REMOVED

PUBLIC VERSION AEO/HSPM INFORMATION HAS BEEN REMOVED

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-37425

ENTERGY LOUISIANA, LLC, EX PARTE

In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana.

EXHIBIT RLS-027 PUB

OF

R. LANE SISUNG PUBLIC VERSION

ON BEHALF OF THE

LOUISIANA PUBLIC SERVICE COMMISSION STAFF

STAFF PROPOSED CONDITIONS POST CROSS-ANSWERING (REDLINED FROM DIRECT)

- 1. If the ESA is amended to increase the load to be served, ELL shall return to the Commission with the amended ESA and an updated proposal demonstrating how ELL intends on serving that updated load in a manner that continues to serve the public interest. [See Question 20 of Direct Testimony].
- 2. ELL shall prudently manage the CIAC Agreements and ratepayers will be held harmless and indemnified from any losses resulting from CIAC projects expenditures that are greater than the amount of the CIAC payments received from Customer. [See Question 41 of Direct Testimony].
- 3. ELL shall ascertain and provide the Commission with Customer's renewal status prior to any filing pursuant to the MBM Order or the Capacity Certification Order seeking the addition of any resource, the need for which is dependent on the continuation of the Customer load. ELL shall not rely upon the Customer's renewal or non-renewal as support for any future request for an exemption from the MBM Order. [See Question 43 of Direct Testimony]. This hold harmless and indemnification shall explicitly include, but not be limited to, holding harmless and indemnifying ratepayers for any payments or expenditures on the Planned Generators before the Effective Date of the ESA that are greater than the amounts received from the Customer under the CIAC Agreements for the Planned Generators and secured by the Parent Guaranty, without regard to any monetary limitations imposed on the definitions of "Estimated Capital Costs" or "Generation Capacity Construction Costs" by provisions 1(f), 3(b) or other provision of the CIAC Agreement. [See Question 27 of Cross-Answering Testimony].
- 4. The true-up calculation contemplated by the ESA will include, at a minimum, all O&M associated with the Planned Generators (including the costs of the LTSAs), the planned capital additions for the Planned Generators, the transmission operations and maintenance ("O&M ")on the customer transmission, and the premium payment for the Collateral Insurance Agreement. [See Question 53 of Direct Testimony].
- 5. ELL shall present the Commission with the proposed true-up for minimum bills to ensure such true-up calculation has been performed in accordance with the required provisions and that such calculation includes all non-fuel O&M including the cost of Long Term Service Agreements ("LTSAs"). [See Question 53 of Direct Testimony].
- 6. Any future true-ups of the Minimum Monthly Charges should be approved by the Commission or alternatively ELL expressly assumes the risk for any harm experienced by ratepayers due to the use of an imprudent purchase power price or any other assumptions used in the true-up calculation. [See Question 162 of Direct Testimony].

- 7. ELL is required to prudently maximize the value of any excess capacity that results from the termination of the ESA, early or otherwise. [See Question 60 of Direct Testimony].
- 8. If there is an early termination of the Related Agreements and corresponding receipt of an Early Termination Fee, ELL must make a filing with the Commission for approval of the manner in which it proposes to utilize the termination fee to offset the impact to rates from the loss of Customer revenue. [See Question 61 of Direct Testimony].
- 9. The sufficiency of the Parent Guaranty contractual obligations and the form of guaranty should be confirmed as providing the purported security by way of a legal opinion from New York counsel experienced in New York law concerning parent guaranty agreements, that confirms that the Parent Guaranties comply with and are enforceable under New York law. [See Question 64].
- 10. ELL should advise as to whether the the Parent Guaranty, and if not, how ELL is addressing the risks associated with those costs. [See Question 64 of Direct Testimony].
- 11. ELL will act prudently with respect to the Parent Guaranty agreements and other collateral security, will enforce its rights under the Parent Guaranties and other collateral security, will ensure that it timely obtains the Parent Guaranties in the specified amounts in advance of incurring costs toward the generation and transmission projects that would exceed those specified amounts, and will hold ratepayers harmless for liability not recovered from Laidley or Meta that should have been secured pursuant to Rider 1, but was not due to ELL's failure to timely secure the Parent Guaranty or other collateral security, as required by Rider 1 to the ESA. [See Question 64 of Direct Testimony].
- 12. With regard to the Credit Insurance Agreement,
 - a. ELL shall provide confirmation and support that the proceeds that would be received from the combination of the credit insurance proceeds plus the corresponding Parent Guaranty cover 100% of the Early Termination Fee or present the Commission with [See Question 66 of Direct Testimony].
 - b. ELL and Customer should agree to a credit quality minimum on any future credit insurance policy entered into to cover the Early Termination Fees for the remainder of the term of the ESA not currently covered under a credit insurance agreement and that the Commission approve such agreement. [See Question 66 of Direct Testimony].
 - c. ELL will prudently seek and obtain credit insurance for periods beyond 2029

 [See Question 66 of Direct Testimony].

- d. ELL shall prudently manage the collateral security requirements of Rider 1 to the ESA and ensure that it maintains all required and appropriate security and that it is maximally protected from those security instruments and will indemnify and hold harmless ratepayers for any losses resulting from an imprudent failure to maintain the requisite and appropriate security collateral. [See Question 66 of Direct Testimony].
- 13. ELL shall notify the LPSC of any disputes that trigger the dispute resolution procedures in Section 21 of Rider 1 to the ESA within 5 days of taking or responding to any of the actions required under Section 21. [See Question 68 of Direct Testimony].
- 14. The full revenue requirement for any ELL owned Designated Renewable Resources shall be used for the annual determination of the Renewable Energy Charge under the Company's proposed solar procurement plan for the Customer. [See Question 83 of Direct Testimony].
- 15. Any non-ministerial changes to the Related Agreements are subject to Commission approval. Alternatively, in the event ELL does not seek or receive Commission approval of such changes, ELL will indemnify and hold-harmless ratepayers for any losses caused by a modification to the Related Agreements that has not been approved by the Commission. [See Question 106 of Direct Testimony].
- 16. ELL shall prudently maximize the value of any 45Q Tax Credits related to Carbon Capture and Sequestration ("CCS") on the Planned Generators for the sole benefit of ratepayers. [See Question 137 of Direct Testimony].
- 17. ELL shall present the . [See Question 153 of Direct Testimony].
- 18. ELL expressly acknowledges that the Commission's order does not provide approval or certification for the procurement or construction of any generating capacity to satisfy the deficit between the Customer load other than the Planned Generation. [See Question 162 of Direct Testimony].
- 19. The revenue requirements for the Planned Generators and System Improvement Projects shall not be determined until they are proposed to be included in rates through an Formula Rate Plan ("FRP") Additional Capacity Mechanism ("ACM") inclusion or otherwise. [See Question 182 of Direct Testimony].
- 20. The period of deferral for any revenue requirement not allowed into rates by the terms of a then current FRP shall be determined at the time of application for such revenue requirement to be included in rates. [See Question 183 of Direct Testimony].
- 21. ELL shall expressly acknowledge that no ratemaking treatment has been approved regarding either Designated Wind Resources or Designated Low Carbon Option Resources. [See Question 193 of Direct Testimony].

- 22. ELL shall produce, as expeditiously as possible, the information needed to address transmission concerns related to (1) thermal risks; (2) voltage risks; (3) transient stability risks; and (4) Customer load dynamic behavior risk. ELL shall analyze these risks as expeditiously as possible and present the Commission with the results of such analysis as soon as they are available. To the extent that the analysis concludes that material upgrades are necessary to mitigate these concerns, the costs of those upgrades shall be included in the Customer minimum bill or ELL shall seek a Commission determination of whether the inclusion of these costs in rates would still allow the Application to be found to serve the public interest.
- 23. ELL shall provide the Commission with (i) an agreement between ELL and the Customer on load reduction measures that the Customer will implement in times of system reliability concerns (e.g., MISO-called conservative operations, EEA1 or EEA2 events); (ii) an ELL load reduction plan for Commission approval that is designed to protect the reliability of the system against unplanned Customer load surges during times of system reliability concerns; and/or (iii) other proposed measures to ensure that the reliability of the system is protected against potential unplanned load surges from the Customer during periods of system reliability concern.

STAFF PROPOSED CONDITIONS POST CROSS-ANSWERING (CLEAN)

- 1. If the ESA is amended to increase the load to be served, ELL shall return to the Commission with the amended ESA and an updated proposal demonstrating how ELL intends on serving that updated load in a manner that continues to serve the public interest. [See Question 20 of Direct Testimony].
- 2. ELL shall prudently manage the CIAC Agreements and ratepayers will be held harmless and indemnified from any losses resulting from CIAC projects expenditures that are greater than the amount of the CIAC payments received from Customer. [See Question 41 of Direct Testimony].
- 3. ELL shall ascertain and provide the Commission with Customer's renewal status prior to any filing pursuant to the MBM Order or the Capacity Certification Order seeking the addition of any resource, the need for which is dependent on the continuation of the Customer load. ELL shall not rely upon the Customer's renewal or non-renewal as support for any future request for an exemption from the MBM Order. [See Question 43 of Direct Testimony]. This hold harmless and indemnification shall explicitly include, but not be limited to, holding harmless and indemnifying ratepayers for any payments or expenditures on the Planned Generators before the Effective Date of the ESA that are greater than the amounts received from the Customer under the CIAC Agreements for the Planned Generators and secured by the Parent Guaranty, without regard to any monetary limitations imposed on the definitions of "Estimated Capital Costs" or "Generation Capacity Construction Costs" by provisions 1(f), 3(b) or other provision of the CIAC Agreement. [See Question 27 of Cross-Answering Testimony].
- 4. The true-up calculation contemplated by the ESA will include, at a minimum, all O&M associated with the Planned Generators (including the costs of the LTSAs), the planned capital additions for the Planned Generators, the transmission operations and maintenance ("O&M ")on the customer transmission, and the premium payment for the Collateral Insurance Agreement. [See Question 53 of Direct Testimony].
- 5. ELL shall present the Commission with the proposed true-up for minimum bills to ensure such true-up calculation has been performed in accordance with the required provisions and that such calculation includes all non-fuel O&M including the cost of Long Term Service Agreements ("LTSAs"). [See Question 53 of Direct Testimony].
- 6. Any future true-ups of the Minimum Monthly Charges should be approved by the Commission or alternatively ELL expressly assumes the risk for any harm experienced by ratepayers due to the use of an imprudent purchase power price or any other assumptions used in the true-up calculation. [See Question 162 of Direct Testimony].

- 7. ELL is required to prudently maximize the value of any excess capacity that results from the termination of the ESA, early or otherwise. [See Question 60 of Direct Testimony].
- 8. If there is an early termination of the Related Agreements and corresponding receipt of an Early Termination Fee, ELL must make a filing with the Commission for approval of the manner in which it proposes to utilize the termination fee to offset the impact to rates from the loss of Customer revenue. [See Question 61 of Direct Testimony].
- 9. The sufficiency of the Parent Guaranty contractual obligations and the form of guaranty should be confirmed as providing the purported security by way of a legal opinion from New York counsel experienced in New York law concerning parent guaranty agreements, that confirms that the Parent Guaranties comply with and are enforceable under New York law. [See Question 64].
- 10. ELL should advise as to whether the are covered by the Parent Guaranty, and if not, how ELL is addressing the risks associated with those costs. [See Question 64 of Direct Testimony].
- 11. ELL will act prudently with respect to the Parent Guaranty agreements and other collateral security, will enforce its rights under the Parent Guaranties and other collateral security, will ensure that it timely obtains the Parent Guaranties in the specified amounts in advance of incurring costs toward the generation and transmission projects that would exceed those specified amounts, and will hold ratepayers harmless for liability not recovered from Laidley or Meta that should have been secured pursuant to Rider 1, but was not due to ELL's failure to timely secure the Parent Guaranty or other collateral security, as required by Rider 1 to the ESA. [See Question 64 of Direct Testimony].
- 12. With regard to the Credit Insurance Agreement,
 - a. ELL shall provide confirmation and support that the proceeds that would be received from the combination of the credit insurance proceeds plus the corresponding Parent Guaranty cover 100% of the Early Termination Fee or present the Commission with [See Question 66 of Direct Testimony].
 - b. ELL and Customer should agree to a credit quality minimum on any future credit insurance policy entered into to cover the Early Termination Fees for the remainder of the term of the ESA not currently covered under a credit insurance agreement and that the Commission approve such agreement. [See Question 66 of Direct Testimony].
 - c. ELL will prudently seek and obtain credit insurance for periods beyond 2029

 [See Question 66 of Direct Testimony].

- d. ELL shall prudently manage the collateral security requirements of Rider 1 to the ESA and ensure that it maintains all required and appropriate security and that it is maximally protected from those security instruments and will indemnify and hold harmless ratepayers for any losses resulting from an imprudent failure to maintain the requisite and appropriate security collateral. [See Question 66 of Direct Testimony].
- 13. ELL shall notify the LPSC of any disputes that trigger the dispute resolution procedures in Section 21 of Rider 1 to the ESA within 5 days of taking or responding to any of the actions required under Section 21. [See Question 68 of Direct Testimony].
- 14. The full revenue requirement for any ELL owned Designated Renewable Resources shall be used for the annual determination of the Renewable Energy Charge under the Company's proposed solar procurement plan for the Customer. [See Question 83 of Direct Testimony].
- 15. Any non-ministerial changes to the Related Agreements are subject to Commission approval. Alternatively, in the event ELL does not seek or receive Commission approval of such changes, ELL will indemnify and hold-harmless ratepayers for any losses caused by a modification to the Related Agreements that has not been approved by the Commission. [See Question 106 of Direct Testimony].
- 16. ELL shall prudently maximize the value of any 45Q Tax Credits related to Carbon Capture and Sequestration ("CCS") on the Planned Generators for the sole benefit of ratepayers. [See Question 137 of Direct Testimony].
- 17. ELL shall present the [See Question 153 of Direct Testimony].
- 18. ELL expressly acknowledges that the Commission's order does not provide approval or certification for the procurement or construction of any generating capacity to satisfy the deficit between the Customer load other than the Planned Generation. [See Question 162 of Direct Testimony].
- 19. The revenue requirements for the Planned Generators and System Improvement Projects shall not be determined until they are proposed to be included in rates through an Formula Rate Plan ("FRP") Additional Capacity Mechanism ("ACM") inclusion or otherwise. [See Question 182 of Direct Testimony].
- 20. The period of deferral for any revenue requirement not allowed into rates by the terms of a then current FRP shall be determined at the time of application for such revenue requirement to be included in rates. [See Question 183 of Direct Testimony].
- 21. ELL shall expressly acknowledge that no ratemaking treatment has been approved regarding either Designated Wind Resources or Designated Low Carbon Option Resources. [See Question 193 of Direct Testimony].

- 22. ELL shall produce, as expeditiously as possible, the information needed to address transmission concerns related to (1) thermal risks; (2) voltage risks; (3) transient stability risks; and (4) Customer load dynamic behavior risk. ELL shall analyze these risks as expeditiously as possible and present the Commission with the results of such analysis as soon as they are available. To the extent that the analysis concludes that material upgrades are necessary to mitigate these concerns, the costs of those upgrades shall be included in the Customer minimum bill or ELL shall seek a Commission determination of whether the inclusion of these costs in rates would still allow the Application to be found to serve the public interest.
- 23. ELL shall provide the Commission with (i) an agreement between ELL and the Customer on load reduction measures that the Customer will implement in times of system reliability concerns (e.g., MISO-called conservative operations, EEA1 or EEA2 events); (ii) an ELL load reduction plan for Commission approval that is designed to protect the reliability of the system against unplanned Customer load surges during times of system reliability concerns; and/or (iii) other proposed measures to ensure that the reliability of the system is protected against potential unplanned load surges from the Customer during periods of system reliability concern.

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