

**Gas Infrastructure Investment Recovery Rider
Rate IIRR-G**

I. PURPOSE AND APPLICABILITY

The purpose of the Gas Infrastructure Investment Recovery Rider (“Rider IIRR-G”) is to establish the Rider IIRR-G Rate by which Entergy Louisiana, L.L.C. (“ELL” or the “Company”) will recover the fixed costs associated with its long-term accelerated pipe replacement program costs subject to the Louisiana Public Service Commission’s (“LPSC’s” or “Commission”) oversight and other non-revenue producing government-mandated investment. In accordance with the Federal Pipeline Safety Regulations, amended by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration on December 4, 2009, gas distribution pipeline operators are required to develop and implement an Integrity Management (“IM”) plan. It is within this scope that the Company has developed an IM plan, as filed with the State of Louisiana’s Department of Natural Resources, Office of Conservation, Pipeline Division in August 2011, by which the Company shall identify incremental investments in pipeline safety improvements for which the associated fixed costs will be eligible for rate recovery through Rider IIRR-G. Fixed costs to be recovered through Rider IIRR-G are limited to those associated with the direct IM program project costs and with non-revenue producing government-mandated project costs that are not already included in the then-current rates of the Company. The fixed costs associated with extending facilities to serve new customers (i.e. revenue-producing projects) are not recoverable through Rider IIRR-G. The Rider IIRR-G Rate is applied in conjunction with the currently applicable rates on file with the Commission.

II. QUARTERLY RATE REDETERMINATION

After the initial rate determination, the Company shall file a redetermined Rider IIRR-G Rate with the Commission within 60 days after each three month period (“Service Period”) ending, March 31, June 30, September 30, and December 31. As illustrated in Table 1, the Rider IIRR-G Rate so redetermined shall be effective with the first billing cycle following a 30 day review period of the redetermined rate filing. Redetermined IIRR-G rate effective dates shall be on and after the first billing cycle of July, October, January, and April respectively, and shall then remain in effect for three (3) months (“Effective Rate Period”). The redetermined Rider IIRR-G Rate shall be determined by application of the Rider IIRR-G Rate Formula. Each such revised rate shall be filed in Docket No. U-36338 and shall be accompanied by a set of workpapers sufficient to document fully the calculations of the redetermined Rider IIRR-G Rate. The redetermined rate shall reflect: (1) the pre-tax return, based on the Company’s before-tax weighted average cost of capital as of the twelve month period ending September 30¹ immediately preceding the filing date, on the cumulative EP, net of associated accumulated provision for depreciation and associated accumulated deferred income taxes, (2) depreciation expense associated with the EP, (3) the IIRR-G is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending September 30 of each year after the initial filing year, and (4) the excess ELL Rate Stabilization Plan (“RSP”) earnings applied in accordance with the IIRR-G Order U-32682-A and as described in Section IV.D. herein. The revenue received under the IIRR-G for the reconciliation period will be compared to the Company’s eligible costs for that period. The difference between revenue and costs billed versus the costs incurred

¹ Concurrent with the test year end of the Rate Stabilization Plan “RSP” Rider adopted by the Louisiana Public Service Commission in Order Nos. U-32425, U-32682, U-33983, U-35370, and U-36338.

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will be recovered or refunded, as appropriate, over a one-year period commencing on the first billing cycle of January of each year.

Table 1:

Line #	Date to Which IIRR-G Eligible Plant Additions Reflected	IIRR-G Filing Date (On or before)	Effective Date of Rate Change (On and after first billing cycle of)
1	March 31	May 31	July
2	June 30	August 31	October
3	September 30	November 30	January
4	December 31	February 28	April

III. ELIGIBLE PLANT ADDITIONS: The Eligible Plant Additions (“EP”) to be reflected in the Rider IIRR-G Rate Redetermination are defined as the incremental investments in pipeline safety improvement projects implemented under the IM plan and non-revenue producing government-mandated projects that have been placed into service. The EP will consist of the following costs²:

- Piping, couplings, valves, excess flow valves, risers (account 376);
- Insulated and non-insulated fittings (account 378);
- Gas services lines (account 380);
- Meters (account 381);
- Meters Installations (account 382);
- Unreimbursed costs related to road relocation projects where the Company must relocate its facilities; and
- Other related capitalized and program start-up costs.

IV. COMPUTATION OF THE RIDER IIRR-G RATE

Determination of Fixed Costs: The fixed costs associated with the EP will consist of the pre-tax return and depreciation expense calculated as follows:

A. **Pre-tax return:** The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company’s actual capital structure and actual cost rates for long-term and short-term debt and preferred stock based on the Company’s pre-tax weighted average cost of capital as of the twelve month period ending September 30 immediately preceding the filing date. The cost of equity will be the equity return

² IIRR-G eligible property is not determined or limited by the account number. The listing of account numbers is illustrative of the model in which the tariff’s calculations will reflect account numbers. The list of accounts and property descriptions reflected in the list herein are not exclusive.

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rate approved by the LPSC in Docket No. U-36338, or as otherwise determined by the Commission.

- B. **Depreciation:** The depreciation expense shall be calculated by applying the annual accrual rates, employed in the Company's most recent base rate case for the plant accounts in which each retirement unit of the EP is recorded, applied to the original cost of the EP.
- C. **Application of IIRR-G:** The Rider IIRR-G Rate will be expressed as a percentage carried to four decimal places and will be applied to the net monthly rates, excluding "Adjustments" or "Other Adjustments" as these terms are defined in the Company's rate schedules, Small General Service (G-1), General Service (G-2), and Large General Service (G-3), and billed to each customer class under rate schedules G-1, G-2, and G-3.

V. CUSTOMER SAFEGUARD

- A. **Record Keeping:** The Company shall secure and retain all documents necessary to verify the validity of the costs for which it is seeking recovery of the associated fixed costs under Rider IIRR-G. Such documents shall include, but shall not be limited to, work orders, journal entries, and the assets' in-service dates.
- B. **ELL Rate Stabilization Plan Rider ("RSP") Evaluation Period Earnings in Excess of 10.3% EROE:** Commencing with the RSP Evaluation Period of 2022 (*i.e.*, Test Year Ended September 30, 2022), to the extent that ELL's annual RSP demonstrates that ELL has earned in excess of the Upper Band of the Common Equity Bandwidth (*i.e.*, 10.3%) ("RSP Excess"), instead of reducing rates by 50 percent of the first 200 basis points above the allowed return on equity (ROE) and 100 percent of any amount in excess of the allowed ROE plus 200 basis points, as currently required by the RSP, any RSP Excess shall first be applied to prospectively offset the Rider IIRR-G revenue requirement associated with the return on and of Rider IIRR-G eligible property as reported in the, then effective, Rider IIRR-G in Attachment C, Page 1, Line 15. The RSP Excess shall be applied to reduce the referenced Rider IIRR-G revenue requirement to a value of zero. Any residual RSP Excess remaining after offsetting Rider IIRR-G revenue requirement shall be reflected and implemented as a prospective reduction of the RSP rate on a dollar-for-dollar basis effective for bills rendered on and after the first billing cycle of April of the year of the RSP Evaluation Report filing. The implementation of the RSP Excess offset shall commence with the Rider IIRR-G period represented in Table 1, Line 4, with rates effective with the first billing cycle of April, and shall terminate with the Rider IIRR-G period represented in Table 1, Line 3.

VI. TERM

- A. This Rider IIRR-G shall remain in effect for ten years from the date of implementation unless otherwise modified on terms mutually agreeable to the parties or terminated in accordance with the provisions of this Rider IIRR-G (VII.B below) or applicable regulations or laws.
- B. If this Rider IIRR-G is terminated by a future order of the Commission, the Rider IIRR-G Rate then in effect shall continue to be applied until the Commission approves an

Entergy Louisiana, L.L.C.
ISSUED: 3-15-23
ISSUED BY: Matt Klucher
Director of Utility Rates and Pricing

Third Revised Sheet No.: 49
Canceling Second Revised Sheet No. 49
EFFECTIVE: May 1, 2023

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alternative mechanism by which the Company can recover the costs reflected in the then-current Rider IIRR-G Rate. At that time, any cumulative over-recovery or under-recovery resulting from application of the then-current Rider IIRR-G Rate, inclusive of carrying costs at the pre-tax weighted average cost of capital, shall be applied to customer billings over the twelve (12) month billing period beginning on the first billing cycle of the second month following the termination of Rider IIRR-G in a manner prescribed by the Commission.

VII. APPLICABLE CUSTOMER CLASSES AND SCHEDULES

Rider IIRR-G shall be applied equally to rate schedules Small General Service (G-1), General Service (G-2), and Large General Service (G-3) and to Rate Stabilization Plan Rider, as required under Section VI(B) above.

Entergy Louisiana, LLC
ISSUED: 4-1-24
ISSUED BY: Matt Klucher
Director of Utility Rates and Pricing

Thirty-seventh Revised Sheet No.: 50
Canceling Thirty-sixth Revised Sheet No. 50
EFFECTIVE: April 1, 2024

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ATTACHMENT A

GAS INFRASTRUCTURE INVESTMENT RECOVERY RIDER RATE

For billing purposes, an amount equal to (1) the sum of the Net Monthly Rate, excluding "Adjustments" or "Other Adjustments" as these terms are defined in the Company's rate schedules, G-1, G-2, and G-3, multiplied by (2) the following percentage, which is named the Rider IIRR-G Rate Percentage, shall be added to or subtracted from the Net Monthly Rate for all customer bills rendered under ELL rate schedules G-1, G-2, and G-3. This IIRR-G Rider Rate, which is effective for bills rendered on and after the first billing cycle of April 2024:

Rider IIRR-G Rate Percentage (%): 14.8164%

ATTACHMENT B

GAS INFRASTRUCTURE INVESTMENT RECOVERY RIDER FORMULA

Formula: The formula for calculation of the Rider IIRR-G Rate is as follows:

$$\text{Rider IIRR-G Rate} = \frac{[(EP * PTRR) + DEP + RR] * REF + RSP \text{ Excess}}{4 \text{ PQRR}}$$

Where:

EP	=	Eligible Plant Additions, as defined in Section IV. of Rider IIRR-G, net of associated accumulated provision for depreciation and associated accumulated deferred income taxes.
PTRR	=	Pre-tax weighted average cost of capital, as defined in Section V.A. of Rider IIRR-G. In accordance with Section II of the Gas Infrastructure Investment Recover Rider, for the initial determination of Rider IIRR-Rate, the pre-tax return shall be based on ELL's before-tax weighted average cost of capital (WACC) as of September 30 of the year immediately preceding the filing date.
DEP	=	Depreciation Expense related to Rider IIRR-G Eligible Plant Additions.
RR	=	The amount calculated under the Rider IIRR-G Reconciliation, as calculated in Attachment C.
RSP Excess	=	The amount calculated in accordance with the provisions in the most recently filed RSP Evaluation Report and Section VI.B.
REF	=	*Revenue Related Expense Factor = $1 / [(1 - \text{Bad Debt} - \text{Revenue Related Tax Rate})]$
PQRR	=	One-fourth of the projected annual G-1, G-2, and G-3 rate schedule revenues, excluding purchased gas adjustment revenues for the twelve month period ended September 30.

*Revenue Related Expense Factor shall be calculated as of the twelve month period ended September 30 immediately preceding the filing date.

Entergy Louisiana, LLC
Gas Infrastructure Investment Recovery Rider Formula (1)
As of _____ (2)
(\$000'S Omitted)

Ln No.	Description	Amount	Reference
<u>EP- Eligible Plant Additions</u>			
1	IM Plan Investments		Att C Page 2, L1
2	Accumulated Depreciation		Att C Page 2, L2
3	Government-Mandated Projects		Att C Page 2, L3
4	Accumulated Depreciation		Att C Page 2, L4
5	Total EP- Eligible Plant Additions	0	Sum of Lines 1-4
6	Accumulated Deferred Income Tax	0	Att C Page 2, L6
<u>PTRR - Pre-Tax Return</u>			
7	Pre-Tax Weighted Average Cost of Capital (3)		WP 1
8	Return on Net Eligible Property	0	(L5 + L6) * L7
<u>DEP - Depreciation Expense</u>			
9	Depreciation Expense of IM Plan Investments		Att C Page 2, L7
10	Depreciation Expense of Government-Mandated Projects		Att C Page 2, L8
11	Total DEP - Depreciation Expense	0	L9 + L10
12	RR - Rate Rider Reconciliation	0	Zero for Initial. Att C Page 4, L3
13	Return of and on IIRR-G EP		L8 + L11 + L12
14	REF- Revenue Related Expense Factor (4)		WP 4
15	IIRR-G Revenue Requirement before RSP Excess	0	L13 * L14
16	RSP Excess Earnings (5)	-	Zero for Initial
17	Total Quarterly IIRR-G Revenue Requirement	0	L15 + L16 / 4
18	PQRR - Projected Quarterly Rate Schedule Revenues		Att C Page 3, L2
19	IIRR-G Rider Rate Percentage		L17 / L18

Notes:

- (1) Pursuant to Attachment B of this Gas Infrastructure Investment Recovery Rider (IIRR-G).
- (2) The Company's initial IIRR-G rate determination shall contain the Initial Service Period fixed costs associated with IIRR-G eligible property. For subsequent redeterminations, the Service Period shall be as of March 31, June 30, September 30, and December 31, respectively, and shall contain the fixed costs associated with IIRR-G eligible property and balances as of each Service Period ended date, cumulatively, until such time the IIRR-G rate is reset to zero.
- (3) The initial and redetermined PTRR shall be based on the Company's pre-tax weighted average cost of capital as of the twelve month period ending September 30 immediately preceding the filing date.
- (4) Revenue Related Expense Factor = $1 / (1 - \text{Bad Debt Rate} - \text{Revenue-Related Tax Rate})$. Initial and redetermined Revenue Related Expense Factor shall be calculated as of the twelve month period ending September 30 immediately preceding the filing date.
- (5) Entergy Louisiana, LLC Rate Stabilization Plan ("RSP") excess earnings as reflected in the current RSP.

Entergy Louisiana, L.L.C.
Gas Infrastructure Investment Recovery Rider Formula
As of _____ (1)
(\$000'S Omitted)

Ln No.	Description	Amount	Reference
<u>EP - Eligible Plant Additions</u>			
1	Total IM Plan Investments (2)		
2	Accumulated Depreciation on IM Plan Investments		
3	Total Government-Mandated Projects (3)		
4	Accumulated Depreciation on Government-Mandated Projects		
5	Total EP - Eligible Plant Additions	0	Sum of Lines 1 - 4
<u>Accumulated Deferred Income Taxes</u>			
6	Accumulated Deferred Income Taxes	0	
<u>DEP - Depreciation Expense (4)</u>			
7	Depreciation Expense of IM Plan Investments		
8	Depreciation Expense of Government-Mandated Projects		
9	Total DEP - Depreciation Expense	0	L7 + L8

Notes:

- (1) The Company's initial IIRR-G rate determination shall contain the Initial Service Period fixed costs associated with IIRR-G eligible property. For subsequent redeterminations, the Service Period shall be as of March 31, June 30, September 30, and December 31, respectively, and shall contain the fixed costs associated with IIRR-G eligible property and balances as of each Service Period ended date, cumulatively, until such time the IIRR-G rate is reset to zero.
- (2) Capitalized costs associated with Integrity Management (IM) plan projects.
- (3) Capitalized costs associated with government-mandated projects.
- (4) Annual accrual rates approved in the Utility's most recent base rate case, for the plant accounts in which each retirement unit of IIRR-G EP is recorded, applied to the original cost of IIRR-G EP.

Entergy Louisiana, L.L.C.
Gas Infrastructure Investment Recovery Rider Formula
As of _____ (1)
(\$000'S Omitted)

Ln No.	Description	Amount	Reference
<u>Projected Rate Schedule Revenues (2)</u>			
1	G-1 - Small General Services		
2	G-2 - General Services		
3	G-3 - Large General Services		
4	Total Projected Rate Schedule Revenues	<u>0</u>	Sum of Lines 1-3
5	Projected Quarterly Rate Schedule Revenues	<u><u>0</u></u>	L4 / 4

- (1) The IIRR-G will contain one-fourth of the projected annual G-1, G-2, and G-3 rate schedule revenues, excluding purchased gas adjustment revenues, for the twelve-month period ended September 30.
- (2) Projected annual G-1, G-2, and G-3 rate schedule revenues, excluding purchased gas adjustment revenues.

Entergy Louisiana, L.L.C.
Gas Infrastructure Investment Recovery Rider Formula
Rate Rider Reconciliation of IIRR-G (1)
For the Twelve Months Ended September 30, _____ (2)
(\$000'S Omitted)

Ln No.	Description	Amount	Reference
Reconciliation Period Revenue			
1	IIRR-G Revenue Collections During Reconciliation Period (3)		
Reconciliation Period Revenue Requirement			
2	IIRR-G Revenue Requirement During Reconciliation Period (4)		
3	RR- Rate Rider Reconciliation IIRR-G	0	L2 - L1

Notes:

- (1) This schedule is not applicable for the Initial Filing, to be made on or before February 28, 2015.
- (2) Rider IIRR-G annual reconciliation based on a reconciliation period consisting of the twelve months ending September 30 of each year.
- (3) IIRR-G revenues collected during the reconciliation period, as outlined in Note 2.
- (4) IIRR-G eligible costs during the reconciliation period, as outlined in Note 2.