

RESOLUTION

NO. R-23-491

CITY HALL: October 19, 2023

BY: COUNCILMEMBERS MORRELL, MORENO, GIARRUSSO, KING AND THOMAS

RESOLUTION AND ORDER GRANTING MODIFIED APPROVAL OF A PROPOSED EXTENSION TO THE ELECTRIC AND GAS FORMULA RATE PLANS AS APPROVED IN RESOLUTION R-19-457 AND EXTENDED IN RESOLUTION R-20-213

DOCKET NO. UD-18-07

WHEREAS, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans (“Charter”), the Council of the City of New Orleans (“Council”) is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans; and

WHEREAS, pursuant to its powers of supervision, regulation, and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

WHEREAS, Entergy New Orleans, LLC (“ENO”), is a public utility providing electric and natural gas service to all of New Orleans; and

WHEREAS, on July 31, 2018, ENO filed its initial *Application of Entergy New Orleans, LLC for a Change in Electric and Rates Pursuant to Council Resolutions R-15-194 and R-17-504 and For Related Relief* (“Initial Rate Filing”); and

WHEREAS, in a letter dated August 15, 2018, Roderick K. West, Entergy Group President of Utility Operations, explained that ENO had decided to withdraw its Initial Rate Filing, explaining that the decision to withdraw the Initial Rate Filing was in “response to the thoughtful

feedback that Entergy New Orleans has received from members of the Council of the City of New Orleans and Council's legal and technical advisors, particularly with regard to the need to develop a better path toward a single rate structure for all customers of Entergy New Orleans, both those residing on the East Bank of New Orleans and those residing in Algiers" and noted that ENO would refile the rate case in September; and

WHEREAS, on September 21, 2018, ENO refiled its rate case, *Revised Application of Entergy New Orleans, LLC for a Change in Electric and Gas Rates Pursuant to Council Resolutions R-15-194 and R-17-504 and For Related Relief* ("Revised Application"); and

WHEREAS, on October 4, 2018, the Council adopted Resolution R-18-434 establishing a procedural schedule to allow the parties to this proceeding to rigorously investigate the Revised Application, conduct discovery, file testimony, and otherwise establish a record upon which the Council could rely to make a determination as to the proper rates to be charged by ENO; and

WHEREAS, on November 7, 2019, the Council adopted Resolution R-19-457 ("Rate Case Resolution") setting new rates and established Electric and Gas formula rate plans ("FRP") requiring filings in 2020, 2021, and 2022; and

WHEREAS, as a result of the COVID-19 pandemic, the State of Louisiana and the City of New Orleans declared states of emergency beginning in March 2020; and

WHEREAS, in light of the COVID-19 pandemic, including the detrimental effects on the economy, the Council adopted Resolution R-20-344 approving an agreement in principle ("AIP") with ENO to forego the FRP proceedings for 2020, which amended the FRP filing schedule to require ENO to submit Electric and Gas FRP filings in 2021, 2022, and 2023; and

WHEREAS, on April 28, 2023, ENO filed its 2023 Electric and Gas FRP filings; and

WHEREAS, though the Council’s utility advisors and ENO were able to resolve disputed issues and enter into an AIP which was approved by the Council in Resolution R-23-423, the 2023 FRP proceedings highlighted the lingering economic impacts of the COVID-19 pandemic; and

WHEREAS, on September 1, 2023, ENO filed a request to extend the Electric and Gas FRPs as approved in Resolution R-19-457, and extended in Resolution R-20-213, to allow for three additional Electric and Gas FRP Evaluation Filings in each of 2024, 2025, and 2026 (“Extension Application”); and

WHEREAS, in its Extension Application, ENO requested substantive modification to the Electric and Gas FRP Riders, including but not limited to

1. An updated fixed equity ratio for FRP purposes, increasing the common equity ratio from 51% to 57%, and decreasing the long-term debt ratio from 49% to 43%, while maintaining the Council’s currently-allowed FRP bandwidth of 8.85%-9.85%, based on a Return on Equity of 9.35%, and
2. Updated filing dates and evaluation periods for Electric and Gas FRP Filings in 2024, 2025, and 2026, increasing the period to review proposed corrections and resolve disputes from twenty-five days to thirty-five days; and

WHEREAS, on September 7, 2023, the Council adopted Resolution No. R-23-414 establishing a procedural schedule to receive comments on the Extension Application; and

WHEREAS, pursuant to the Resolution, all existing parties to Docket No. UD-18-07 were retained and permitted to file comments in response to the Extension Application; and

WHEREAS, the Extension Application requests that the lost contribution to fixed costs or “LCFC” adjustment in the Electric FRP be trued-up through the EECR Rider; and

WHEREAS, the Agreement in Principle resolving ENO's 2023 electric FRP Evaluation and setting new electric FRP rates did not specify the amount of 2023 LCFC reflected in such rates, however the Council's utility advisors calculate the effective amount of LCFC reflected in current electric FRP rates is \$7,724,975; and

WHEREAS, the Alliance for Affordable Energy was the only party to file comments in the proceeding and stated, "[g]iven ENO's recent credit downgrade and increases in the cost of capital, the Alliance does not object to ENO's application for an extension of the current FRP through 2026,"; and

WHEREAS, the Council has reviewed the Extension Application and the comments filed and deems it in the public interest to grant modified approval to ENO's request; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That ENO's Extension Application is APPROVED as follows:

1. ENO's request for a three-year extension of the Electric and Gas FRPs, including the updated filing dates and evaluation periods, is GRANTED;
2. ENO's request to exclude other post-employment benefit ("OPEB") expense credits from the FRP Evaluation Filing is GRANTED. However, in the event the OPEB-related funds attributable to ENO that are held in trust are disbursed to ENO, an ENO affiliate, or an Entergy subsidiary or affiliate upon termination of the trust or another comparable event, ENO's ratepayers shall have claim to all OPEB credit amounts that are excluded from rates under these FRP riders. ENO shall properly account for this obligation, but any balance sheet regulatory liability or prepaid OPEB asset associated with ENO's OPEB trust shall not be included in ENO's adjusted rate base for FRP Evaluations under the Electric and Gas Formula Rate Plan Riders.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That ENO's Extension Application is granted MODIFIED APPROVAL as follows: ENO's common equity ratio for FRP purposes shall be increased from 51% to 55% and the long-term debt ratio is decreased from 49% to 45%. ENO's Rate of Return on Common Equity Bandwidth shall remain at 8.85%-9.85%.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the attached Electric Formula Rate Plan Rider (Rider Schedule EFRP-7) Exhibit 1, and Gas Formula Rate Plan Rider (Rider Schedule GFRP-7), Exhibit 2, are APPROVED in their entirety.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That ENO and the Council's utility advisors are directed to work collaboratively to file by December 1, 2023, a modified Energy Efficiency Cost Recovery ("EECR") Rider to implement the true-up of the estimated Lost Contribution to Fixed Costs ("LCFC") resulting from the Council's Energy Smart Program. Such true-up shall commence with the true-up of the estimated Program Year 13 (calendar year 2023) LCFC in the EECR Rates effective for calendar year 2025. For purposes of the Program Year 13 LCFC true-up, the Company and the Council's utility advisors stipulate that the LCFC recognized in the September 2023 EFRP Rate Adjustment is \$7,724,975. The estimated LCFC shall continue to be recovered through the Electric Formula Rate Plan Rate Adjustment.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS: Green, Harris, King, Moreno, Morrell - 5

NAYS: 0

ABSENT: Giarrusso, Thomas - 2

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY
Lera W. Johnson
CLERK OF COUNCIL

ENTERGY NEW ORLEANS, LLC
ELECTRIC SERVICE

RIDER SCHEDULE EFRP-7

Effective:
Filed:
Supersedes:
Schedule Consists of: Eight Pages Plus
Attachments A - H

ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE

I. GENERAL

This Electric Formula Rate Plan Rider Schedule EFRP-7 ("Rider EFRP") defines the procedure by which the rates contained in the Entergy New Orleans, LLC ("ENOL" or "Company") electric rate schedules designated in Attachment A to this Rider EFRP ("Rate Schedules") may be periodically adjusted. Rider EFRP shall apply in accordance with the provisions of Section II.A below to all electric service billed under the Rate Schedules, whether metered or unmetered, and subject to the jurisdiction of the Council of the City of New Orleans ("CNO" or "Council").

II. APPLICATION AND REDETERMINATION PROCEDURE**A. RATE ADJUSTMENT**

The adjustments to the Company's rates set forth in Attachment A to this Rider EFRP ("Rate Adjustments") shall be added to the rates set out in the monthly bills in accordance with the Company's Rate Schedules. Such Rate Adjustments are determined by rate class consistent with Resolution R-16-103 and R-19-457. The Rate Adjustments shall be determined in accordance with the provisions of Sections II.B and II.C below.

B. ANNUAL FILING AND REVIEW**1. FILING DATE**

On or before April 30 of each year, beginning in 2024, ENOL shall file a report with the Council containing an evaluation of the Company's earnings for the immediately preceding calendar year prepared in accordance with the provisions of Section II.C below ("Evaluation Report"). A revised Attachment A shall be included in each such filing containing the Company's proposed revised Rate Adjustments determined in accordance with the provisions of Section II.C below.

2. RATE CLASS REVENUE REQUIREMENT AND REVENUE ALLOCATION

For purposes of determining Rate Adjustments by rate class, the allocation of Evaluation Period revenue between fixed and variable revenue shall be based on the fixed and variable revenue requirements that underlie the rates, as adjusted by any FRP Rate Adjustments in effect during the Evaluation Period, with the exception of Fuel Adjustment Clause revenue, which shall be treated as variable revenue. The determination of the fixed and variable revenue requirements by rate class shall be consistent with the allocation methodologies applied in Docket UD-18-07 except that the return on rate base component shall be based on the class rates of return established by the Council, with the initial class rates of return determined by the relative (Total) revenues by rate class set in Docket UD-18-07. In the event that the most recently established class rates of return do not produce a return on rate base component equal to the Company's Benchmark Return on Rate Base times the Company's Rate Base ("Total Company Return Requirement") for the Evaluation Period, such class rates of return shall be adjusted so as to recover the Total Company Return Requirement.

The class rates of return will be adjusted to move the class rates of return toward the Benchmark Return on Rate Base. The numerical values of the external allocation factors will be updated with each EFRP filing in accordance with Section II.C.1.a (2). The Fixed and Variable Revenue Deficiency/(Excess) by rate class shall be shown in Attachment G.

3. REVIEW PERIOD

The Council's Advisors ("Advisors") and all intervenors ("Intervenors"), which together with ENOL shall be referred to hereinafter, collectively, as the "Parties," shall receive a copy at the time it is filed with the Council of each Evaluation Report filing together with all subsequent filings in the related proceeding. All Intervenors in Docket UD-18-07 shall be recipients of each such Evaluation Report filing. At the time each such Evaluation Report is filed, ENOL shall provide all Parties with workpapers supporting the data and calculations reflected in the Evaluation Report. The Parties may request such clarification and additional supporting data as each deems necessary and within the scope of normal discovery to adequately review the Evaluation Report and ENOL's proposed revised Rate Adjustments. ENOL shall provide such clarifications and additional supporting data sought by the other Parties within fifteen (15) days for each and every request.

The Parties shall then have until July 15 or 75 days after filing, whichever is longer, to review the Evaluation Report to ensure that it complies with the requirements of Section II.C below. If any of the Parties should detect an error(s) (as distinguished from a regulatory issue(s)) in the application of the principles and procedures contained in Section II.C below, such error(s) shall be formally communicated in writing to the Company and/or other Parties by July 15 of the filing year. Each such indicated error shall include documentation of the proposed correction. The Company shall then have thirty-five (35) days to review any proposed corrections, to work with the other Parties to resolve any differences and to file a revised Attachment A containing Rate Adjustments reflecting all corrections upon which the Parties agree. The Company shall provide the other Parties with appropriate work papers supporting any revisions made to the Rate Adjustments initially filed.

Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions of Section II.B.4 below, the Rate Adjustments initially filed under the provisions of Section II.B.1 above, or such corrected Rate Adjustments as may be determined pursuant to the terms of this Section II.B.3, shall become effective for bills rendered on and after the first billing cycle of September of the filing year ("September Adjustment"). Those Rate Adjustments shall then remain in effect until changed pursuant to the provisions of this Rider EFRP.

4. RESOLUTION OF DISPUTED ISSUES

In the event there is a dispute regarding any Evaluation Report, the Parties shall work together in good faith to resolve such dispute. If the Parties are unable to resolve the dispute by the end of the thirty-five (35) day period provided for in Section II.B.3 above, revised Rate Adjustments reflecting all revisions to the initially filed Rate Adjustments on which the Parties agree shall become effective as provided for in Section II.B.3 above. Any disputed issues shall be submitted to the Council for the setting of an Administrative Hearing before its designated Hearing Officer and a subsequent Resolution of the Council pursuant to the provisions of the Home Rule Charter.

If the Council's final ruling on any disputed issues requires changes to the September Adjustment referenced in Paragraph II.B.3 above, the Company shall file a revised Attachment A ("Final Adjustment") containing such further modified Rate Adjustments within fifteen (15) days after receiving the Council's order resolving the dispute. The Company shall provide a copy of the filing to the Council together with appropriate supporting documentation. Such modified Rate Adjustments shall then be implemented

with the first billing cycle of the month after the date of the ruling if the ruling is received by the 5th day of the month, otherwise, the modified Rate Adjustments shall then be implemented with the first billing cycle of the second subsequent month after the date of the ruling and shall remain in effect until superseded by Rate Adjustments established in accordance with the provisions of this Rider EFRP.

Within 60 days after receipt of the Council's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at a Council mandated rate of interest. Such refund/surcharge amount shall be based on customers' revenue from the first billing cycle of September of the filing year through the last date the interim Rate Adjustments were billed. Such refund/surcharge amount shall be applied to customers' bills in the manner prescribed by the Council.

C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

1. DEFINITION OF TERMS

a. EVALUATION PERIOD

- (1). The Evaluation Period shall be the twelve-month period ended December 31 of the calendar year immediately preceding the filing. The historic data utilized in each Evaluation Report shall be based on actual results for the Evaluation Period as recorded as electric operations on the Company's books in accordance with the Uniform System of Accounts and such other documentation as may be appropriate in support of adjustments including known and measurable¹ changes in the revenues or cost of providing utility service for the Evaluation Period as further addressed in Attachments B and C hereto.
- (2). ENOL shall update external allocation factors with supporting workpapers for the Evaluation Period for the twelve-month period ended September 30 of the calendar year immediately preceding the filing. External allocation factors are those developed independently from the class cost of service study using customer data such as peak demands, energy usage, and number of customers, etc., e.g. external allocation factors are production demand, production energy, and transmission demand.

b. EARNED RATE OF RETURN ON COMMON EQUITY

The Earned Return on Common Equity ("EROE") shall be evaluated based on the Company's total revenues and costs except for the revenues and costs recovered through the Securitized Storm Cost Recovery Rider and the Securitized Storm Cost Offset Rider. The EROE for any Evaluation Period shall be determined in accordance with the EROE Formula set out in Attachment B. The EROE determination shall reflect the Evaluation Period adjustments set out in Attachment C.

c. BENCHMARK RATE OF RETURN ON RATE BASE

The Benchmark Rate of Return on Rate Base ("BRORB") shall be determined in accordance with the BRORB formula set out in Attachment D.

d. EVALUATION PERIOD COST RATE FOR COMMON EQUITY

The Evaluation Period Cost Rate for Common Equity ("EPCOE") is the Company's cost rate for common equity applicable to the Evaluation Period. The EPCOE value

¹ For purposes of this Rider EFRP, adjustments for changes to Rate Base, Revenues, and Expense for the prospective twelve months following the EFRP evaluation period (i.e. Proforma Adjustments) can be made as long as they are "Known and Measurable." Known and Measurable changes, including attendant impacts, are those changes that reflect changes in operating conditions and/or costs incremental to test year evaluation period operations. Such costs must be expected to be incurred and reasonably budgeted with sufficient information to be verified as appropriate proforma adjustments as set forth in Attachment H.

applicable for each Evaluation Period shall be determined in accordance with Attachment E.

e. ANNUALIZED EVALUATION PERIOD EFRP REVENUE

The Annualized Evaluation Period EFRP Revenue is the Rider EFRP Rider Rate Adjustment by rate class (Final Adjustments) in effect at the end of the Evaluation Period multiplied times the applicable Evaluation Period Billing Revenues.

f. TOTAL RIDER EFRP REVENUE

The Total Rider EFRP Revenue is the Annualized Evaluation Period EFRP Revenue plus the reduction/increase in Rider EFRP Revenue as calculated in Attachment F.

g. RATE OF RETURN ON COMMON EQUITY BANDWIDTH

The Rate of Return on Common Equity Bandwidth ("Bandwidth") shall be an Upper Band equal to the EPCOE plus 0.50% (50 basis points) and a Lower Band equal to the EPCOE minus 0.50% (50 basis points).

2. TOTAL RIDER EFRP REVENUE

In each Evaluation Period, the Total Rider EFRP Revenue level shall be determined using the Rider EFRP Revenue Redetermination Formula set out in Attachment F, which reflects the following rules:

- a. If the EROE is less than the Lower Band, the ROE Adjustment shall be equal to the EPCOE minus the EROE.
- b. If the EROE is greater than the Upper Band the ROE Adjustment shall be equal to the EPCOE minus the EROE.
- c. There shall be no change in Rider EFRP Revenue level for the Evaluation Period if the EROE is less than or equal to the Upper Band and greater than or equal to the Lower Band.

3. RATE CLASS TOTAL RIDER EFRP REVENUE

In the event of a change in Total Rider EFRP Revenue, as determined under the provisions of Section II.C.2, the Total Rider EFRP Revenue by rate class will be determined by comparing each rate class's Evaluation Period Fixed and Variable Revenue Requirements to the Evaluation Period Fixed and Variable Revenues, excluding the effects of the Base Rate Adjustment Rider, respectively, in Attachment G.

In the event that the change in Total Rider FRP Revenues determined under the provisions of Section II.C.2 is less than 10% and the comparison in the above paragraph shows a rate class increase of greater than 10% in the Total Rider EFRP Revenue for the Mastered Metered Non-Residential, High Voltage, or Large Interruptible Service rate classes individually, then such rate class's EFRP Revenue increase shall be limited to 10% and the increase above 10% shall be allocated to all other rate classes (to the extent not subject to the cap described in this paragraph) in proportion to their individual rate class Total Rider FRP Revenues.

4. EVALUATION REPORT RATE ADJUSTMENT REDETERMINATION

All applicable retail rate and rider schedules as shown on Attachment A to this rider schedule EFRP on file with the Council will be adjusted through Rider Schedule EFRP by these percentages as determined under Section II.C.3, with the exception of the

Residential rate class, and will be shown on Attachment A. For the Residential rate class, the percentage determined under Section II.C.3 shall not be applied to the customer charge so that the Total Rider EFRP Revenue is recovered by applying a Rate Adjustment to the Energy Charge.

III. PROVISIONS FOR OTHER RATE CHANGES

A. EXTRAORDINARY COST CHANGES

It is recognized that from time to time ENOL may experience extraordinary increases or decreases in costs that occur as a result of actions, events, or circumstances beyond the control of the Company. Such costs may significantly increase or decrease the Company's revenue requirements and, thereby, require rate changes that this Rider EFRP is not designed to address. Should ENOL experience such an extraordinary cost increase or decrease, excluding costs recovered via the Fuel Adjustment Clause, having an annual revenue requirement impact exceeding \$6 million on a total electric Company basis then either the Company or the Council may initiate a proceeding to consider a pass-through of such extraordinary cost increase or decrease.

B. FORCE MAJEURE

In addition to the rights of ENOL under this Rider, or as provided by law, to make a filing for the pass-through of costs outside the provisions of the Rider EFRP, if any event or events beyond the reasonable control of ENOL including natural disaster, damage or unforeseeable loss of generating capacity, changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, and orders or acts of civil or military authority, cause increased costs to ENOL or result in a deficiency of revenues to ENOL which is not readily capable of being addressed in a timely manner under this Rider EFRP, ENOL may file for rate or other relief outside the provisions of the Rider EFRP. Such request shall be considered by the Council in accordance with applicable law governing such filings.

C. CHANGES IN TAX RATE

In the event of a change in the state or federal corporate income tax rate(s) applicable to ENOL, and/or any related changes to tax law, including, but not limited to changes that may affect the effective tax rate(s) and/or changes that may affect the treatment of accumulated deferred income tax, ENOL shall include in the EFRP Evaluation Report following the change in law, all relevant information for the Council to determine the effect on the revenue requirement and propose related ratemaking treatment to become effective as of the date of the change in law.

F. SPECIAL RATE FILINGS

The Company is experiencing a changing business environment and increasing competition. Experimental, developmental, and alternative rate schedules may be appropriate tools for the Company to use to address these conditions. Therefore, nothing in this Rider shall be interpreted as preventing the Company from proposing, or requiring the Council to approve, any revisions to existing rate schedules or implement new rate schedules as may be appropriate. Any such rate changes shall be filed with the Council and evaluated in accordance with the rules and procedures then in effect.

IV. EFFECTIVE DATE AND TERM

Rider EFRP shall be in effect for three years with annual Evaluation Report filings to be made on or before April 30 of 2024, 2025, and 2026 for the Evaluation Periods 2023, 2024, and 2025, respectively. The FRP Rates, resulting from the April 30, 2026 Filing shall continue in effect until such time as new rates become effective pursuant to a final Council order.

**ENTERGY NEW ORLEANS, LLC
ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE EFRP-6
FOR THE PERIOD ENDED DECEMBER 31, 20XX**

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Effective: 8-30-2022

ATTACHMENT A

**ENTERGY NEW ORLEANS, LLC
ELECTRIC FORMULA RATE PLAN RIDER SCHEDULE EFRP-6
RATE ADJUSTMENTS**

The following Rate Adjustments will be applied to the rates set out in the monthly bills of Entergy New Orleans, LLC's ("ENOL") Rate Schedules identified below, or such additional rate schedules of ENOL subject to the Electric Formula Rate Plan Rider Schedule EFRP-7 that may become effective. The Rate Adjustments shall be effective for bills rendered on and after the first billing cycle of September of the filing year for the XXXX Evaluation Report and September of the filing year for subsequent Evaluation Reports or as approved by the City Council of the City of New Orleans.

The Net Monthly Bill calculated pursuant to each applicable retail rate schedule* and rider schedule* on file with the City Council of the City of New Orleans will be adjusted monthly by the class percentages below before application of the monthly fuel adjustment except this Rider will not apply to the following:

*Excluded Schedules: AFC, BRAR, Contract Minimums, RES Customer Charges, DTK, EAC, EECR, EVCI, FAC, GPO, MES, MISO, PPCR, PPS, R-8, R-3, RPCEA, SMS, SSCO, SSCR, SSCOII, and SSCRII

**ENTERGY NEW ORLEANS, LLC – ELECTRIC
FORMULA RATE PLAN RATES**

Line No.	Rate Class	Applicable Base Revenue (1)	Fixed and Variable Revenue Deficiency/ (Excess)	Total FRP Rates
1	RESIDENTIAL			
2	SMALL ELECTRIC			
3	MUNICIPAL BUILDINGS			
4	LARGE ELECTRIC			
5	LARGE ELECTRIC HIGH LOAD FACTOR			
6	MASTER METERED NON-RESIDENTIAL			
7	HIGH VOLTAGE			
8	LARGE INTERRUPTIBLE			
9	LIGHTING			

Note:

(1) Excludes schedules specifically identified on Attachment A above.

Attachment B

ENTERGY NEW ORLEANS, LLC – ELECTRIC EARNED RATE OF RETURN ON COMMON EQUITY FORMULA		
Line No.	Description	Adjusted Amount
TOTAL COMPANY		
1	RATE BASE	P 2, L23
2	BENCHMARK RATE OF RETURN ON RATE BASE	Att D, L 4, Col D
3	REQUIRED OPERATING INCOME	L 1 * L 2
4	NET UTILITY OPERATING INCOME	P 3, L 25
5	OPERATING INCOME DEFICIENCY/(EXCESS)	L 3 - L 4
6	REVENUE CONVERSION FACTOR (1)	
7	REVENUE DEFICIENCY/(EXCESS)	L 5 * L 6
8	PRESENT RATE REVENUES FROM ULTIMATE CUSTOMERS	P 3, L 1
9	REVENUE REQUIREMENT	L 7 + L 8
10	PRESENT RATE REVENUES FROM ULTIMATE CUSTOMERS	P 3, L 1
11	REVENUE DEFICIENCY/(EXCESS)	L 9 - L 10
12	REVENUE CONVERSION FACTOR (1)	
13	OPERATING INCOME DEFICIENCY/(EXCESS)	L 11/L 12
14	RATE BASE	P 2, L 23
15	COMMON EQUITY DEFICIENCY/(EXCESS)	L 13/L 14
16	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%)	Att D, L 3, Col D
17	WEIGHTED EARNED COMMON EQUITY RATE (%)	L 16 - L 15
18	COMMON EQUITY RATIO (%)	Att D, L 3, Col B
19	EARNED RATE OF RETURN ON COMMON EQUITY (%)	L 17 /L 18

Notes:

(1) Revenue Conversion Factor = $1 / [(1 - \text{Composite Tax Rate}) * (1 - \text{Bad Debt-Revenue Related Tax Rate-Regulatory Commission Expense Rate})]$

Attachment B

ENTERGY NEW ORLEANS, LLC – ELECTRIC RATE BASE (A)				
Line No.	Description	Per Books	Adjustments (B)	Adjusted Amount
1	PLANT IN SERVICE			
2	ACCUMULATED DEPRECIATION			
3	NET UTILITY PLANT (L1+ L2)			
4	PLANT HELD FOR FUTURE USE			
5	CONSTRUCTION WORK IN PROGRESS (C)			
6	MATERIALS AND SUPPLIES (D)			
7	PREPAYMENTS (D)			
8	CASH WORKING CAPITAL (E)			
9	PROVISION FOR INJURIES & DAMAGES RESERVE (D)			
10	PROVISION FOR PROPERTY INSURANCE RESERVE (D)			
11	PLANT ACQUISITION ADJUSTMENT			
12	INVESTMENT IN SUB-CAPITAL (D)			
13	CUSTOMER ADVANCES			
14	CUSTOMER DEPOSITS			
15	ACCUMULATED DEFERRED INCOME TAXES			
16	ACCUMULATED DEFERRED ITC - PRE-1971			
17	OTHER (F) (G)			
18	FUEL INVENTORY (D)			
19	NET UNAMORTIZED RATE CASE EXPENSE			
20	NET UNAMORTIZED ALGIERS MIGRATION COSTS			
21	NET UNAMORTIZED UNRECOVERED GENERAL PLANT			
22	PENSION LIABILITY RATE BASE EXCL SFAS 158			
23	RATE BASE (L3 + Sum of L4 through L22)			

Notes:

- (A) Ending balances are to be utilized except where otherwise noted
- (B) Adjustments as set out in Attachment C to this rider EFRP
- (C) Amount not subject to AFUDC accrual
- (D) 13-month average balances
- (E) Cash Working Capital is deemed to be zero.
- (F) Other items includible in rate base but not specifically identified above, including but not limited to any items recognized pursuant to Section 8 of Attachment C
- (G) Beginning & Ending or 13-mos average as more appropriate

Attachment B

**ENTERGY NEW ORLEANS, LLC – ELECTRIC
OPERATING INCOME**

Line No.	Description	Per Books	Adjustments (A)	Adjusted Amount
REVENUES				
1	SALES TO ULTIMATE CUSTOMERS			
2	EPP & SYSTEM SALES			
3	OTHER ELECTRIC REVENUE			
4	TOTAL OPERATING REVENUES (Sum of L1 through L3)			
EXPENSES				
5	ELECTRIC O&M			
6	PRODUCTION			
7	TRANSMISSION			
8	DISTRIBUTION			
9	CUSTOMER ACCOUNTING			
10	CUSTOMER SERVICE & INFORMATION			
11	SALES			
12	ADMINISTRATIVE & GENERAL			
12	TOTAL ELECTRIC O&M EXPENSES (Sum of L5 through L11)			
13	GAIN FROM DISPOSITION OF ALLOWANCES			
14	REGULATORY DEBITS & CREDITS (B)			
15	DEPRECIATION & AMORTIZATION EXPENSES			
16	INTEREST ON CUSTOMER DEPOSITS			
17	TAXES OTHER THAN INCOME			
18	STATE INCOME TAX			
19	FEDERAL INCOME TAX			
20	PROV DEF INC TAX - STATE – NET			
21	PROV DEF INC TAX - FED – NET			
22	INVESTMENT TAX CREDIT-NET			
23	OTHER (C)			
24	TOTAL UTILITY OPERATING EXPENSES (L12 + Sum of L13 through L23)			
25	NET UTILITY OPERATING INCOME (L4 – L24)			
26				

Notes:

- (A) Adjustments defined in Attachment C
- (B) Including, but not limited to, the amortization of regulatory assets and liabilities.
- (C) Other items included pursuant to Section 8 of Attachment C

Attachment B

ENTERGY NEW ORLEANS, LLC – ELECTRIC INCOME TAX					
Line No.	Description	Reference	Per Books	Adjustments (A)	Adjusted Amount
1	TOTAL OPERATING REVENUES	Att B, P 3, L 4			
2	TOTAL O&M EXPENSE	Att B, P 3, L 12			
3	GAIN FROM DISPOSITION OF ALLOWANCES	Att B, P 3, L 13			
4	REGULATORY DEBITS & CREDITS)	Att B, P 3, L 14			
5	DEPRECIATION & AMORTIZATION EXPENSE	Att B, P 3, L 15			
6	INTEREST ON CUSTOMER DEPOSITS	Att B, P 3, L 16			
7	TAXES OTHER THAN INCOME	Att B, P 3, L 17			
8	NET INCOME BEFORE INCOME TAXES	L 1- Sum of L 2 through L 7			
9	ADJUSTMENTS TO NET INCOME BEFORE TAXES				
10	TAXABLE INCOME	L 8 + L 9			
COMPUTATION OF STATE INCOME TAX					
11	STATE TAXABLE INCOME	L 10			
12	STATE ADJUSTMENTS				
13	TOTAL STATE TAXABLE INCOME	Sum of L 11 through L 12			
14	STATE INCOME TAX BEFORE ADJUSTMENTS (B)	L 13*Eff. Tax Rate			
15	ADJUSTMENTS TO STATE TAX				
16	STATE INCOME TAX	L 14 + L 15			
COMPUTATION OF FEDERAL INCOME TAX					
17	TAXABLE INCOME	L 10			
18	STATE INCOME TAX	L 14 as deduction			
19	FEDERAL ADJUSTMENTS				
20	TOTAL FEDERAL TAXABLE INCOME	Sum of L 17 through L 19			
21	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (B)	L 20* Eff. Tax Rate			
22	ADJUSTMENTS TO FEDERAL TAX				
23	FEDERAL INCOME TAX	L 21+L 22			

Notes:

- (A) Adjustments as defined in Attachment C
 (B) The Tax Rate in effect at the time the Evaluation Report is filed shall be utilized.

Attachment C
ENTERGY NEW ORLEANS, LLC
EVALUATION PERIOD ADJUSTMENTS

The actual (per book) data for each Evaluation Period as reflected in Attachment B, shall be adjusted to reflect the following:

1 Rate Annualization Adjustment

- A) Rate Schedule Revenue shall be adjusted to reflect, on an annualized basis by Rate Class, the Rate Adjustments in effect at the end of the Evaluation Period under this Rider EFRP. The revenue effects of the Algiers Residential mitigation rider are to be eliminated.
- B) The rate base, revenue and expense effects associated with the SSCR SSCO, SSCRII, and SSCOII riders that ENOL may have in effect during the Evaluation Period, which recover specific costs, are to be eliminated.

2 Interest Synchronization

All Evaluation Period Interest expenses are to be eliminated and replaced with an imputed interest expense amount equal to the Evaluation Period rate base multiplied by the weighted embedded cost of debt for the Evaluation Period determined in accordance with Attachment D.

3 Income Taxes

All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, 3) provisions for deferred income tax (debit and credit), and 4) accumulated provision for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:

- A) Effects associated with other adjustments set out in this Attachment C shall similarly and consistently be adjusted;
- B) All effects associated with the difference in the timing of transactions, where the underlying timing difference is eliminated, shall also be eliminated;
- C) The corporate state and federal income tax laws legally in effect on the date an Evaluation Report is filed under this EFRP Rider shall be reflected in the calculation of all income tax amounts; and
- D) Tax effects normally excluded for ratemaking purposes shall be eliminated.

4 Ratemaking Adjustments

- A) The regulatory assets and associated amortization and any regulatory debits and credits not recovered through base rates shall be excluded.
- B) The amortization and/or rate base amount of any regulatory asset or deferral previously authorized by the Council shall be adjusted consistent with such authorization.
- C) The Retired Plant Revenue Requirement as agreed in Council Resolution R-18-37, which includes a return on the Stranded Meter ADIT shall be included in Regulatory Debits, and the Stranded Meter ADIT shall be excluded per Council Resolution R-20-67.
- D) Any OPEB expense credits associated with ENO's OPEB plan shall be excluded.
- E) A minor storm reserve accrual in the amount of \$0.5 million shall be included in O&M expense, and the minor storm reserve credit balance shall be included in Rate Base. Minor Storm O&M expenses exceeding the available minor storm reserve credit balance shall be includible as expenses in the FRP Evaluation Filing, if incurred during a test period.
- F) Extraordinary Cost Changes

5 **Ratemaking Adjustments – Known and Measurable Adjustments**

- A) ENO may propose other known and measurable costs that are supportable and expected to be incurred in the prospective 12 months following the FRP evaluation period, if the Company elects to do so, in accordance with Attachment H.

6 **Reclassifications**

- A) Revenues associated with ENOL's rates in the CNO Retail Jurisdiction but included in Other Electric Revenue on a per book basis (Attachment B, Page 3, Line 3) shall be reclassified as rate schedule revenue.
- B) Costs not allowable for ratemaking purposes shall be removed by adjustment from the Evaluation Period cost data. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the Evaluation Period cost data through appropriate reclassification adjustments. These adjustments shall include but are not limited to the reclassification of below-the-line interest expense associated with customer deposits as interest on customer deposits expense.

7 **Out-of-Period Items**

Expenses and revenues recorded in any Evaluation Period that are related to transactions occurring prior to the Evaluation Period used in the first Filing shall be eliminated by adjustment from the Evaluation Period cost data. This shall include any associated tax adjustments.

8 **Other**

In addition to Adjustments 1 through 7 above, there may, from time-to-time, be special costs or rate effects that occur during an Evaluation Period that require adjustments of the Evaluation Period cost data. Nothing in this Rider EFRP shall preclude any Party from proposing such adjustments.

Attachment D

ENERGY NEW ORLEANS, LLC

BENCHMARK RATE OF RETURN ON RATE BASE

<u>Description</u>	(A) Capital Amount (1) (\$)	(B) Capital Ratio (%)	(C) Cost Rate (2) (%)	(D) Benchmark Rate of Return on Rate Base (3)
1 LONG-TERM DEBT (4)		45%		
2 PREFERRED EQUITY				
3 COMMON EQUITY (4)		55%		
4 TOTAL		100%		

Notes:

- (1) Amounts at the end of the Evaluation Period as adjusted for refinancing activities. All Long-Term Debt issues shall reflect the balance net of a) unamortized debt discount, premium, and expense; b) gain or loss on reacquired debt; and c) any adjustments required per Attachment C. All Preferred Stock issues shall reflect the balance net of discount, premium and capital stock expense.
- (2) Annualized cost of Long-Term Debt and Preferred Equity at the end of the Evaluation Period divided by the corresponding Capital Amount. The Long-Term Debt Cost Rates shall include a) annualized amortization of debt discount, premium, and expense; b) annualized gain or loss on reacquired debt; and c) any adjustments required per Attachment C. The Common Equity Cost Rate shall be the Evaluation Period Cost Rate for Common Equity (EPCOE) determined in accordance with Attachment E.
- (3) The components of the BRORB column are the corresponding Cost Rates multiplied by the associated Capital Ratio. The BRORB is the sum of the components so determined and expressed as a % to two decimal places (XX.XX%).
- (4) The common equity ratio shall be 55% and the long-term debt ratio shall be 45% in accordance with Council Resolution R-23-XXX.

Attachment E

**ENTERGY NEW ORLEANS, LLC
EVALUATION PERIOD COST RATE FOR COMMON EQUITY PROCEDURE**

EVALUATION PERIOD COST RATE FOR COMMON EQUITY

The EPCOE applicable for any Evaluation Report pursuant to this Rider EFRP shall be 9.35%.

Attachment F

ENTERGY NEW ORLEANS, LLC – ELECTRIC
RIDER EFRP REVENUE REDETERMINATION FORMULA

SECTION 1		
BANDWIDTH CHECK		
Line No.	DESCRIPTION	REFERENCE
1	Earned Rate of Return on Common Equity ("EROE")	Attachment B, P 1, L 21
2	Evaluation Period Cost Rate for Common Equity ("EPCOE")	Per Attachment E
3	Upper Band	L 2 + 0.50%
4	Lower Band	L 2 - 0.50%
5	ROE Adjustment	If L1 < L4, then L2 - L1; If L1 > L3, then L2 - L1 but no adjustment if L1 ≥ L 4 and L1 ≤ L3

SECTION 2		
ROE BAND RATE ADJUSTMENT		
	DESCRIPTION	REFERENCE
6	ROE Adjustment	Per L 5
7	Common Equity Capital Ratio	Attachment D, L 3, Col B
8	Rate Base	Attachment B, P 1, L 1
9	Revenue Conversion Factor	Attachment B, P 1, L 6
10	Total Change in Rider EFRP Revenue	L6 * L7 * L8 * L9

SECTION 3		
TOTAL BAND RATE ADJUSTMENT		
	DESCRIPTION	REFERENCE
11	Annualized Evaluation Period EFRP Revenue (1)	See Note 1
12	(Reduction)/Increase in Rider EFRP Revenue	L 10
13	Extraordinary Cost Change Revenue Requirement	Per Sec. III.A of the Tariff
14	Other Recoveries	See Note 3
15	Total Rider EFRP Revenue (2)	L 11 + L 12 + L 13 + L14

- Notes:
- (1) Rider EFRP Rate Adjustments in effect at the end of the applicable Evaluation Period multiplied by the applicable Evaluation Period billing revenues plus any other applicable adjustments.
 - (2) The Total Rider EFRP Revenue reflects the total credit or surcharge to be applied to customer bills based on the results of the Rider EFRP Redetermination Formula.
 - (3) Other outside the bandwidth formula recoveries authorized by the Council shall be reflected on this line 14. See for example, in the 2021 Evaluation Report and the 2022 Evaluation Report, ENO is authorized to recover the IRAR Adjustments outside of the bandwidth formula per the Agreement in Principle approved in Council Resolution R-20-344.

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ATTACHMENT G

Electric Utility Revenue Requirement by Rate Class

Line No.	Description	Total Company Adjusted	Residential	Small Electric	Municipal	Large Electric	High Load Factor	Master Metered	High Voltage	Large Interruptible	Lighting
[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]	[j]	[k]	[l]
1	Rate Base										
2	ENO Required Rate of Return on Rate Base After taxes										
3	ENO Required Rate of Return on Rate Base Including taxes										
4	Return on Rate Base Including Income taxes										
5	Operation & Maintenance Expense										
6	Gains from Disp of Allowances										
7	Regulatory Debits & Credits										
8	Interest on Customer Deposits										
9	Other Credit Fees										
10	Depreciation & Amortization Expense										
11	Amortization of Plant Acquisition Adjustment										
12	Taxes Other than Income										
13	Adjustment (Bad Debt, Reg. Exp. & Tax Difference)										
14	SSCR (recovered w/ a Rider)										
15	SSCO (recovered w/ a Rider)										
16	ECCR (recovered w/ a Rider)										
17	Less Credit to COS from Other Operating Revenue										
18	Total Cost of Service										
19	Less Present Revenue [1]										
20	= Revenue Deficiency (Excess)										
21	Percent Increase on Total Revenues										

Note:
 [1] Revenue annualization reflects the FRP rate adjustment, excluding the "Outside the Bandwidth" recoveries, and thus differs from the as-billed rate in the current Attachment A.

ATTACHMENT G

ENTERGY NEW ORLEANS, LLC – ELECTRIC FIXED REVENUE DEFICIENCY/(EXCESS) (\$)				
Line No.	Rate Class	Current Fixed Revenue Requirement	Current Fixed Revenue	Fixed Revenue Deficiency/ (Excess)
1	RESIDENTIAL			
2	SMALL ELECTRIC			
3	MUNICIPAL BUILDINGS			
4	LARGE ELECTRIC			
5	LARGE ELECTRIC HIGH LOAD FACTOR			
6	MASTER METERED NON- RESIDENTIAL			
7	HIGH VOLTAGE			
8	LARGE INTERRUPTIBLE			
9	LIGHTING			
10	TOTALS (Sum of L1 through L9)			

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ATTACHMENT G

ENTERGY NEW ORLEANS, LLC – ELECTRIC VARIABLE REVENUE DEFICIENCY/(EXCESS)				
Line No.	Rate Class	Current Variable Revenue Requirement	Current Variable Revenue	Variable Revenue Deficiency/(Excess)
1	RESIDENTIAL			
2	SMALL ELECTRIC			
3	MUNICIPAL BUILDINGS			
4	LARGE ELECTRIC			
5	LARGE ELECTRIC HIGH LOAD FACTOR			
6	MASTER METERED NON-RESIDENTIAL			
7	HIGH VOLTAGE			
8	LARGE INTERRUPTIBLE			
9	LIGHTING			
10	TOTALS (Sum of L1 through L9)			

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ATTACHMENT G

ENTERGY NEW ORLEANS, LLC – ELECTRIC FIXED AND VARIABLE REVENUE DEFICIENCY/(EXCESS)				
Line No.	Rate Class	Current Fixed and Variable Revenue Requirement	Current Fixed and Variable Revenue	Fixed and Variable Revenue Deficiency/ (Excess) (1)
1	RESIDENTIAL			
2	SMALL ELECTRIC			
3	MUNICIPAL BUILDINGS			
4	LARGE ELECTRIC			
5	LARGE ELECTRIC HIGH LOAD FACTOR			
6	MASTER METERED NON-RESIDENTIAL			
7	HIGH VOLTAGE			
8	LARGE INTERRUPTIBLE			
9	LIGHTING			
10	TOTALS (Sum of L1 through L9)			

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(1) The above amounts include existing FRP annualized revenues resulting from the existing FRP rate adjustment.

ATTACHMENT H

Known and Measurable Adjustments to Rate Base and Operating Income

ENO proposes, but not limited to, the below known and measurable costs that are supportable and expected to be incurred in the prospective 12 months following the FRP evaluation period which are either (i) approved by the Council, or (ii) clearly supported in ENO's detailed budgeting process.

A) Rate Base:

Plant In Service – Each Evaluation Report may include and be based upon actual plant in service, plus additions to and retirements of plant in service expected to occur by the end of the year following the Evaluation Period (net of ADIT), as noted in Attachment B.

Accumulated Depreciation – Each Evaluation Report may include depreciation expense using the depreciation rates in effect during the Evaluation Period as applied to the Plant In Service described above.

ADIT – Each Evaluation Report may include the synchronized ADIT based upon amounts included in rate base for the Evaluation Period.

Other Rate Base Adjustments – ENOL or CNO may propose adjustments for annualization or normalization, or to reflect known and measurable changes to rate base, subject to Council approval.

B) Revenues:

Rate Schedule Revenue – The Per Book revenues will be adjusted for any large industrial and/or commercial customer additions or losses by the end of the year following the Evaluation Period.

Additionally, Per Book revenues will be adjusted to remedy the erosion of fixed cost recovery (i.e., the lost contribution to fixed costs or LCFC) expected to result from Energy Smart (or other demand-side management) efforts over the year following the Evaluation Period. Such adjustment shall be trued-up the following year through the EECR Rider. In calculating the LCFC adjustment, ENOL shall use the most current actual data and not the kWh savings goals included in the approved Energy Smart Implementation Plan.

C) Expenses:

O&M Expense Adjustments (Non-Payroll) – Each Evaluation Report may include adjustments to the previous calendar year O&M Expense based on known and measurable changes by the end of the year following the Evaluation Period.

Administrative & General Expense Adjustment – Each Evaluation Report may include adjustments to the previous calendar year Administrative & General Expense based on known and measurable changes by the end of the year following the Evaluation Period.

Payroll Expense Adjustment – Each Evaluation Report may include an adjustment that reflects the level of payroll, related benefits and payroll taxes on an annualized basis for the headcount as of January 31 of the year following the Evaluation Period.

Depreciation Expense Adjustment – Each Evaluation Report may include an adjustment that reflects the annualized depreciation expense using the depreciation rates to be in effect during the Evaluation Period applied to Plant In Service including any known and measurable changes.

Other Expense Adjustments – The Company or CNO may propose adjustments for annualization or normalization, or to reflect known and measurable changes to operating expenses, subject to Commission approval.

Documentation in Support of Known and Measurable Changes to Plant in Service

- A. Capital Project Summary Sheet (Plant in Service) by Function (Transmission, Distribution, Production, and General Plant & Intangible):

The Company shall provide a complete listing of the Company's capital programs and projects not otherwise included in the programs reflected in the Evaluation Period historical rate base, broken out by function by FERC account group, that clearly shows the amount to be closed to plant or included in CWIP for amounts closing in the year following the Evaluation Period historical rate base as known and measurable adjustments.

- B. Major Specific Projects (\$10 million and above closing to plant or in CWIP for amounts closing in the year following the Evaluation Period historical rate base as known and measurable adjustments):

For each capital project listed in Section A above for which the estimated capital costs exceed \$10 million and which does not fall within the description of recurring program spending described in Section D below, the Company shall provide as minimum filing requirements the following documentation:

- 1) Clearly defined project description, including project objective
- 2) The projected start and end dates of the project
- 3) Any historical spend on the project, if applicable, and developed cost estimate for the spend in the Evaluation Period that will close to plant by December 31 of the following year
- 4) An analysis that describes:
 - a) how the project advances customer service, reliability, safety, operational efficiency or other similar purposes
 - b) why the project is appropriate at this time
 - c) alternative(s) that were considered and the cost associated with alternative(s) or a statement explaining why no feasible alternatives exist
 - d) Any engineering plans, specifications or drawings that exist at the time of the Evaluation Report filing

- C. Specific Projects (between \$5 million and \$10 million closing to plant or in CWIP for amounts closing in the year following the Evaluation Period historical rate base as known and measurable adjustments):

For each capital project listed in Section A above for which the estimated capital costs exceeds \$5 million but are less than \$10 million and which does not fall within the description of recurring program spending described in Section D below, the Company shall provide as minimum filing requirements the following documentation, with the understanding that the Company shall provide any additional documentation in response to reasonable data requests by CNO that will facilitate CNO's review of the Evaluation Report:

- 1) Clearly defined project description and project objective, including how the program advances customer service, reliability, safety, operational efficiency or other similar purposes
- 2) The projected start and end dates of the project
- 3) Any historical spend on the project, if applicable, and developed cost estimate for the spend in the Evaluation Period that will close to plant by December 31 of the following year

- D. Recurring program spending:

For recurring capital spending that can be categorized in to programs with defined objectives that are budgeted collectively, and which is not captured in Sections B and C above, the Company shall provide:

- a. program description and purpose of the program, including how the program advances customer service, reliability, safety, operational efficiency or other similar purposes
- b. Cost estimate based upon an analysis of historical plant in service data from which the amount requested to be included in rate base was derived
- c. An explanation for any material deviations from historical program trends that are reflected in the amount requested to be included in rate base

ENTERGY NEW ORLEANS, LLC
GAS SERVICE

RIDER SCHEDULE GFRP-7

Effective:
Filed:
Supersedes:
Schedule Consist of: Five Pages Plus
Attachments A - G

GAS FORMULA RATE PLAN RIDER SCHEDULE

I. GENERAL

This Gas Formula Rate Plan Rider Schedule GFRP-7 ("Rider GFRP") defines the procedure by which the rates contained in the Entergy New Orleans, LLC ("ENOL" or "Company") gas rate schedules designated in Attachment A to this Rider GFRP ("Rate Schedules") may be periodically adjusted. Rider GFRP shall apply in accordance with the provisions of Section II.A below to all gas service billed under the Rate Schedules, whether metered or unmetered, and subject to the jurisdiction of the Council of the City of New Orleans ("CNO" or "Council").

II. APPLICATION AND REDETERMINATION PROCEDURE

A. RATE ADJUSTMENT

The adjustments to the Company's rates set forth in Attachment A to this Rider GFRP ("Rate Adjustments") shall be added to the rates set out in the monthly bills in accordance with the Company's Rate Schedules. The Rate Adjustments shall be determined in accordance with the provisions of Sections II.B and II.C below.

B. ANNUAL FILING AND REVIEW

1. FILING DATE

On or before April 30 of each year, beginning in 2024, ENOL shall file a report with the Council containing an evaluation of the Company's earnings for the immediately preceding calendar year prepared in accordance with the provisions of Section II.C below ("Evaluation Report"). A revised Attachment A shall be included in each such Filing containing the Company's proposed revised Rate Adjustments determined in accordance with the provisions of Section II.C below.

2. REVIEW PERIOD

The Council's Advisors ("Advisors") and all intervenors ("Intervenors"), which together with ENOL shall be referred to hereinafter, collectively, as the "Parties," shall receive a copy at the time it is filed with the Council of each Evaluation Report together with all subsequent filings in the related proceeding. All Intervenors in Docket UD-18-07 shall be recipients of each such Evaluation Report filing. At the time each such Evaluation Report is filed, ENOL shall provide all Parties with workpapers supporting the data and calculations reflected in the Evaluation Report. The Parties may request such clarification and additional supporting data as each deems necessary and within the scope of normal discovery to adequately review the Evaluation Report and ENOL's proposed revised Rate Adjustments. ENOL shall provide such clarifications and additional supporting data sought by the other Parties within fifteen (15) days for each and every request.

The Parties shall then have until July 15 or 75 days after the filing, whichever is longer, to review the Evaluation Report to ensure that it complies with the requirements of Section

II.C below. If any of the Parties should detect an error(s) (as distinguished from a regulatory issue(s)) in the application of the principles and procedures contained in Section II.C below, such error(s) shall be formally communicated in writing to the Company and/or other Parties by July 15 of the filing year. Each such indicated error shall include documentation of the proposed correction. The Company shall then have thirty-five (35) days to review any proposed corrections, to work with the other Parties to resolve any differences and to file a revised Attachment A containing Rate Adjustments reflecting all corrections upon which the Parties agree. The Company shall provide the other Parties with appropriate work papers supporting any revisions made to the Rate Adjustments initially filed.

Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions of Section II.B.3 below, the Rate Adjustments initially filed under the provisions of Section II.B.1 above, or such corrected Rate Adjustments as may be determined pursuant to the terms of this Section II.B.2, shall become effective for bills rendered on and after the first billing cycle of September of the filing year ("September Adjustment"). Those Rate Adjustments shall then remain in effect until changed pursuant to the provisions of this Rider GFRP.

3. RESOLUTION OF DISPUTED ISSUES

In the event there is a dispute regarding any Evaluation Report, the Parties shall work together in good faith to resolve such dispute. If the Parties are unable to resolve the dispute by the end of the thirty-five (35) day period provided for in Section II.B.2 above, revised Rate Adjustments reflecting all revisions to the initially filed Rate Adjustments on which the Parties agree shall become effective as provided for in Section II.B.2 above. Any disputed issues shall be submitted to the Council for the setting of an Administrative Hearing before its designated Hearing Officer and a subsequent Resolution of the Council pursuant to the provisions of the Home Rule Charter.

If the Council's final ruling on any disputed issues requires changes to the September Adjustment referenced in Paragraph II.B.2 above, the Company shall file a revised Attachment A ("Final Adjustment") containing such further modified Rate Adjustments within fifteen (15) days after receiving the Council's order resolving the dispute. The Company shall provide a copy of the filing to the Council together with appropriate supporting documentation. Such modified Rate Adjustments shall then be implemented with the first billing cycle of the month after the date of the ruling if the ruling is received by the 5th day of the month, otherwise, the modified Rate Adjustments shall then be implemented with the first billing cycle of the second subsequent month after the date of the ruling and shall remain in effect until superseded by Rate Adjustments established in accordance with the provisions of this Rider GFRP.

Within 60 days after receipt of the Council's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at a Council mandated rate of interest. Such refund/surcharge amount shall be based on customers' revenue from the first billing cycle of September of the filing year through the last date the interim Rate Adjustments were billed. Such refund/surcharge amount shall be applied to customers' bills in the manner prescribed by the Council.

C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

1. DEFINITION OF TERMS

a. EVALUATION PERIOD

The Evaluation Period shall be the twelve month period ended December 31 of the calendar year immediately preceding the filing. All data utilized in each Evaluation Report shall be based on actual results for the Evaluation Period as recorded as gas

operations on the Company's books in accordance with the Uniform System of Accounts and such other documentation as may be appropriate in support of adjustments including known and measurable¹ changes in the revenues or cost of providing utility service for the Evaluation Period as further addressed in Attachments B and C hereto.

b. EARNED RATE OF RETURN ON COMMON EQUITY

The Earned Return on Common Equity ("EROE") shall be evaluated based on the Company's total revenues and costs. The EROE for any Evaluation Period shall be determined in accordance with the EROE formula set out in Attachment B. The EROE determination shall reflect the Evaluation Period adjustments set out in Attachment C.

c. BENCHMARK RATE OF RETURN ON RATE BASE

The Benchmark Rate of Return on Rate Base ("BRORB") shall be determined in accordance with the BRORB formula set out in Attachment D.

d. EVALUATION PERIOD COST RATE FOR COMMON EQUITY

The Evaluation Period Cost Rate for Common Equity ("EPCOE") is the Company's cost rate for common equity applicable to the Evaluation Period. The EPCOE value applicable for each Evaluation Period shall be determined in accordance with Attachment E.

e. ANNUALIZED EVALUATION PERIOD GFRP REVENUE

The Annualized Evaluation Period GFRP Revenue is the Rider GFRP Rider Rate Adjustment (Final Adjustment) in effect at the end of the Evaluation Period multiplied times the applicable Evaluation Period Billing Revenues.

f. TOTAL RIDER GFRP REVENUE

The Total Rider GFRP Revenue is the Annualized Evaluation Period GFRP Revenue plus the reduction/increase in Rider GFRP Revenue as calculated in Attachment F.

g. RATE OF RETURN ON COMMON EQUITY BANDWIDTH

The Rate of Return on Common Equity Bandwidth ("Bandwidth") shall be an Upper Band equal to the EPCOE plus 0.50% (50 basis points) and a Lower Band equal to the EPCOE minus 0.50% (50 basis points).

2. TOTAL RIDER GFRP REVENUE

In each Evaluation Period, the Total Rider GFRP Revenue level shall be determined using the Rider GFRP Revenue Redetermination Formula set out in Attachment F, which reflects the following rules:

- a. If the EROE is less than the Lower Band, the ROE Adjustment shall be equal to the EPCOE minus the EROE.
- b. If the EROE is greater than the Upper Band the ROE Adjustment shall be equal to the EPCOE minus the EROE.
- c. There shall be no change in Rider GFRP Revenue level for the Evaluation Period if the EROE is less than or equal to the Upper Band and greater than or equal to the Lower Band.

¹ For purposes of this Rider GFRP, adjustments for changes to Rate Base, Revenues, and Expense for the prospective twelve months following the GFRP evaluation period (i.e. Proforma Adjustments) can be made as long as they are "Known and Measurable." Known and Measurable changes, including attendant impacts, are those changes that reflect changes in operating conditions and/or costs incremental to test year evaluation period operations. Such costs must be expected to be incurred and reasonably budgeted with sufficient information to be verified as appropriate proforma adjustments as set forth in Attachment G.

3. RIDER GFRP REVENUE ALLOCATION

The Total Rider GFRP Revenue, as determined under the provisions of Section II.C.2, will be allocated to each applicable rate schedule based on an equal percentage of base rate revenue. This percentage will be developed by dividing the Total Rider GFRP Revenue by the total applicable base rate revenue, calculated pursuant to Attachment B.

4. RATE ADJUSTMENT REDETERMINATION

All applicable retail rate and rider schedules on file with the Council will be adjusted through Rider Schedule GFRP by the percentage as determined under Section II.C.3. A complete cost of service analyses in support of the NJ customers' rates will be provided for the GFRP Evaluation Period calendar year 2025.

III. PROVISIONS FOR OTHER RATE CHANGES

A. EXTRAORDINARY COST CHANGES

It is recognized that from time to time ENOL may experience extraordinary increases or decreases in costs that occur as a result of actions, events, or circumstances beyond the control of the Company. Such costs may significantly increase or decrease the Company's revenue requirements and, thereby, require rate changes that this Rider GFRP is not designed to address. Should ENOL experience such an extraordinary cost increase or decrease having an annual revenue requirement impact exceeding \$1 million on a total gas Company basis, then either the Company or the Council may initiate a proceeding to consider a pass-through of such extraordinary cost increase or decrease.

B. SPECIAL RATE FILINGS

The Company is experiencing a changing business environment and increasing competition. Experimental, developmental, and alternative rate schedules may be appropriate tools for the Company to use to address these conditions. Therefore, nothing in this Rider shall be interpreted as preventing the Company from proposing, or requiring the Council to approve, any revisions to existing rate schedules or implement new rate schedules as may be appropriate. Any such rate changes shall be filed with the Council and evaluated in accordance with the rules and procedures then in effect.

C. FORCE MAJEURE

In addition to the rights of ENOL under this Rider, or as provided by law, to make a filing for the pass-through of costs outside the provisions of the Rider GFRP, if any event or events beyond the reasonable control of ENOL including natural disaster, damage or unforeseeable loss of generating capacity, changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, and orders or acts of civil or military authority, cause increased costs to ENOL or result in a deficiency of revenues to ENOL which is not readily capable of being addressed in a timely manner under this Rider GFRP, ENOL may file for rate or other relief outside the provisions of the Rider GFRP. Such request shall be considered by the Council in accordance with applicable law governing such filings.

D. CHANGES IN TAX RATE

In the event of a change in the state or federal corporate income tax rate(s) applicable to ENOL, and/or any related changes to tax law, including, but not limited to changes that may affect the effective tax rate(s) and/or changes that may affect the treatment of accumulated deferred income tax, ENOL shall include in the FRP Evaluation Report following the change in law, all

relevant information for the Council to determine the effect on the revenue requirement and propose related ratemaking treatment to become effective as of the date of the change in law.

IV. EFFECTIVE DATE AND TERM

Rider GFRP shall be in effect for three years with annual Evaluation Report filings to be made on or before April 30 of 2024, 2025, and 2026 for the Evaluation Periods 2023, 2024, and 2025 respectively. The FRP rate resulting from the April 30, 2026 Filing shall continue in effect until such time as new rates become effective pursuant to a final Council order.

**ENTERGY NEW ORLEANS, LLC
GAS FORMULA RATE PLAN
FOR THE PERIOD ENDED DECEMBER 31, 20XX**

TABLE OF CONTENTS to EVALUATION REPORT & WORKPAPERS

<u>SECTION</u>	<u>DESCRIPTION</u>
1	Attachment A - Rate Adjustments
2	Attachment F - Rider GFRP Revenue Redetermination Formula
3	Attachment B - Earned Rate of Return on Common Equity Rate Base Operating Income Income Tax
4	Attachment E - Evaluation Period Cost Rate for Common Equity
5	Attachment D - Benchmark Rate of Return on Rate Base
6	Attachment C - Adjustment Descriptions Rate Base Adjustments Operating Income Statement Adjustments Income Tax Adjustments
7	Other Workpapers to Attachments
	<u>Workpapers (to be included in GFRP filings)</u>
8	Per Book Evaluation Period Result
8.1	Per Book Accounting Workpapers
8.2	Miscellaneous Data
9	FERC Form 1 selected pages to substantiate Per Book Data
10	Adjustments per Attachment C Rate Annualization Adjustment Interest Synchronization Income Taxes Ratemaking Adjustments Ratemaking Adjustments – Known and Measurable Reclassifications Out-of-Period Items Other
11	Benchmark Rate of Return on Rate Base
12	Attachment G – Documentation in Support of Known and Measurable Changes

Effective 8-30-22

ATTACHMENT A

**ENTERGY NEW ORLEANS, LLC
GAS FORMULA RATE PLAN RIDER SCHEDULE GFRP-6
RATE ADJUSTMENTS
FOR THE TEST YEAR ENDED DECEMBER 31, 2021**

The following Rate Adjustments will be applied to the rates set out in the monthly bills of Entergy New Orleans, LLC's ("ENOL") Rate Schedules identified below, or such additional rate schedules of ENOL subject to the Gas Formula Rate Plan Rider Schedule GFRP-6 that may become effective, but not including special contracts that do not specifically provide for the application of the Rider GFRP-6. The Rate Adjustments shall be effective for bills rendered on and after the first billing cycle of September of the filing year for the XXXX Evaluation Report and September of the filing year for subsequent Evaluation Reports or as approved by the City Council of the City of New Orleans.

The Net Monthly Bill calculated pursuant to each applicable retail rate schedule* on file with the City Council of the City of New Orleans will be adjusted monthly by a percentage of YY.YYYY% before application of the monthly purchase gas adjustment except this Rider will not apply to the following:

*Excluded Schedules: Contract Minimums, GAFC, GR-1, MGS and PGA.

Attachment B

Entergy New Orleans, LLC Formula Rate Plan Earned Rate of Return on Common Equity Formula Gas For the Test Year Ended December 31, 20XX			
Line No.	Description		Adjusted Amount
TOTAL COMPANY			
1	RATE BASE	Att B, P 2, L 19	
2	BENCHMARK RATE OF RETURN ON RATE BASE	Att D, L 4, Col D	
3	REQUIRED OPERATING INCOME	L 1 * L 2	
4	NET UTILITY OPERATING INCOME	Att B, P 3, L 24	
5	OPERATING INCOME DEFICIENCY/(EXCESS)	L 3 - L 4	
6	REVENUE CONVERSION FACTOR (1)		
7	REVENUE DEFICIENCY/(EXCESS)	L 5 * L 6	
8	PRESENT RATE REVENUES FROM ULTIMATE CUSTOMERS	Att B, P 3, L 1	
9	REVENUE REQUIREMENT	L 7 + L 8	
10	PRESENT RATE REVENUES FROM ULTIMATE CUSTOMERS	Att B, P 3, L 1	
11	REVENUE DEFICIENCY/(EXCESS)	L 9 - L 10	
12	REVENUE CONVERSION FACTOR (1)	L 6	
13	OPERATING INCOME DEFICIENCY/(EXCESS)	L 11/L 12	
14	RATE BASE	Att B, P 2, L 19	
15	COMMON EQUITY DEFICIENCY/(EXCESS)	L 13/L 14	
16	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%)	Att D, L 3, Col D	
17	WEIGHTED EARNED COMMON EQUITY RATE (%)	L 16 - L 15	
18	COMMON EQUITY RATIO (%)	Att D, L 3, Col B	
19	EARNED RATE OF RETURN ON COMMON EQUITY (%)	L 17/L 18	

Notes

(1) Revenue Conversion Factor = $1 / [(1 - \text{Composite Tax Rate}) * (1 - \text{Bad Debt-Regulatory Commission Tax})]$

Attachment B

Entergy New Orleans, LLC Formula Rate Plan Rate Base (A) Gas				
For the Test Year Ended December 31, 20XX				
Line No.	Description	Per Books	Adjustments (B)	Adjusted Amount
1	PLANT IN SERVICE			
2	ACCUMULATED DEPRECIATION			
3	NET UTILITY PLANT (L1+ L2)			
4	PLANT HELD FOR FUTURE USE			
5	CONSTRUCTION WORK IN PROGRESS (C)			
6	MATERIALS AND SUPPLIES (D)			
7	PREPAYMENTS (D)			
8	CUSTOMER ADVANCES			
9	CUSTOMER DEPOSITS			
10	PROVISION FOR PROPERTY INSURANCE RESERVE (D)			
11	PROVISION FOR INJURIES & DAMAGES RESERVE (D)			
12	GAS STORED UNDERGROUND (D)			
13	ACCUMULATED DEFERRED INCOME TAXES			
14	ACCUMULATED DEFERRED ITC PRE-1971-NET			
15	CASH WORKING CAPITAL (E)			
16	OTHER (F) (G)			
17	NET UNAMORTIZED REGULATORY ASSETS/LIABILITIES			
18	PENSION LIABILITY EXCLUDING SFAS 158			
19	RATE BASE (L3 + Sum of L4 through L18)			

Notes:

- (A) Ending balances are to be utilized except where otherwise noted
- (B) Adjustments as set out in Attachment C to this rider GFRP. See Section 6 for the Adjustments Summary. See Section 10 for the Adjustment Workpapers.
- (C) Amount not subject to AFUDC accrual
- (D) 13-month average balances
- (E) Cash Working Capital is deemed to be zero.
- (F) Other items includible in rate base but not specifically identified above, including but not limited to any items recognized pursuant to Section 8 of Attachment C
- (G) Beginning & Ending or 13-mos average as more appropriate.

Attachment B

<p style="text-align: center;">Entergy New Orleans, LLC Formula Rate Plan Operating Income Gas</p> <p style="text-align: center;">For the Test Year Ended December 31, 20XX</p>				
Line No.	Description	Per Books	Adjustments (A)	Adjusted Amount
	REVENUES			
1	SALES TO ULTIMATE CUSTOMERS			
2	OTHER GAS REVENUE			
3	TOTAL OPERATING REVENUES (L1 + L2)			
	EXPENSES			
4	GAS OPERATION & MAINTENANCE			
5	PRODUCTION -- GAS PURCHASES			
6	TRANSMISSION			
7	DISTRIBUTION			
8	CUSTOMER ACCOUNTING			
9	CUSTOMER SERVICE & INFORMATION			
10	SALES			
11	ADMINISTRATIVE & GENERAL			
11	TOTAL GAS O&M EXPENSES (Sum of L4 - L10)			
12	GAIN FROM DISPOSITION OF ALLOWANCES			
13	REGULATORY DEBITS & CREDITS (B)			
14	DEPRECIATION & AMORTIZATION EXPENSES			
15	INTEREST ON CUSTOMER DEPOSITS			
16	TAXES OTHER THAN INCOME			
17	STATE INCOME TAX			
18	FEDERAL INCOME TAX			
19	PROV DEF INC TAX - STATE -- NET			
20	PROV DEF INC TAX - FED -- NET			
21	INVESTMENT TAX CREDIT			
22	OTHER (C)			
23	TOTAL UTILITY OPERATING EXPENSES (Sum of L11 - L22)			
24	NET UTILITY OPERATING INCOME (L 3 - L 23)			

Notes:

- (A) Adjustments defined in Attachment C
- (B) Including, but not limited to, the amortization of regulatory assets and liabilities
- (C) Other items included pursuant to Section 8 of Attachment C

Attachment B

<p style="text-align: center;">ENERGY NEW ORLEANS, LLC Formula Rate Plan INCOME TAX GAS For the Test Year Ended December 31, 20XX</p>					
Line No.	Description	Reference	Per Books	Adjustments (A)	Adjusted Amount
1	TOTAL OPERATING REVENUES	Att B, P 3, L 3			
2	TOTAL O&M EXPENSE	Att B, P 3, L 11			
3	GAIN FROM DISPOSITION OF ALLOWANCES	Att B, P 3, L 12			
4	REGULATORY DEBITS & CREDITS	Att B, P 3, L 13			
5	DEPRECIATION & AMORTIZATION EXPENSE	Att B, P 3, L 14			
6	INTEREST ON CUSTOMER DEPOSITS	Att B, P 3, L 15			
7	TAXES OTHER THAN INCOME	Att B, P 3, L 16			
8	NET INCOME BEFORE INCOME TAXES	L1 - Sum of L2 through L7			
9	ADJUSTMENTS TO NET INCOME BEFORE TAXES				
10	TAXABLE INCOME	L8 + L9			
	COMPUTATION OF STATE INCOME TAX				
11	STATE TAXABLE INCOME	L10			
12	STATE ADJUSTMENTS				
13	TOTAL STATE TAXABLE INCOME	L11 + L12			
14	STATE INCOME TAX BEFORE ADJUSTMENTS (B)	L13 * Eff. Tax Rate			
15	ADJUSTMENTS TO STATE TAX				
16	STATE INCOME TAX	L14 + L15			
	COMPUTATION OF FEDERAL INCOME TAX				
17	TAXABLE INCOME	L10			
18	STATE INCOME TAX BEFORE ADJUSTMENTS (B)	L14 as deduction			
19	FEDERAL ADJUSTMENTS				
20	TOTAL FEDERAL TAXABLE INCOME	Sum of L17 through L19			
21	FEDERAL INCOME TAX BEFORE ADJUSTMENTS (B)	L 20 * Eff. Tax Rate			
22	ADJUSTMENTS TO FEDERAL TAX				
23	FEDERAL INCOME TAX	L21 + L22			

Notes:

(A) Adjustments as defined in Attachment C.

(B) The Tax Rate in effect at the time the Evaluation Report is filed shall be utilized.

Attachment C
ENTERGY NEW ORLEANS, LLC
EVALUATION PERIOD ADJUSTMENTS

The actual (per book) data for each Evaluation Period as reflected in Attachment B, shall be adjusted to reflect the following:

- 1. Rate Annualization Adjustment**
 - A) Rate Schedule Revenue shall be adjusted to reflect, on an annualized basis, the Rate Adjustment in effect at the end of the Evaluation Period under this Rider GFRP.

- 2. Interest Synchronization**

All Evaluation Period Interest expenses are to be eliminated and replaced with an imputed interest expense amount equal to the Evaluation Period rate base multiplied by the weighted embedded cost of debt for the Evaluation Period determined in accordance with Attachment D.

- 3. Income Taxes**

All state and federal income tax effects including 1) adjustments to taxable income, 2) adjustments to current taxes, 3) provisions for deferred income tax (debit and credit), and 4) accumulated provision for deferred income tax (debit and credit) shall be adjusted or eliminated, as appropriate, to comport with the following principles:

 - A) Effects associated with other adjustments set out in this Attachment C shall similarly and consistently be adjusted;
 - B) All effects associated with the difference in the timing of transactions, where the underlying timing difference is eliminated, shall also be eliminated;
 - C) The corporate state and federal income tax laws legally in effect on the date an Evaluation Report is filed under this GFRP Rider shall be reflected in the calculation of all income tax amounts; and
 - D) Tax effects normally excluded for ratemaking purposes shall be eliminated.

- 4. Ratemaking Adjustments**
 - A) The regulatory assets and associated amortization and any regulatory debits and credits not recovered through base rates shall be excluded.
 - B) The amortization and/or rate base amount of any regulatory asset or deferral previously authorized by the Council shall be adjusted consistent with such authorization.
 - C) Any OPEB expense credits associated with ENO's OPEB plan shall be excluded.
 - D) The Retired Plant Revenue Requirement as agreed in Council Resolution R-18-37, which includes a return on the Stranded Meter ADIT shall be included in Regulatory Debits, and the Stranded Meter ADIT shall be excluded per Council Resolution R-20-67
 - E) Extraordinary Cost Change

- 5. Ratemaking Adjustments - Known and Measurable Adjustments**
 - A) ENO may propose other known and measurable costs that are supportable and expected to be incurred in the prospective 12 months following the FRP evaluation period, if the Company elects to do so, in accordance with Attachment G.

- 6. Reclassifications**
 - A) Costs not allowable for ratemaking purposes shall be removed by adjustment from the Evaluation Period cost data. Likewise, costs that are allowed, but recorded below the utility operating income line, shall be included in the Evaluation Period cost data through appropriate reclassification adjustments. These adjustments shall include but are not limited to the reclassification of below-the-line interest expense associated with customer deposits as interest on customer deposits expense.

7. Out-of-Period Items

Expenses and revenues recorded in any Evaluation Period that are related to transactions occurring prior to the Evaluation Period used in the first Evaluation Report shall be eliminated by adjustment from the Evaluation Period cost data. This shall include any associated tax adjustments.

8. Other

In addition to Adjustments 1 through 7 above, there may, from time-to-time, be special costs or rate effects that occur during an Evaluation Period that require adjustments of the Evaluation Period cost data. Nothing in this Rider GFRP shall preclude any Party from proposing such adjustments.

Attachment D

ENTERGY NEW ORLEANS, LLC
Formula Rate Plan
BENCHMARK RATE OF RETURN ON RATE BASE
GAS
For the Test Year Ended December 31, 20XX

Description	(A) Capital Amount (1) (\$)	(B) Capital Ratio (%)	(C) Cost Rate (2) (%)	(D) Benchmark Rate of Return on Rate Base(3)
1 LONG-TERM DEBT (4)		45%		
2 PREFERRED EQUITY				
3 COMMON EQUITY (4)		55%		
4 TOTAL		100%		

Notes:

- (1) Amounts at the end of the Evaluation Period as adjusted for refinancing activities. All Long-Term Debt issues shall reflect the balance net of a) unamortized debt discount, premium, and expense; b) gain or loss on reacquired debt; and c) any adjustments required per Attachment C. All Preferred Stock issues shall reflect the balance net of discount, premium and capital stock expense.
- (2) Annualized cost of Long-Term Debt and Preferred Equity at the end of the Evaluation Period divided by the corresponding Capital Amount. The Long-Term Debt Cost Rates shall include a) annualized amortization of debt discount, premium, and expense; b) annualized gain or loss on reacquired debt; and c) any adjustments required per Attachment C. The Common Equity Cost Rate shall be the Evaluation Period Cost Rate for Common Equity (EPCOE) determined in accordance with Attachment E.
- (3) The components of the BRORB column are the corresponding Cost Rates multiplied by the associated Capital Ratio. The BRORB is the sum of the components so determined and expressed as a % to two decimal places (XX.XX%).
- (4) The common equity ratio shall be 55% and the long-term debt ratio shall be 45% in accordance with Council Resolution R-23-XXX.

Attachment E

**ENERGY NEW ORLEANS, LLC
EVALUATION PERIOD COST RATE FOR COMMON EQUITY PROCEDURE**

EVALUATION PERIOD COST RATE FOR COMMON EQUITY

The EPCOE applicable for any Evaluation Report pursuant to this Rider GFRP shall be 9.35%.

Attachment F

ENTERGY NEW ORLEANS, LLC
Formula Rate Plan
RIDER FRP REVENUE REDETERMINATION FORMULA
GAS
For the Test Year Ended December 31, XXXX

SECTION 1			
BANDWIDTH CHECK			
Line No.	DESCRIPTION	REFERENCE	
1	Earned Rate of Return on Common Equity ("EROE")	Attachment B, P 1, L 19	_____
2	Evaluation Period Cost Rate for Common Equity ("EPCOE")	Developed per Attachment E	_____
3	Upper Band ROE	L2 + 50 basis points	_____
4	Lower Band ROE	L2 - 50 basis points	_____
SECTION 2			
ROE BAND RATE ADJUSTMENT			
	DESCRIPTION	REFERENCE	
5	Earned Rate of Return on Common Equity	L1	_____
6	ROE Adjustment if Earnings Above Upper Band ROE	If L1 > L3, then Adjustment = L2 - L1, but no adjustment if L1 ≤ L3.	_____
7	ROE Adjustment if Earnings Below Lower Band ROE	If L1 < L4, then Adjustment = L2 - L1, but no adjustment if L1 ≥ L4	_____
8	Common Equity Capital Ratio	Attachment D, L3, Column B	_____
9	Rate Base	Attachment B, P1, L1	_____
10	Revenue Conversion Factor	Attachment B, P1, L 6	_____
11	Total Change in Rider GFRP Revenue	(L6 or L7) * L8 * L9 * L10	_____
SECTION 3			
TOTAL BAND RATE ADJUSTMENT			
	DESCRIPTION	REFERENCE	
12	Annualized Evaluation Period GFRP Revenue (1)		_____
13	Change in Rider GFRP Revenue	L11	_____
14	Extraordinary Cost Change Revenue Requirement	Per Sec. III.A of the Tariff	_____
15	Other Recoveries	See Note 3	_____
16	Total Rider GFRP Revenue (2)	L12 + L13 + L14 + L15	_____

Note:

- (1) Rider GFRP Rate Adjustments in effect at the end of the applicable Evaluation Period multiplied by the applicable Evaluation Period revenues.
- (2) The Total Rider GFRP Revenue reflects the total credit or surcharge to be applied to customer bills based on the results of the Rider GFRP Redetermination Formula.
- (3) Other outside the bandwidth formula recoveries authorized by the Council shall be reflected on this line 15.

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ATTACHMENT G

Known and Measurable Adjustments to Rate Base and Operating Income

ENO proposes, but not limited to, the below known and measurable costs that are supportable and expected to be incurred in the prospective 12 months following the FRP evaluation period which are either (i) approved by the Council, or (ii) clearly supported in ENO's detailed budgeting process.

a) Rate Base:

Plant In Service - Each Evaluation Report may include and be based upon actual plant in service, plus additions to and retirements of plant in service expected to occur by the end of the year following the Evaluation Period (net of ADIT), as noted in Attachment B. See section below labeled Documentation in Support of Known and Measurable Changes to Plant in Service for further details of level of support will be provided.

Accumulated Depreciation - Each Evaluation Report may include depreciation expense using the depreciation rates in effect during the Evaluation Period as applied to the Plant In Service described above.

ADIT - Each Evaluation Report may include the synchronized ADIT based upon amounts included in rate base for the Evaluation Period.

Other Rate Base Adjustments – ENOL or CNO may propose adjustments for annualization or normalization, or to reflect known and measurable changes to rate base, subject to Council approval.

b) Revenues:

Rate Schedule Revenue - The Per Book revenues will be adjusted for any large industrial and/or commercial customer additions or losses by the end of the year following the Evaluation Period.

c) Expenses:

O&M Expense Adjustments (Non Payroll) - Each Evaluation Report may include adjustments to the previous calendar year O&M Expense based on known and measurable changes by the end of the year following the Evaluation Period.

Administrative & General Expense Adjustment - Each Evaluation Report may include adjustments to the previous calendar year Administrative & General Expense based on known and measurable changes by the end of the year following the Evaluation Period.

Payroll Expense Adjustment - Each Evaluation Report may include an adjustment that reflects the level of payroll, related benefits and payroll taxes on an annualized basis for the headcount as of January 31 of the year following the Evaluation Period.

Depreciation Expense Adjustment - Each Evaluation Report may include an adjustment that reflects the annualized depreciation expense using the depreciation rates to be in effect during the Evaluation Period applied to Plant In Service, including any known and measurable changes.

Other Expense Adjustments – The Company or CNO may propose adjustments for annualization or normalization, or to reflect known and measurable changes to operating expenses, subject to Commission approval.

Documentation in Support of Known and Measurable Changes to Plant in Service

- A. Capital Project Summary Sheet (Plant in Service) by Function (Transmission, Distribution, Production, and General Plant & Intangible):

The Company shall provide a complete listing of the Company's capital programs and projects not otherwise included in the programs reflected in the Evaluation Period historical rate base, broken out by function by FERC account group, that clearly shows the amount to be closed to plant or included in CWIP for amounts closing in the year following the Evaluation Period historical rate base as known and measurable adjustments.

- B. Major Specific Projects (\$10 million and above closing to plant or in CWIP for amounts closing in the year following the Evaluation Period historical rate base as known and measurable adjustments):

For each capital project listed in Section A above for which the estimated capital costs exceed \$10 million and which does not fall within the description of recurring program spending described in Section D below, the Company shall provide as minimum filing requirements the following documentation:

- 1) Clearly defined project description, including project objective
- 2) The projected start and end dates of the project
- 3) Any historical spend on the project, if applicable, and developed cost estimate for the spend in the Evaluation Period that will close to plant by December 31 of the following year
- 4) An analysis that describes:
 - a) how the project advances customer service, reliability, safety, operational efficiency or other similar purposes
 - b) why the project is appropriate at this time
 - c) alternative(s) that were considered and the cost associated with alternative(s) or a statement explaining why no feasible alternatives exist
 - d) Any engineering plans, specifications or drawings that exist at the time of the Evaluation Report filing

- C. Specific Projects (between \$5 million and \$10 million closing to plant or in CWIP for amounts closing in the year following the Evaluation Period historical rate base as known and measurable adjustments):

For each capital project listed in Section A above for which the estimated capital costs exceeds \$5 million but are less than \$10 million and which does not fall within the description of recurring program spending described in Section D below, the Company shall provide as minimum filing requirements the following documentation, with the understanding that the Company shall provide any additional documentation in response to reasonable data requests by CNO that will facilitate CNO's review of the Evaluation Report:

- 1) Clearly defined project description and project objective, including how the program advances customer service, reliability, safety, operational efficiency or other similar purposes
- 2) The projected start and end dates of the project
- 3) Any historical spend on the project, if applicable, and developed cost estimate for the spend in the Evaluation Period that will close to plant by December 31 of the following year

- D. Recurring program spending:

For recurring capital spending that can be categorized in to programs with defined objectives that are budgeted collectively, and which is not captured in Sections B and C above, the Company shall provide:

- a. program description and purpose of the program, including how the program advances customer service, reliability, safety, operational efficiency or other similar purposes
- b. Cost estimate based upon an analysis of historical plant in service data from which the amount requested to be included in rate base was derived
- c. An explanation for any material deviations from historical program trends that are reflected in the amount requested to be included in rate base