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October 15, 2024

VIA ELECTRONIC MAIL (clerkofcouncil@nola.gov)
Clerk of Council
City Hall, Room 1E09
1300 Perdido Street
New Orleans, LA 70112

Re: Joint Application of Delta States Utilities NO, LLC and Entergy New Orleans, LLC Authorizing Delta States Utilities NO, LLC to Operate as a Jurisdictional Natural Gas Local Distributions Company, CNO Docket UD-24-01
KM File No. 33965-1

Dear Clerk of Council:

Enclosed for electronic filing in the above referenced docket is the public-redacted version of the Initial Post-Hearing Brief of Delta States Utilities NO, LLC ("DSU NO") in the referenced proceeding. A copy of the public-redacted version of DSU NO's Initial Post-Hearing will be served upon all parties of record in this proceeding as identified in the Official Service List for this proceeding. A copy of the highly sensitive (HSPM) version of DSU NO's Initial Post-Hearing Brief will be served upon appropriate reviewing representatives who have signed the Official Protective Order for this proceeding, and a copy of the highly commercially sensitive (HSPM-CS) version of DSU NO's Initial Post-Hearing Brief will be served only upon the Council Advisors pursuant to the Official Protective Order and procedures established in this proceeding for commercially sensitive information. As confirmed with your office, the requisite original and number of hard copies are not mandatory to formalize this filing in the docket.

Should you have any questions regarding the above, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,

C. R. T.

Carrie R. Tournillon

CRT:tp
Enclosures
cc: Official Service List UD-24-01 (via e-mail) (Public-Redacted Versions)
Reviewing Representatives with Executed Protective Order (via e-mail) (HSPM Version)
Council Advisors (via e-mail) (HSPM-CS Version)

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

DELTA STATES UTILITIES NO, LLC ENTERGY NEW ORLEANS, LLC AND, EX PARTE. IN RE: APPLICATION FOR AUTHORITY TO OPERATE AS LOCAL DISTRIBUTION COMPANY AND INCUR INDEBTEDNESS AND JOINT APPLICATION FOR APPROVAL OF TRANSFER AND ACQUISITION OF LOCAL DISTRIBUTION COMPANY ASSETS AND RELATED RELIEF.	)	DOCKET NO. UD-24-01

DELTA STATES UTILITIES NO, LLC INITIAL BRIEF

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Attorneys for Delta States Utilities NO, LLC

Public-Redacted Version

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

DELTA STATES UTILITIES NO, LLC ENTERGY NEW ORLEANS, LLC AND, EX PARTE. **IN RE: APPLICATION FOR AUTHORITY TO OPERATE AS LOCAL DISTRIBUTION COMPANY AND INCUR INDEBTEDNESS AND JOINT APPLICATION FOR APPROVAL OF TRANSFER AND ACQUISITION OF LOCAL DISTRIBUTION COMPANY ASSETS AND RELATED RELIEF.**	**)))))))))))))**	**DOCKET NO. UD-24-01**

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DELTA STATES UTILITIES NO, LLC INITIAL BRIEF

I. INTRODUCTION

Through the Proposed Transaction (defined herein), Delta States Utilities NO, LLC ("DSU NO") and Entergy New Orleans, LLC ("ENO") have presented the Council of the City of New Orleans ("Council") with rare opportunities - - the opportunity to diversify its utility service providers, reducing risk, driving innovation and bringing unique perspectives to the area; the opportunity to enable ENO to dedicate attention and capital solely to serving electric customers and enable DSU NO to focus on the safe and reliable delivery of natural gas to customers; the opportunity to implement a modern infrastructure technology ("IT") system for the provision of gas service to residents of the City; the opportunity to provide 100 good paying jobs in New Orleans and surrounding areas, which would increase to 200 with the acquisition of CenterPoint Energy Resources Corp. ("CenterPoint") gas utilities by affiliates of DSU NO; and, importantly, the opportunity to grow the New Orleans economy and add, instead of lose, a new corporate headquarters of Delta States Utilities, LLC (“DSU”) (DSU NO’s parent company) within the City’s footprint, which has generated momentum for other companies to come to New Orleans to service the new headquarters of DSU and bolster the City’s economy. For example, DSU’s technology Integration Partner for the Transaction, Accenture International Limited (“Accenture”) - - one of the largest global IT firms, has committed to opening an office in New Orleans in connection with the Transaction. While opportunities often come with some level of cost and risk, the Proposed Transaction is structured to mitigate both through DSU NO's “Day One Readiness” concept (defined herein) and proposal to “step into the shoes” of ENO to ensure no costs are passed through to customers without a future rate case and vote of the Council, after benefits and costs are more accurately known and analyzed.

The Proposed Transaction has numerous benefits, and DSU NO has submitted expert testimony in this proceeding that supports these benefits and associated commitments of DSU NO and DSU, such as: (i) rate consistency for approximately 25 months, (ii) core-focused natural gas utility, (iii) transformational cloud-based IT-system, (iv) lower projected growth in operation and maintenance (“O&M”) expenses, (v) retention of employees primarily involved in ENO and ELL natural gas operations, (vi) assumption of ENO/ELL pension, (vii) commitment to continue ENO’s Gas Infrastructure Replacement Program and Integrity Management program, (viii) core-focused electric utility, (ix) reduction in ENO debt, (x) significant job creation and millions in economic benefits to the City of New Orleans. These benefits and commitments of DSU NO from the various DSU NO testimonies and testimony exhibits are more fully identified and discussed in the following exhibits to this brief:

- **Exhibit A:** comprehensive list of all benefits of the Transaction;
- **Exhibit B:** high-level summary of Transaction benefits that was submitted into evidence as Exhibit JY-4 (Part B) of DSU NO witness Mr. Jeffrey Yuknis;
- **Exhibit C:** summary of the 40 of 41 commitments of DSU NO, which DSU NO has agreed to the Council's memorializing as conditions for approval of the Transaction, with the 41st commitment from rejoinder testimony (cap on certain IT costs) footnoted;
- **Exhibit D:** summary of the benefits specific to the DSU NO's IT investment;
- **Exhibit E:** memorandum from DSU NO's technology Integration Partner (Accenture) describing the benefits of a cloud-based IT system;
- **Exhibit F:** summary of economic benefits of the Transaction specific to Orleans Parish, and
- **Exhibit G:** report of economist David E. Dismukes, Ph.D. on the Economic Benefits Analysis he prepared regarding the Transaction.

A summary of several of the key Transaction benefits and DSU NO commitments are provided below:

Base Rate Consistency for Approximately 25 Months: The Transaction will provide approximately **25 months of base rate consistency** for gas customers and puts the **risk of recovery of Transition Plan Costs on DSU NO**. DSU NO has committed to stepping into the shoes of ENO and adopting ENO's rates, rate schedules and riders until a consecutive 12-month period is established to serve as a historical test year for a subsequent rate proceeding, which DSU NO commits to filing not sooner than fifteen (15) months after Closing.[1] In that future rate proceeding, the Council will undertake a complete review of DSU NO's revenue requirement, cost of capital, rates, and Transition Plan investment, among other ratemaking considerations.[2] In this proceeding, DSU NO is only seeking to defer the cost of its Transition Plan investments to have the opportunity to recover such costs in the future rate proceeding, thus bearing the risk of that recovery.[3]

Core-focused Natural Gas Utility. DSU NO will be a core-focused natural gas utility; that means it will focus on doing one thing and doing it well. Delivering safe and reliable natural gas to New Orleans will be its mission. Currently, gas revenues are approximately 1% of total, consolidated operating revenues of Entergy Corporation ("Entergy") based on Entergy's 2022 10K.[4] Whereas, under the ownership of DSU NO, a standalone natural gas utility, 100% of DSU NO's revenues will be from gas service. Thus, DSU NO is taking what is currently not a core business under the Entergy platform and establishing a platform where safe and reliable gas service is its sole purpose. Customers will benefit from gas-centric and core-focused customer interactions, including:

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[1] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 45: 22-26 and 46:1-3 (December 11, 2023).

[2] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 37:4-11 (December 11, 2023).

[3] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 39:6-14 (December 11, 2023).

[4] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 8:20-21 and 18:3-4 (December 11, 2023).

- Eliminate need to contend for capital with and among significantly larger electric utilities (DSU NO revenues 100% from gas sales versus 1% of total, consolidated 2022 operating revenues of Entergy Corporation).[5]
- Dedicate effort and resources to the DSU NO gas business without competition with electric service operations.[6]
- Enhance ability for decisions to be made to the benefit of the gas utility and its customers.[7]
- Establish new shared services company specifically designed for gas distribution customers.[8]
- Streamline resolution of customer inquiries with a customer service centered dedicated solely to gas customers.[9]
- Enhance economies of scale across platform by investing in growth of gas business.[10]

Transformational Cloud-Based IT System: DSU is replacing a 2005 on-premises IT system serving the gas system today with cloud-based technology, transforming the existing system with modern technology for the present and safeguarding the system for the future while achieving significant short-term and long-term benefits for the customers, as discussed further below.[11] This includes the development of

[5] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness at, at 24:1-12 (December 11, 2024).

[6] Hearing Exhibit DSU NO – 2, Direct Testimony of Jeffrey Yuknis, DSU NO witness, at 32:16 – 33:5 (December 11, 2024); Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 19:1-9 (December 11, 2023).

[7] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness at, at 25:1-4 (December 11, 2024).

[8] Hearing Exhibit DSU NO -2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 27:4-13 (December 11, 2023).

[9] Hearing Exhibit DSU NO – 3, 3 Direct Testimony of Brian K. Little, DSU NO witness, at 24:19 – 25:1 (December 11, 2024); Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:3-5 (September 3, 2024).

[10] Hearing Exhibit DSU NO – 2, Direct Testimony of Jeffrey Yuknis, DSU NO witness, at 34:11-20 (December 11, 2024);

[11] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:13-16 and 8:22 – 9:8 (September 3, 2024).

an entirely new customer care platform (to include, *e.g.*, customer information system, call center operations, billing platform), enterprise resource planning systems ("ERP"), geographic information systems ("GIS"), supervisory control and data acquisition ("SCADA"), network infrastructure and security and other systems.[12] By consolidating dozens of existing programs, DSU NO will eliminate redundant processes and pass on cost-of-service savings for customers.[13]

The cloud-based IT platform will provide numerous categories of benefits, as it is the backbone of a utility's operations - - it will touch all 900 employees and the services they provide to DSU NO and its affiliates' 600,000 gas customers across Louisiana and Mississippi.[14] For example:

- DSU NO will be able to operate with approximately half of the programs required to operate the utility today.[15] Further, the IT platform is used by every business unit within the utility - - from corporate shared services to operations and field services. Thus, efficiency created by this consolidation and integration will be experienced by every employee of DSU NO.[16]

- The cloud-based IT platforms are expected to have a 22% or $5.7 million lower 10-year Total Cost of Ownership as compared to the example on-

[12] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 48:13-17 (June 28, 2024) (as corrected July 17, 2024).

[13] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:20-22 and 9:1-3 (September 3, 2024).

[14] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 7:6-9 and 11:20 – 12:1 (September 3, 2024); Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness at 7:12-14 (September 3, 2024).

[15] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:20-22 (September 3, 2024).

[16] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:22 and 9:1-3 (September 3, 2024).

premises IT system platform for Entergy.[17] This is the result of smaller upfront investments in hardware and software, fewer implementation costs, fewer ongoing hardware and software costs, lower operating costs, less spending on continuous improvement projects, and less spending to upgrade projects.[18]

- Other qualitative and quantitative benefits will come from the cloud-based system's (i) adaptability, (ii) resiliency, (iii) faster, more frequent and lower cost system upgrades, (iv) reduced cyber and physical security risk, (v) increased energy efficiency, (vi) IT ecosystem consolidation and (vii) cross-IT ecosystem integration.[19]

Benefits of the IT system are also more extensively detailed in Exhibit DED-1 to the Rejoinder Testimony of Dr. David E. Dismukes, DSU NO witness, which is attached as **Exhibit D** to this brief.[20] In addition, DSU's Integration Partner, Accenture, provided a memorandum (the Accenture Technology Platform Memorandum or "Accenture Memo"), discussing the benefits from investing in a modern, cloud-based system. The Accenture Memo was provided in evidence as Exhibit BL-7 to the Rebuttal Testimony of DSU NO witness Mr. Brian Little and is attached as **Exhibit E** to this brief.

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[17] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 21:5-7 (June 28, 2024). Total Cost of Ownership ("TCO") is an estimate of an organization's overall expected spend to purchase, configure, install, use, monitor, maintain, optimize, and retire a product or service. *Id*. at 20:19-20.

[18] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-11, page 2 (June 28, 2024).

[19] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:5-8 (June 28, 2024).

[20] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-1 (September 3, 2024).

Lower Projected Growth in Operation and Maintenance Expense: DSU NO expects lower O&M growth compared to historical O&M growth at ENO. DSU NO provided a forecast for the first full year of operations (2026) through 2029, which forecasts DSU NO O&M expense increasing at only [redacted] annually to account for inflation.[21] When compared to ENO's historical O&M increases of 8.5% on a compound annual growth rate ("CAGR") basis over the period of 2019-2023, DSU NO's forecast provides a meaningful potential benefit.[22] For 2026, DSU NO's forecasted revenue requirement savings are approximately $[redacted] million based on lower O&M growth,[23] These forecasted O&M savings do not reflect the expected O&M shared services savings of up to 10% attributed to the efficiencies and synergies of the combined Entergy and CenterPoint transactions.[24]

Retention of Entergy Gas Employees: DSU NO and affiliate companies have made the following significant commitments to ENO's existing gas employees, which will provide job stability for the employees and help ensure that DSU NO is providing safe and reliable gas service to customers on day one post-Closing ("Day One Readiness"):

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[21] Hearing Exhibit DSU NO – 8, Rebuttal Testimony (HSPM-CS) of Brian K. Little, DSU NO witness, at 23:22-23 (June 28, 2024).

[22] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public-Redacted) of Brian K. Little, DSU NO witness, at 23:23 – 24:5 (June 28, 2024).

[23] Hearing Exhibit DSU NO – 8, Rebuttal Testimony (HSPM-CS) of Brian K. Little, DSU NO witness, at 24:3-8 (June 28, 2024).

[24] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 24:9-13 (June 28, 2024); Hearing Exhibit DSU NO - 15, Rebuttal Testimony (Public Redacted), DSU NO witness, at 6:18-19 (June 28, 2024) (as corrected July 17, 2024).

- Commitment to offer employment to all of the approximately 200 active employees primarily engaged in the ENO and ELL Gas Business and those who return from leave with substantially similar or no less favorable compensation, benefits, and post-retirement benefits as they are currently receiving;[25] and

- Commitment to honor the tenure of such employees as it relates to vacation time, retirement, pension, holidays, disability and leave policies.[26]

Assumption of ENO/ELL Pension: DSU NO and its affiliate companies have committed to assuming the employee pension assets and liabilities associated with the ENO and ELL gas LDCs, including more than 160 retirees primarily involved in the ELL and ENO Gas Business.[27]

Commitment to Maintain the Gas Infrastructure Replacement Program and Integrity Management Program. DSU NO has committed to adhere to the terms of ENO's various programs. In particular, this includes:

- The Gas Infrastructure Replacement Program ("GIRP") and the Integrity Management ("IM") Program, until such time as revised by final order of the Council in a subsequent rate proceeding, to ensure natural gas service continues to be safe and reliable;[28] and

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[25] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 8:17-21 (December 11, 2023).

[26] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 16:7-15 (December 11, 2023).

[27] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 4 (December 11, 2023).

[28] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 3 (December 11, 2023).

- DSU NO's honoring commitments that ENO has made before the Council as to the material to be replaced through GIRP and the timeline for that replacement.[29]

Core-focused Electric Utility: The Transaction provides the opportunity for Entergy to free up available capital and generate a source of capital that otherwise may not be available to make beneficial and productive investments in its electric business, to the benefit of ENO's electric customers.[30] As ENO witness Ms. Rodriguez testified, ENO can use a portion of the cash proceeds from the sale retained by ENO to improve the electric grid across New Orleans with resilience, reliability, and other investments.[31]

Reduction of ENO Debt: The Transaction provides the opportunity for ENO to reduce its total debt, which would also serve to improve ENO's credit rating, which is a benefit to shareholders and customers.[32]

Economic Benefits: The Proposed Transaction, including DSU's commitment to locating its new corporate headquarters in New Orleans, results in significant economic benefits to Louisiana, with the majority (95% to 98%) being specific to

[29] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 36:7-14 (December 11, 2023).

[30] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 12:18-22 and 13:1-3 (December 11, 2023).

[31] Hearing Exhibit ENO-2, Rebuttal Testimony of Anthony P. Arnould, Jr., ENO witness, at 3 (June 28, 2024); Hearing Exhibit ENO-3, Direct Testimony of Deanna Rodriguez, ENO witness, at 4 (December 11, 2023).

[32] Hearing Exhibit ENO-2, Rebuttal Testimony of Anthony P. Arnould, Jr., ENO witness, at 4:1-3 (June 28, 2024), citing Direct Testimony of Advisors witness Mr. Joseph W. Rogers at 25; see also, Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 12:18-22 and 13:1-3 (December 11, 2023).

Orleans Parish.[33] And, the economic benefits increase when the acquisition of the natural gas assets of CenterPoint located in Louisiana and Mississippi are acquired by affiliates of DSU NO.[34] With both the Entergy and CenterPoint transactions closing, DSU will be locating a $1.7 billion corporate headquarters in New Orleans that employs approximately 900 people across multi-state utilities and a new shared services company.[35]

The significant economic benefits of the Proposed Transaction, summarized below, should not be discounted simply because they will not flow through a gas customer's utility bill or because they require estimation:[36]

- **Local taxing authorities in Orleans Parish alone could receive as much as $3.62 million in new public revenue** from the Transaction's transition investments and $0.8 million from the Transaction's retention activities for the Entergy-only Transaction over a four-year period 2026-2029.[37] These tax benefits increase to more than $8 million when looking at the combined proposed CenterPoint + Entergy transactions.[38]

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[33] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 17:16-18 (September 3, 2024).

[34] As discussed in Section V.A of this initial brief, under public interest factor "r," while the benefits to New Orleans and gas customers increase as a result of the closing of the CenterPoint transaction with the Entergy transaction, these two transactions are completely separate, and the Proposed Transaction is in the public interest without the CenterPoint transaction closing. **Thus, approval of the Transaction should *not* be conditioned upon the closing of the CenterPoint transaction and doing so would put at risk the numerous economic and other benefits that Transaction would otherwise bring to New Orleans and gas customers.**

[35] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 46:17-21 (June 28, 2024) (as corrected July 17, 2024).

[36] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 20:6-20 (September 3, 2024).

[37] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:7-12 and Exhibit DED-2, page 2 (September 3, 2024).

[38] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:13 and Exhibit DED-2, page 2 (September 3, 2024).

- **Over $680 million in transition-related economic output** (e.g., new corporate headquarters, additional jobs) will remain in Orleans Parish (97 percent of total transition output impacts), $349 million in value added will remain local (98 percent of total transition value added impacts), $121 million in labor income will remain local (96 percent of total transition labor income impacts), and 1,786 employment opportunities (95 percent of total transition employment).[39] *These benefits double when considering the combined Entergy and CenterPoint Transactions.*[40]

- **Over $42 million in retention-related economic output** (e.g., retained jobs and retained business opportunities) will remain in Orleans Parish, $16 million in value added will remain local, $6 million in labor income will remain local, and 76 employment opportunities over a four-year period 2026-2029 will also remain local.[41] *These benefits more than double when considering the combined Entergy and CenterPoint Transactions.*[42]

- DSU NO's and its affiliate companies' have committed to **creating approximately <u>100</u> additional high-paying, local jobs primarily in the New Orleans area** in connection with providing high-quality gas service to customers.[43] This number increases to approximately <u>200</u> when the CenterPoint transaction is also considered.[44] The average annual <u>base</u> salary for the new positions is estimated to be approximately $79,000 per year.[45] The <u>*fully burdened*</u> salary for these employees, including health benefits (medical/dental/vision coverage), retirement benefit plans and related contributions, paid

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[39] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 18:12-18, 22:15 – 23:6, and Exhibit DED-2, page 1 (September 3, 2024). Employment is provided in terms of job-years. *Id*.

[40] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:1-4 and Exhibit DED-2, page 1 (September 3, 2024).

[41] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 18:28 – 19:1, 22:15 – 23:6, and Exhibit DED-2, page 1 (September 3, 2024).

[42] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:1-4 and Exhibit DED-2, page 1 (September 3, 2024).

[43] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 32:1-5 (December 11, 2023).

[44] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 3 (June 28, 2024).

[45] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 13:23 and 14:1-2 (June 28, 2024).

leave, various life insurance and accident/disability insurance plan options, and education reimbursement, is estimated to average approximately $110,000 annually.[46]

- **More companies are coming to New Orleans.** In addition to the $1.7 billion new corporate headquarters of DSU to be located in New Orleans,[47] DSU's technology Integration Partner for the Transaction, Accenture, as **one of the largest global IT firms, has committed to opening an office in New Orleans**, which will provide additional economic development benefits not included in the earlier estimates.[48]

Economic benefits specific to Orleans Parish are presented in Exhibit DED-2 to the Rejoinder Testimony of Dr. David E. Dismukes, which is also attached as **Exhibit F** to this brief. The full report of Dr. David E. Dismukes on the economic benefits of the Transaction is provided as Exhibit DED-4 to the Rebuttal Testimony of Dr. Dismukes and attached as **Exhibit G** to this brief.[49]

The Proposed Transaction exceeds the minimum, no harm standard of the Council's Resolution No. R-06-88 ("Restructuring Resolution"). Indeed, the Proposed Transaction provides qualitative and quantitative benefits to New Orleans, its residents and ENO's gas customers, and the surrounding area, such that there is no doubt the Proposed Transaction is in the "public interest." Moreover, with the potential for a $1.7

[46] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 14:2-9 and Exhibit BL-8 (June 28, 2024).

[47] DSU has committed to establish its corporate headquarters in New Orleans regardless of the closing of the CenterPoint transaction. The $1.7 billion corporate headquarters is based on the value of both transactions combined. DSU NO Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 46:17-21 (June 28, 2024) (as corrected July 17, 2024).

[48] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 20:2-5 (September 3, 2024).

[49] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4 (June 28, 2024) (as Corrected July 17, 2024).

billion new corporate headquarters in the City, while also retaining Entergy's corporate headquarters, the Proposed Transaction is a significant opportunity for the City that has not been experienced in decades.[50]

Importantly, DSU NO and its affiliated companies have taken steps to mitigate any potential harm to gas customers, including pursuing the acquisition of additional natural gas assets located in Louisiana and Mississippi currently owned by CenterPoint to help create economies of scale with a shared service company and allocation of transition costs, including the IT system, among more customers.[51] With the closing of both the Entergy and CenterPoint transactions, DSU NO's share of Transition Plan Costs (including for the cloud-based IT system) will be approximately the same as the amount in ENO gas rate base for the ENO assets used to operate the electric and gas systems and being retained by ENO, which DSU NO is replacing (including a 2005 on-premises IT system), ("Retained Assets").[52] ***This means that DSU NO customers will receive the benefit of a modern, transformational IT system, among other replacement assets and expenses, for almost the same net book value of the Retained Assets, if both the Entergy and CenterPoint transactions close.***

This fact demonstrates the opportunity and value that DSU NO and its management team will bring to New Orleans gas customers. While other utilities around

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[50] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 47:4-12 (June 28, 2024) (as corrected July 17, 2024).

[51] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 3 (June 28, 2024).

[52] *See* Table 3 of this brief.

the country (and the City of New Orleans) are transitioning to cloud-based IT platforms, such transitions typically cost customers millions of dollars and are not achieved in such a cost-effective manner.[53]

Other mitigation commitments include agreeing to cap a significant portion of its Transition Plan Costs, reporting on Transition Plan Costs, and not seeking to recover such costs until a future rate proceeding not to be filed sooner than 15-months post-Closing (approximately 25 months).[54] Rather, DSU NO has requested to defer recovery of such costs and has agreed to step into the shoes of ENO and adopt ENO's rates, rate schedules and riders for its gas business.[55] DSU NO is only asking for the Council to approve the opportunity to support the cost and benefits of its investments in a future rate filing following the Closing of the Transaction when such costs and benefits can be more accurately identified, vetted and demonstrated. Thus, a ratemaking request is not before the Council in this proceeding and won't be until DSU NO files an initial rate case, which it committed to file not sooner than 15 months post-Closing. And, in the meantime, customers will benefit from rate consistency over an extended period of time. Importantly, the Council retains full authority to review the costs and benefits of the Proposed Transaction and determine the prudence of DSU NO's Transition Plan Cost and ability

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[53] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 17:20-19:4 (June 28, 2024); Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 32:17-34:12 (September 3, 2024).

[54] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 16:10-17:2 (September 3, 2024); Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 33 (June 28, 2024); Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 21 (June 28, 2024).

[55] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 7:21-24 (December 11, 2023).

for DSU NO's recovery of its investment in the future rate proceeding when determining just and reasonable rates for DSU NO customers. ***In other words, gas customers and the City of New Orleans will receive significant benefits from the Transaction while the risk of the outcome of the future rate proceeding is on DSU NO.***

Further, DSU NO has committed not to seek recovery of its transaction costs relating to the acquisition of ENO's gas assets.[56] A listing of DSU NO's mitigation commitments was provided in Exhibit JY-4 (Part A) to the Rebuttal Testimony of Jeffrey Yuknis, DSU NO witness, and is included in Table 4 of this brief.

Moreover, DSU NO has agreed to many more commitments as conditions of approval of the Transaction. As the Advisors acknowledged, "In the Joint Application, DSU NO and its affiliate companies make a significant number of commitments to the Council regarding the Gas Transaction."[57] DSU NO memorialized its commitments from the Joint Application as conditions for approval in the Rebuttal Testimony of Jeffrey Yuknis, including adding three additional commitments.[58] As previously noted, a listing of all of DSU NO's 40 commitments is provided as **Exhibit C** to this brief.

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[56] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 4 (December 11, 2023); DSU NO Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-8, page 6 (June 28, 2024).

[57] Hearing Exhibit ADV – 4, Surrebuttal Testimony of Joseph W. Rogers (Public-Redacted), Advisors witness, at 17:12-13 (August 5, 2024).

[58] Hearing Exhibit ADV – 4, Surrebuttal Testimony of Joseph W. Rogers (Public-Redacted), Advisors witness, at 17:20 – 18:6 (August 5, 2024); Hearing Exhibit DSU NO – 2, Direct Testimony of Jeffrey Yuknis (Public Redacted), DSU NO witness, at 47 and Exhibit JY-2 (June 28, 2024).

DSU NO is ready and willing to be an excellent partner with the City of New Orleans and urges the Council to take advantage of this significant opportunity and approve the Transaction and DSU NO's requested relief as in the public interest.

II. BACKGROUND

On December 11, 2023, DSU NO and ENO filed a Joint Application seeking, generally, approval to acquire the natural gas assets of ENO, to operate as a natural gas utility within the City of New Orleans and pursuant to the Council's regulation, to transfer ENO's indeterminant permit for providing gas service to DSU NO, to adopt the rates, rate schedules and riders of ENO at Closing and to defer to a regulatory asset DSU NO's Transition Plan Costs for review and approval in a future rate proceeding not to be filed sooner than 15 months post-Closing, among other relief to allow for a smooth transition for gas customers and placing the risk on DSU NO with respect to recovery of its investment in standing up a new stand-alone natural gas utility and shared services company.[59] Accompanying and supporting the Joint Application were the Direct Testimonies of Jeffrey Yuknis and Brian K. Little, DSU NO witnesses, and the Direct Testimonies of Anthony P. Arnould, Jr., and Deanna Rodriguez, ENO witnesses.

Since the filing of the Joint Application and DSU NO and ENO direct testimonies, there have been an additional four rounds of testimony filed, including direct testimony filed by the Advisors and the Alliance for Affordable Energy ("AAE"), rebuttal testimony filed by DSU NO, ENO and AAE, surrebuttal testimony filed by the Advisors and AAE,

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[59] *See* Section II.A. (Requested Relief) of this brief for further details.

and rejoinder testimony filed by DSU NO and ENO. The record in this proceeding is extensive and supports approval of the Transaction and DSU NO and ENO's requested relief therein.

A. Requested Relief

Specifically, DSU NO and ENO requested the following relief in the Joint Application:[60]

1. Council approval of DSU NO to operate as a natural gas distribution utility within the City of New Orleans and subject to the jurisdiction of the Council;

2. Council approval of the transfer and sale of the Purchased Assets and assumption of the Assumed Liabilities, in each case defined in the PSA[61] and in accordance with the Transaction Agreements,[62] of the ENO Gas Business[63] and acquisition by DSU NO of the same as in the public interest;

3. Council approval of or stated non-opposition to the transfer of ENO's Gas Business Franchise[64] to DSU NO to allow it to operate the ENO Gas Business within public rights of way within the City of New Orleans;

4. Council approval of DSU ENO's assumption and adoption of the ENO Gas Business rates, rate schedules and riders in effect at the Closing or supported by the most recent evaluation period of

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[60] Delta States Utilities No, LLC And Entergy New Orleans, LLC, *ex parte*. *In Re: Application For Authority to Operate as Local Distribution Company and Incur Indebtedness and Joint Application For Approval Of Transfer And Acquisition Of Local Distribution Company Assets And Related Relief*, Docket No. UD-24-01 (December 11, 2023) ("Joint Application"). *See* Joint Application at pages 29-32 (December 11, 2024).

[61] Purchase and Sale Agreement dated October 28, 2023, between ENO, as "Seller", and DSU NO, as "Buyer", dates as of October 28, 2023 ("PSA"). *See* Joint Application at page 1 (December 11, 2023).

[62] The PSA and the Ancillary Agreements thereto (as defined in the PSA) (collectively, "Transaction Agreements") between ENO and DSU NO. *See* Joint Application at page 5 (December 11, 2023).

[63] ENO's jurisdictional gas distribution business ("ENO Gas Business"). *See* Joint Application at 1.

[64] ENO Gas Business indeterminate permit ("Franchise," as defined in the PSA). *See* Joint Application at page 3 (December 11, 2023).

ENO Gas Business GFRP,[65] which assumption and adoption will continue until the Council's review and approval of DSU NO's proposed base rates and rate schedules as part of a subsequent rate application to be filed by DSU NO not sooner than fifteen (15) months after the Closing,[66] using a prior consecutive twelve (12)-month test period;

5. Council approval for DSU NO to create a regulatory asset(s) to defer for future recovery, subject to a prudency review in a future general rate proceeding and with such recovery to be net of amounts recovered in ENO's rates adopted by DSU NO at Closing related to the Excluded Assets,[67] investments made by DSU NO (a) in the assets and services needed to replace Excluded Assets and services provided by ENO and its affiliate companies, and (b) in recognition of the need for DSU NO to make certain expenditures prior to the Closing of the Transaction[68] and prior to establishment of new Council-approved rates in a subsequent rate proceeding for recovery of DSU NO's investments to stand up the new gas distribution business and replace certain assets that will not transfer and certain services that will no longer be provided by ENO after Closing;

6. Council determination that the costs of Purchased Assets not yet in service but currently categorized by ENO as CWIP[69] do not constitute acquisition premium (or Council not specifically determining that such costs constitute an acquisition premium), such that these costs and are eligible for recovery in rates once placed in service, subject to prudency considerations;

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[65] ENO's Gas Formula Rate Plan ("GFRP"), which funds ENO's Gas Infrastructure Replacement Program ("GIRP" or "GIRP Program") and ENO's Integrity Management Program ("IM Program"). *See* Joint Application at page 2 (December 11, 2023).

[66] The closing of the Transaction ("Closing"). *See* Joint Application at page 2 (December 11, 2023).

[67] Excluded Assets are as defined in the PSA. *See* Joint Application at 2 (December 11, 2023). Generally, Excluded Assets are those that are not being acquired by DSU NO and not transferring to DSU NO at Closing. *See* Hearing Exhibit DSU NO - 1, HSPM Direct Testimony of Jeffrey Yuknis dated December 11, 2023, at Exhibit JY-3 (PSA) at Section 2.2.

[68] DSU NO's purchase of the Purchased Assets and assumption of the Assumed Liabilities, in each case as defined in the PSA, and in accordance with the Transaction Agreements, and the financing associated with the asset acquisition and associated encumbrance of the LDC assets (including the Purchased Assets) (together the "Transaction" or "Proposed Transaction"). *See* Joint Application at page 1 (December 11, 2023).

[69] Construction Work in Progress ("CWIP"). *See* Joint Application at page 2 (December 11, 2023).

7. Council's approval or stated non-opposition to DSU NO's incurring indebtedness and/or issuing securities to finance the Transaction and costs to stand-up the new LDC and for DSU NO's encumbering of the Purchased Assets with a mortgage and/or security interest to secure the indebtedness;

8. Council approving or stated non-opposition to the transfer of certain customer deposits from ENO to DSU NO, subject to the terms of the PSA;

9. Council approval of ENO's transfer of certain customer data, including specifically data related to ENO's AMI[70] system;

10. Council determination that appropriate ratemaking orders and /or resolutions that are applicable to ENO continue to be applicable to DSU NO as of the Closing, which include but may not be limited to: Resolution Nos. R-03-272, UD-16-04, R-18-38, UD-18-07, R-18-227, R-19-457, R-20-67, R-20-133, R-23-157, R-23-423, and R-23-491; Ordinance Nos. 6822 C.C.S., 7069 C.C.S., 8423 C.C.S., 10,612 C.C.S., 1443 M.C.S., 4272 M.C.S., 12,162 M.C.S. and 17,963 M.C.S. (each as amended) of the City of New Orleans; and any Council ordinances and resolutions of general application to a Council-jurisdictional natural gas LDC;[71]

11. Council adoption for application in this proceeding its Official Protective Order as set forth in Resolution R-07-432, or provide for such other appropriate protection for any confidential information to be produced in this proceeding;

12. Council grant of expedited treatment of the Joint Application for consideration by the Council by June 2024, including establishing a fifteen (15) day intervention period; and

13. Council grant of all other Orders and decrees as may be necessary, and for all general and equitable relief that the law and the nature of the case may permit.

The requested relief, if approved by the Council, would allow for the provision of gas service to New Orleans residents by a LDC with its core focus on providing reliable

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[70] Advanced metering infrastructure ("AMI"). *See* Joint Application at page 3 (December 11, 2023).
[71] Local distribution company ("LDC"). *See* Joint Application at page 1 (December 11, 2023).

natural gas service on day one post-Closing. Similarly, approval of the requested relief would allow ENO to focus its resources and attention on providing reliable electric service to New Orleans residents as a core-focused electricity provider.

B. Who Is Delta States Utilities NO, LLC?

DSU NO is a Delaware limited liability company that was created for the sole purpose of acquiring the Purchased Assets and Assumed Liabilities and operating the LDC in the City of New Orleans.[72] DSU NO is an indirect subsidiary of DSU, which is indirectly owned by the BCP Infrastructure Fund and managed by Bernhard Capital Partners, which is a Baton Rouge headquartered, independent private equity management firm that employes 19,000+ people globally, including more than 5,500 direct-Louisiana based employees across its portfolio company network.[73] Bernhard Capital Partners focuses on investing in middle-market firms that provide critical services to government, infrastructure, industrial, utility, and energy sectors, as well as investment in infrastructure and utility assets.[74] The BCP Infrastructure Fund investment pool is comprised of large institutional investors, public and private pension funds, college endowments, insurance companies, labor union funds and other investment groups with extensive experience investing in infrastructure and utility investment vehicles such as

[72] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 22:11-13 (December 11, 2023).

[73] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 23:3-4 and 10-19 (December 11, 2023).

[74] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 23:12-14 (December 11, 2023).

the BCP Infrastructure Fund.[75] Thus, DSU NO is not owned by shareholders but is indirectly owned by investors that are seeking long-term, prudent, and financially sound investments in natural gas infrastructure assets.[76] DSU NO is also an affiliate of Delta States Utilities LA, LLC ("DSU LA"), which has been authorized by the Louisiana Public Service Commission ("LPSC") to operate as a LPSC-jurisdictional LDC and acquire the natural gas assets of Entergy Louisiana, LLC ("ELL"),[77] and Delta States Utilities Services, LLC ("DSU Services"), that provides shared services to support the most efficient and low-cost operation of each of the DSU LDC utilities.[78] Day-to-day operations of the DSU NO will be similarly managed by the same experienced employees operating the ENO Gas Business, including Mr. Anthony P. Arnould, Jr., who is Entergy's Director of Gas Distribution;[79] however, DSU employees, management, technology and investment will be solely focused on gas operations instead of using some infrastructure and technology that is primarily electric focused or contending for capital with and among

[75] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 24:5-9 (December 11, 2023).

[76] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 9:3-8 (December 11, 2023).

[77] **The LPSC approved DSU LA and ELL's Joint Application at its meeting on August 14, 2024, granting DSU LA and ELL's prayer for relief, which is nearly identical to DSU NO and ENO's prayer for relief in this proceeding, *only* subject to reporting requirements.** *See* Docket No. S-37079, In re: Joint Application for Approval of Acquisition of Entergy's Gas Local Distribution Company Assets to Delta States, and Delta States' Request for Authority to Operate as a Gas Local Distribution Company and Incur Indebtedness Related Thereto, Order at pages 7-9 (September 10, 2024).

[78] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 27:1-7 (December 11, 2023).

[79] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 45:1-12 (December 11, 2023).

significantly larger electric utilities.[80] In fact, while gas sales make up approximately 1% of Entergy's consolidated revenues, gas sales will make up 100% of DSU NO revenues.[81]

DSU NO has committed to maintaining the local management of the LDC assets to ensure the continuation of important benefits to Louisiana and the local New Orleans community that it serves in terms of service reliability and cost-effective rates, employment, economic development, and charitable contributions.[82] DSU NO's management team consists of experienced executives who will also have the benefit of upstream support from the management of Bernhard Capital Partners. Further, DSU has committed to establish its corporate headquarters in New Orleans and will further maintain significant operations offices in Baton Rouge.[83] With the closing of both the Entergy and CenterPoint transactions, DSU's $1.7 billion corporate headquarters will oversee multi-state natural gas utility operations and be comprised of approximately 900 employees servicing about 600,000 gas customers.[84]

Importantly, DSU's corporate headquarters will be the second headquarters of a portfolio company of Bernard Capital Partners to be locate in New Orleans - the other being United Utility Services, which is a portfolio company of Bernhard Capital Partners

[80] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 19:2-6 (December 11, 2023).

[81] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 8:20-21 and 18:3-4 (December 11, 2023).

[82] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 22:13-17 (December 11, 2023).

[83] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 22:17 and 23:1-2 (December 11, 2023).

[84] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 46:16-21 and 47:1-2 (June 28, 2024) (as corrected July 17, 2024).

that is focused on building a platform of providers with specialized, industry leading expertise in utility services and operations.[85] United Utility Services is expected to result in the creation of 141 new direct jobs over the next five years with an average annual salary of more than $95,000, demonstrating the commitment of Bernhard Capital Partners to the economic growth of New Orleans and its surrounding communities.[86]

C. Summary of DSU NO Witnesses and Testimony

DSU NO has submitted a total of 10 pieces of testimony in evidence in this proceeding from four witnesses. A high-level summary of DSU NO witnesses and their testimonies follow:

> *David E. Dismukes, Ph.D.*: Dr. Dismukes is a Consulting Economist and Managing Partner with the Acadian Consulting Group, which specializes in the analysis of regulatory, economic, financial, accounting, statistical, and public policy issues associates with regulated and energy industries.[87] Dr. Dismukes has served as an expert witness in approximately 250 utility regulatory proceedings across the United States, as well as been published in over 200 publications and academic conference papers and presentations.[88] Dr. Dismukes prepared an economic study demonstrating the significant benefits of the Transaction for primarily the City of New Orleans, as well as the surrounding areas.[89] Dr. Dismukes also discussed and supported the industry trend to move to a cloud-based platform and recovery of such investments based on qualitative and hard-to-quantify benefits without use

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[85] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 25:21-22 and 26:1-2 (December 11, 2023).

[86] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 26:3-6 (December 11, 2023).

[87] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 1:7-10 (June 28, 2024) (as corrected July 17, 2024).

[88] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., at Appendix A (Professional Resume of Dr. David E. Dismukes) (June 28, 2024) (as corrected July 17, 2024).

[89] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-2 (September 3, 2024); Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at DED-4 (June 28, 2024) (as corrected July 17, 2024).

of a cost-benefit analysis (CBA).[90] Further, despite this precedent of regulators approving costs associated with transitioning to a cloud-based IT system, Dr. Dismukes also performed a CBA with respect to the cloud-based IT system being developed and implemented by DSU as part of the Transition Plan, which shows a strong positive range in benefit-to-cost ratios for DSU NO's IT investment.[91]

In addition, Dr. Dismukes rebuffed the positions of the Alliance for Affordable Energy, who is seeking to mandate electrification of residential customer homes to deprive them of the option of natural gas appliances and resilience during storms - - without any demonstration of the cost or evaluation of harm to residential customers from such radical change.[92] As Dr. Dismukes testified, AAE failed to consider how its proposed decarbonization policy would affect the ability of low-income households to afford their monthly energy bill, as such policy will result in noticeably higher energy costs for citizens living in New Orleans.[93]

Further, Dr. Dismukes discussed the standard of review of this proceeding and the Council's broad public policy considerations beyond their rate making responsibilities, in support of a weighting of public interest factors that does not elevate the single factor of ratepaying impact above all other factors.[94]

Brian K. Little: Mr. Little is a self-employed, independent contractor who has more than 30 years of experience in finance and accounting, primarily with medium-sized to large public companies.[95] The majority of Mr. Little's career has been spent in the energy and natural gas industries with Southern Company Gas - - the natural gas division of Southern Company, and its predecessor AGL Resources Inc.[96] Testimony of Mr. Brian Little supports the detailed work plan of DSU NO for standing up a new LDC and shared services company for Day One Readiness

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[90] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 48:10-50:20 (June 28, 2024) (as corrected July 17, 2024).

[91] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 50:21-26 and 53:1-7 and Exhibit DED-5 (June 28, 2024) (as corrected July 17, 2024).

[92] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 56:1-73:18 (June 28, 2024) (as corrected July 17, 2024).

[93] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 63:5-20 (June 28, 2024) (as corrected July 17, 2024).

[94] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 6:1-15:16 (September 3, 2024).

[95] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 4:6-11 (December 11, 2023).

[96] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 4:11-13 (December 11, 2023).

("Work Plan")[97] and the detailed cost estimate for such Work Plan ("Transition Plan Costs").[98] Further, Mr. Little provides support for the benefits of DSU NO's proposed transformation to a cloud-based IT system and the benefits across all DSU NO platforms post-Closing.[99]

In addition, Mr. Little explained DSU NO's need for a regulatory asset to preserve its ability to seek recovery of Transition Plan Costs in a future rate filing and the mechanics of netting the revenue requirement of ENO's Retained Assets from the regulatory asset amount recovered from customers.[100]

Jay A. Lewis: Mr. Lewis is a Certified Public Accountant, member of the American Institute of Certified Public Accountants and Society of Louisiana Certified Public Accountants, and past Chairman of the Accounting Standards Committee of the Edison Electric Institute. Mr. Lewis has also held numerous positions at Entergy Services, LLC and Entergy Services, Inc. and affiliated companies.[101] Mr. Lewis provided rebuttal and rejoinder testimonies regarding regulatory and ratemaking treatment of accumulated deferred income taxes ("ADIT"), how ADIT balances change, potential mitigation of impacts of ENO ADIT not transferring to DSU NO, and the authority of the Council to approve DSU NO's use of a regulatory asset for deferral of Transition Plan Costs.

Jeffrey Yuknis: Mr. Yuknis is Managing Director at Bernhard Capital Partners and an active member of Bernhard Capital Infrastructures Investment Committee.[102] Mr. Yuknis provides testimony on behalf of DSU NO, as the company witness, to support the Joint Application pursuant to the Restructuring Resolution's 18-factor analysis, and to support the significant commitments made by DSU NO and its affiliate companies in both the Joint Application and testimony during this

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[97] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 11:20-18:19 (December 11, 2023); Hearing Exhibit DSU NO – 8, Rebuttal Testimony (HSPM-CS) of Brian K. Little, DSU NO witness, at Exhibit BL-5 (Work Plan) (June 28, 2024).

[98] *See* Hearing Exhibit DSU NO – 17, HSPM-CS Rebuttal Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-3, Tab "TOTAL Set Up Costs," at cell D13 (Entergy only) (June 28, 2024) (as corrected July 17, 2024).

[99] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:17-22:12 (June 28, 2024).

[100] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 27:3-30:26 (December 11, 2023).

[101] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 4 (June 28, 2024).

[102] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 1:5-2:14 (December 11, 2023).

proceeding.[103] Mr. Yuknis' testimony also supports DSU NO's strong credit rating, debt commitments and the availability of upstream support from Bernhard Capital Partners.[104]

Testimonies of DSU NO witnesses demonstrate the benefits of the Proposed Transaction, discuss the cost necessary to standup the LDC and achieve the benefits of the Transaction, and present the significant commitments of DSU NO to manage and cap such costs, mitigate any potential harm to gas customers and allow for a seamless transition from ENO to DSU NO as New Orleans' retail gas utility. Further, these testimonies address other concerns raised by the technical consultants of the Council Advisors, as well as a proposal by the Alliance for Affordable Energy to deprive residential customers from access to natural gas in their homes and force them to convert to all-electrical appliances.

III. STANDARD OF REVIEW

The Council's Restructuring Resolution (No. R-06-88) identifies 18 public interest factors for determining whether a transfer (*e.g.*, the Proposed Transaction) should be approved. The overarching question, and one of the 18 factors, is whether the Transaction is in the "public interest." What does it mean to be in the "public interest"?

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[103] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B (December 11, 2023); Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-2 (June 28, 2024).

[104] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 22:9-34:20 (December 11, 2023); Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 17 and Exhibit JY-3 (June 28, 2024).

As Dr. Dismukes testified:[105]

> This is not a new concept: the public interest is that which is thought to best serve everyone; it is the common good. If the net effect of a decision is believed to be positive or beneficial to society as a whole, it can be said that the decision serves the "public interest." Clearly, the public interest is not limited to net benefits to ratepayers, and such view is consistent with the construct of the Restructuring Resolution that requires consideration of the public interest in general (factor "(a)") along with 17 other factors encompassing numerous stakeholders and societal interests.

Thus, the decision of the Council as to whether the Proposed Transaction is in the "public interest" requires a balanced analysis of all stakeholder interests and all factors to determine what is in the common good. In this sense, the 18 factors seek to ensure that stakeholders are not harmed from a transfer.

Further, while the Council could have limited or made explicit how those interests should be balanced, it did not. Rather, the Restructuring Resolution provides a list of 18 factors ranging from broad considerations like assuring the public interest, to more specific ones addressing the financial condition of the successor utility, impacts to utility employees, management quality, quality of service, and health and safety concerns, to name just a few.[106] As Dr. Dismukes testified, there is nothing that prioritizes nor ranks

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[105] Hearing Exhibit DSU NO - 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 14:7-13 (September 3, 2024).

[106] Resolution No. R-06-88, as discussed in Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 8:13-17 (September 3, 2024).

these individual public interest factors, nor makes one public interest factor more important than another.[107]

In addition, the Council's regulatory authority over utilities within its jurisdiction is not limited to the 18 factors in the Restructuring Resolution that governs asset transfers or limited to a determination of prudence in its review of a utility's investments. As the Council has indicated in numerous resolutions, including in its Resolution and Order in ENO's last full rate proceeding, in its utility regulatory capacity the Council is charged with authority to set "just and reasonable" rates - - meaning a rate that properly balances the interests of the regulated utility to receive a fair return on investment and of the public to be charged no more than a reasonable value of the services. *Alexandria & R. Ry. Co. v. Railroad Commission of Louisiana*, 79 So. 863 (La. 1918). The Council has held:[108]

> **WHEREAS,** with regard to the electric rate increase initially proposed for Algiers residential customers, the Council noted its disappointment and serious concern regarding ENO's estimated bill impact on Algiers residential customers. ***One of the primary functions of the Council in its utility regulatory capacity is the establishment of just and reasonable rates. The Council's initial reaction is that such a significant estimated increase will result in rate shock that is patently unacceptable and may be found to be unjust and unreasonable as filed without some form of viable mitigation measures.*** Accordingly, the Council indicated its intent to direct ENO to file a supplement to its Initial Rate Filing with proposed mitigation measures for the substantial Algiers residential rate increase; and

[107] Hearing Exhibit DSU NO - 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 8:17-18 (September 3, 2024).

[108] Docket No. UD-18-07, *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*, Resolution and Order at 3 (November 7, 2019).

This ratemaking authority allows the Council to review a utility's request to change rates and determine the reasonableness and justness of a rate change before authorizing new rates. However, as discussed, that ratemaking request is not before the Council in this proceeding. DSU NO is not requesting in this proceeding for a change in gas rates as part of the approval of the Transaction; DSU NO is only seeking to defer certain investments and expenses in standing up the new standalone LDC and shared services company to have the opportunity to seek recovery in a future rate proceeding when the Council will have the opportunity to review the prudence of those costs *and establish just and reasonable rates for DSU NO and its gas customers*. Thus, the Council's review in this proceeding is limited to whether the Transaction is in the public interest, as informed by the 18-factor analysis set forth in the Restructuring Resolution.

Moreover, the scope of the Council's public policy making is broad and not limited in ways comparable to some traditional state utility regulatory commissions. As the legislative body for the City of New Orleans, the Council has broad authority and policy making concerns given its own mission:[109]

> The NOLA City Council is the legislative branch of the New Orleans City government. The Council considers and enacts all local laws that govern the City of New Orleans. The Council also approves the operating and capital budgets for the City, as recommended by the mayor, and continually monitors revenues and expenditures for local government operations. The City Council is also the regulatory body for public utilities. It reviews and has final say on many land use and zoning matters, as well as considers major economic development projects for the City. As a Board of Review for Orleans Parish, the Council examines appeals of property tax assessments

[109] Hearing Exhibit DSU NO - 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 10:10-21 (September 3, 2024), citing the mission statement provided by the Council to the public at: https://council.nola.gov/councilmembers/ .

for real estate taxes, and certifies tax rolls to the Louisiana Tax Commission. Other responsibilities of the Council include overseeing the operation of the public access television in Orleans Parish.

Thus, the Council serving as a utility ratemaking body is just one of numerous functions and policy concerns that also include issues like economic development, tax revenues and collections, technology and innovation in the City, and the City's reputation of promoting and encouraging business location decisions and siting in the City, among other issues.[110] With respect to evaluation of the Proposed Transaction, the Restructuring Resolution framework for determining "public interest" should include the broad scope of benefits that will result from the Transaction and which support the Transaction being in the public interest - - *i.e.*, the interests of not only the gas customers but also the interests of the City, its residents and surrounding communities.

IV. DISCUSSION

DSU NO is seeking Council approval to acquire the natural gas assets of ENO, to transfer ENO's indeterminant permit to DSU NO, and to operate as a natural gas utility in New Orleans subject to the Council's jurisdiction. Associated with those requests, DSU NO is ***not*** seeking to change rates; instead, DSU NO has proposed a structure that would provide customers with an extended period of rate consistency that would likely not exist absent the Transaction.

[110] DSU NO Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 10:24-26 and 11:1-4 (September 3, 2024).

With respect to rates, DSU NO is requesting only the opportunity to establish the costs and benefits of its Transition Plan in a future rate proceeding in which it would seek recovery of such costs. The Council is charged with setting reasonable and just rates for gas customers and will have full authority to review and address recovery of such costs in that future proceeding in connection with reviewing DSU NO's cost of capital, cost of debt, and other rate base and ratemaking items.[111] ***Thus, gas customers and the City of New Orleans will receive significant benefits while the risk of the outcome of that future rate proceeding is on DSU NO - - including whether the Transition Plan Costs were prudently incurred and if so, does DSU NO's proposed recovery result in just and reasonable rates.***

Before the Council in this proceeding is a public interest determination relating to the proposed gas sale. This proceeding is not a ratemaking proceeding since DSU NO is requesting to adopt the rates, rate schedule and riders of ENO until a future rate case to be filed not sooner than 15 months post-Closing. Since DSU NO has committed to accept the risk of the outcome of the future rate proceeding, the sole question before the Council is whether the Transaction and requested relief associated with the Proposed Transaction is in the public interest.

As previously discussed, the "public interest" requires a balanced analysis of stakeholder interests, which for the Council includes a very broad range of interests and

[111] Docket No. UD-18-07, *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*, Resolution and Order at 3 (November 7, 2019).

policy considerations. The Restructuring Resolution setting forth 18 public interest factors sets forth an overall “no harm” standard and does not elevate any one factor over the overarching question of whether the Transaction is in the public interest.

Nevertheless, DSU NO has approached this Transaction with the intent of providing benefits to all stakeholders - - gas customers, current ENO employees primarily involved in gas operations, the City of New Orleans and Orleans Parish communities and their residents.

And while there are costs associated with achieving these benefits, such costs come with implementation of a transformational IT system that will benefit gas customers transitioning to a core-focused gas utility and should not be equated to “harm” simply because there is a cost. As DSU NO’s expert witness Dr. David Dismukes testified:[112]

> These assets, particularly the IT and cloud-based systems investments, will come with considerable benefits. The “costs” of these investments (which the Advisors refer to as “harm” prior to a netting against benefits) should be assessed against all benefits, including those difficult to measure benefits, since New Orleans ratepayers will be getting something in return for the financial support they provide for the investments. This includes such benefits as adaptability, cost-efficiency, reduced risk, and faster system upgrades that can be modified quickly as technology changes, scalability, resiliency, operational efficiency, energy efficiency, important cybersecurity benefits, and a host of customer support and customer experience benefits.

Importantly, the costs associated with the Transition Plan, and in particular the new, cloud-based IT system, will provide significant benefits to gas customers by

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[112] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 29:13-20 and 30:1-2 (September 3, 2024).

transitioning to modern technology and safe-guarding the future, and thus the costs are not a "harm," particularly when DSU NO expects to achieve such transformation at almost the same cost of the Retained Assets being replaced, as discussed in more detail herein.[113] Moreover, there are significant economic benefits and other benefits associated with the Transaction.[114] And in addition to demonstrating the benefits of the Transaction, DSU NO has also agreed to numerous commitments to mitigate any potential harm to customers.[115] Thus, when viewed holistically and in consideration of all of the public policy interests important to the Council, New Orleans residents and gas customers, the Transaction provides rare opportunities for the common good of the City and surrounding areas and should be approved as is in the public interest.

A. Benefits of the Proposed Transaction

Through its testimony filings, DSU NO has demonstrated the extensive benefits of the Transaction in support of the Transaction being in the public interest. These qualitative and quantitative benefits are summarized in the below table taken from Exhibit JY-4 to the Rebuttal Testimony of Jeffrey Yuknis, DSU NO witness, and are attached with more detail as **Exhibit B** to this brief.[116]

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[113] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 29:8-30:2 (September 3, 2024).

[114] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-4 (June 28, 2024); Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-1 and Exhibit DED-2 (September 3, 2024).

[115] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-2 and JY-4 (June 28, 2024).

[116] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-4 (June 28, 2024).

Table 1

No.	Benefit
1. Establish a fit-for-purpose natural gas LDC and shared services company	
1a	Eliminate need to contend for capital with and among significantly larger electric utilities
1b	Dedicate effort and resources to the gas business
1c	Enhance ability for decisions to be made to the benefit of the gas utility and its customers
1d	Establish a shared services company specifically designed for gas distribution operations
1e	Streamline resolution of customer inquiries with a customer service center dedicated solely to gas customers
2. Implement a greenfield, modern cloud-based information technology ("IT") system	
2a	Minimize customization and enable cost-effective adaptability through off-the-shelf software
2b	Reduce total number of platforms and vendors within the ecosystem
2c	Improve cost efficiency through the unification and standardization of disparate IT systems and improved system maintenance
2d	Improve integration between systems to create "single source of truth master data"
2e	Provide adaptability and scalability to respond to changing business requirements with the ability to near-instantly scale capacity without rearchitecting or majorly augmenting hardware or software
2f	Improve customer service and customer satisfaction with streamlined access to important dimensions of gas service and local call-in lines exclusive to gas customers
2g	Minimize risk associated with reduced or ending support for legacy systems
2h	Improve resiliency during major weather events such as hurricanes where the newly decentralized system avoids "single points of failure" that cause systems to go offline
2i	Increase efficiency of operations by streamlining processes

2j	Update systems at a lower cost and with little to no downtime by using cloud-based systems instead of on-premise systems
2k	Enable a cost structure that delivers more efficient and predictable operating costs
2l	Benefit from lower TCO of a cloud-based system as compared to legacy on-premise system
2m	Improve security through a more standardized configuration and automation of frequent security updates
2n	Increase economic development through leveraging partnership with Accenture, including their opening of a regional office in New Orleans
3. Deliver significant economic benefits to the City of New Orleans and State of Louisiana[117]	
3a	Establish the headquarters of a new natural gas utility valued at approximately $500 million in New Orleans
3a	By locating the DSU NO headquarters in New Orleans, DSU's transition capital investments are estimated to lead to 112 job-years of employment, generate almost $7 million in new labor income, contribute over $11 million in value added (also known as gross state product or "GSP"), and $29 million in economic output.
3b	By locating the DSU NO headquarters in New Orleans, on an operational basis, DSU's annual expenditures are estimated to lead to 442 job-years of employment opportunities, $30 million in new annual labor income, almost $87 million in value added or GSP, and $168 million in economic output.
3c	Create approximately 100 new local jobs in Louisiana to facilitate DSU NO's providing of high-quality gas service to customers, with nearly all jobs to be located at the New Orleans headquarters
4. Create opportunities for a lower projected O&M growth rate	
4a	Expect lower O&M growth at DSU NO compared to historical O&M growth at ENO

[117] When considering the combined Entergy and CenterPoint transactions, the new corporate headquarters will be valued at $1.7 billion, transition capital investment benefits approximately triple, benefits on operational basis approximately double, and creation of new jobs also will double. *See* Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 44:3 – 45:2 (June 28, 2024) (as corrected July 17, 2024).

5. Free up capital at ENO	
5a	Convert capital supporting current gas assets to capital for new resilient and reliable grid investments
6. Allow the Gas Business to access capital markets at a lower risk premium	
6a	Allow the Gas Business to access capital markets without as significant of a risk premium by separating from electric operations

The Proposed Transaction will provide significant benefits to the City of New Orleans, its residents and gas customers that should not be discounted or disregarded because they are not all easily quantifiable or do not flow through a customer's gas bill. In his Rejoinder Testimony, Dr. Dismukes testified that not all benefits to result from the Transaction are easy to quantify and not all benefits need to be quantifiable to be real benefits.[118] The difficulty in quantifying benefits is largely due to the nature of the transformational IT system being developed and implemented as part of DSU NO's Transition Plan. For example, as Dr. Dismukes testified:[119]

> "Similar IT transformation projects are occurring across the country, and studies, estimates and analysis are necessarily required to support implementation of the projects - - otherwise, no utility would have available data to support regulatory approval and cost recovery of such projects."

[118] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 28:14 – 35:6 (September 3, 2024).

[119] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 6:25 – 7:3 (September 3, 2024)

Thus, the Council should recognize that consideration of forecasted benefits and use of studies, non-DSU NO specific analyses and estimates are appropriate for evaluating the benefits of the transformative project before it.[120]

Moreover, many benefits will accrue over time, and thus, it is reasonable to estimate such benefits until such time as can be measured.[121] While benefits of the Transaction are expected across all platforms, it is difficult to forecast exactly when and where all benefits will accrue and the exact dollar amount of each benefit.[122] A cost-benefit analysis is imprecise and not necessary at this time since DSU NO is taking on the risk of demonstrating recoverability of Transition Plan Costs prior to rate proceedings and any potential rate impacts.[123]

Key benefits of the Transaction are discussed in more detail below, with a comprehensive list of all Transaction benefits and DSU NO and affiliate company commitments provided in **Exhibit A** to this brief.

i. Benefits of a Transformational, Cloud-Based IT Platform

DSU NO has the opportunity to implement a modern, cloud-based and greenfield IT platforms to replace physical, on-premises systems used by ENO and developed as

[120] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 7:6-9 (September 3, 2024).

[121] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 28:14 – 35:6 (September 3, 2024).

[122] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:16-20 (September 3, 2024).

[123] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 35:7-23 (September 3, 2024).

early as 2005 – systems beyond support.[124] The new cloud-based IT infrastructure will modernize operations for the present and safeguard the utility for the future, while allowing for meaningful cost synergies as well as ease of future scalability and adaptability as the needs of the utility change over time.[125] The proposed cloud-based system will also provide additional security over physically-based (on-premises) systems, as well as reliability and resiliency during severe weather events such as hurricanes and other tropical weather events.[126]

There are a number of benefits that will arise from these new IT costs. These investments are generally described below:[127]

- A cloud-based system will result in increased billing accuracy and greater internal administrative efficiencies for DSU NO relative to a fixed, physical server-based system that often needs considerable and costly upgrades and maintenance over extended periods of time.
- A cloud-based system will enhance system reliability for DSU NO, something important for a service territory that is often exposed to extreme tropical activity and the corresponding electricity outages.
- New customer information platforms will enhance the customer experience and enhance DSU NO's ability to respond to customer inquiries and needs in a faster, more expedited, and more documentable fashion.

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[124] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:13-16 (September 3, 2024).

[125] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-7, page 4 and 7 (June 28, 2024).

[126] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-7, page 4-5 (June 28, 2024).

[127] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 49:5-17 (June 28, 2024) (as corrected July 17, 2024).

- New technology-based assets represent a major capital investment that will be made by DSU NO and will lead to employment opportunities and other economic benefits (new economic output, jobs, wages, tax revenues, etc.).

Moreover, the operational efficiencies and benefits of the cloud-based IT system over a 2005 on-premises system would seem to be common sense without the need for a cost-benefit analysis. As Dr. Dismukes testified, the operational benefits provided by IT investments have been recognized by regulators and approved for recovery:[128]

> The operational benefits provided by IT investments have been recognized by numerous regulatory bodies and other reputable organizations within the utility industry. In my Rebuttal Testimony, I included an exhibit that contained numerous examples of IT-related filings being approved by their respective state regulators.[129] The exhibit also showed that most of these regulatory bodies have recognized the value of IT investments based on the qualitative benefits alone.[130] Importantly, as stated previously, a reliance on studies of estimated benefits is the only way in which a project with long-term benefits, such as the transformation of a utility's IT infrastructure, can be feasibly assessed.

In fact, as Texas has experienced in the aftermath of Hurricane Beryl, a utility should not wait for technology to break before replacing or it will be "too little too late."[131] CenterPoint received harsh criticism in exercising its disaster recovery plan for failing to have migrated to a cloud-based IT platform, considering how many much smaller

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[128] Hearing Exhibit DSU NO - 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 32:9-16 (September 3, 2024),

[129] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 54:5-55:8 (June 28, 2024) (as corrected July 17, 2024).

[130] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-6 (June 28, 2024) (as corrected July 17, 2024).

[131] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 31:9-14 (September 3, 2024)., citing: Texas Senate Special Committee on Hurricane and Tropical Storm Preparedness Recovery and Electricity – YouTube, https://www.youtube.com/watch?v=MpbM2q8YXw8, at 6:47:03.

companies have made the conversion and how such modern technology would have avoided communication issues experienced by CenterPoint Energy power customers following the hurricane.[132] Thus, there are inherent benefits of a cloud-based IT system that may not be quantifiable or are hard to quantify at the time of implementation of the system, but the benefits are still real.

The City of New Orleans is a perfect example of the prudence in transitioning to cloud-based IT infrastructure - - regardless of the availability of a quantitative analysis, such as a cost-benefit analysis ("CBA"), supporting the investment. In December 2022, the Justice Tech Modernization Program was authorized by Mayor LaToya Cantrell and the New Orleans City Council,[133] with the primary objective of the City stated to be technology modernization, experience improvement, and increased efficiency.[134] This project invested $30 million to replace outdated computer systems with advanced, cloud-based technologies.[135] The IT investments selected to achieve these benefits include a central processing software that allows information to be easily shared across different systems,[136] and it has been reported that the City has also procured a cloud-based

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[132] Texas Senate Special Committee on Hurricane and Tropical Storm Preparedness Recovery and Electricity – YouTube, https://www.youtube.com/watch?v=MpbM2q8YXw8, at 18:37, 2:34:44 – 2:35, 6:47:03.

[133] City of New Orleans, City of New Orleans Selects National Firm to Overhaul Criminal Justice Technology Systems, August 15, 2023 (https://nola.gov/next/mayors-office/news/articles/august-2023/2023-08-15-criminal-justice-technology-systems/).

[134] City of New Orleans, Justice Tech Modernization Project (https://nola.gov/next/arpa/projects-spending/public-safety/justice-tech-modernization-project-en/).

[135] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 33:23-25 (September 3, 2024).

[136] City of New Orleans, Justice Tech Modernization Project (https://nola.gov/next/arpa/projects-spending/public-safety/justice-tech-modernization-project-en/).

interagency analytics platform to provide consistent, timely and accurate data from across agencies.[137] Similar to the utility examples discussed by Dr. Dismukes in his testimonies, the City of New Orleans appears to have emphasized the <u>*non-financial*</u> or <u>*qualitative benefits*</u> associated with the approved IT modernization investment.[138] Thus, the Council clearly has also approved investments based on the qualitative value they can bring.

Nevertheless, in response to criticism from the Advisors regarding the lack of support for recovery of costs associated with the proposed cloud-based IT system,[139] DSU NO witness Dr. Dismukes performed a cost-benefit analysis on the IT system, which comprises approximately 75% of total Transition Plan Costs. Dr. Dismukes' cost-benefit analysis calculated a <u>***positive benefit-cost ratio***</u> ranging from <u>***$12.8 million***</u> in net benefits or a <u>***3.60 benefit-cost ratio***</u> (Entergy-only Transaction) to <u>***$33.1 million***</u> in net benefits or a <u>***7.72 benefit-cost ratio***</u> (Entergy and CenterPoint transactions).[140]

ii. <u>Lower Projected Growth in Operation and Maintenance Expense</u>

DSU NO expects lower operation and maintenance ("O&M") growth compared to historical O&M growth at ENO. DSU NO provided a forecast for the first full year of operations (2026) and through 2029.[141] The O&M forecast while in part based on ENO's

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[137] City of New Orleans, Justice Tech Modernization Project (https://nola.gov/next/arpa/projects-spending/public-safety/justice-tech-modernization-project-en/).

[138] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 34:7-9 (September 3, 2024).

[139] Hearing Exhibit ADV – 8, Surrebuttal Testimony of Victor Prep, Advisors witness, at 4:14-15 (August 5, 2024).

[140] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 53:4-7 (June 28, 2024) (as corrected July 17, 2024).

[141] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public-Redacted) of Brian K. Little, DSU NO witness, at 23:22-23 (June 28, 2024).

2022 O&M expense was prepared as a bottoms-up projection of costs based on DSU NO's subject matter experts and other advisors' executive leadership experience in the natural gas industry and with similar precedent transactions where gas utility assets were carved out of a larger utility.[142] Based on DSU NO's analysis of ENO's actual historical O&M costs for 2019 to 2023 from ENO's 2023 GFRP filing, total actual O&M annually increased on a compounded annual growth rate ("CAGR") of approximately 8.5% over that time period.[143] As DSU NO witness Mr. Brian Little testified:[144]

> When compared to ENO's historical O&M increases of 8.5% on a CAGR basis, DSU NO's forecast provides a meaningful potential benefit given its estimated forecast increases at only [redacted] to account for inflation, which alone would result in an estimated 2026 forecasted revenue requirement savings of approximately $[redacted] million based on escalating ENO's actual 2023 O&M from the 2023 GFRP filing at [redacted] (which is far less than the historical 8.5%) through 2026 as compared to DSU NO's 2026 estimated O&M forecast.[145]

This lower growth forecast in DSU NO's O&M expense does not even reflect the expected O&M shared services savings of up to 10% attributed to the efficiencies and synergies of the combined Entergy and CenterPoint transactions.[146] Thus, DSU NO

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[142] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public-Redacted) of Brian K. Little, DSU NO witness, at 23:15-18 (June 28, 2024).

[143] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public-Redacted) of Brian K. Little, DSU NO witness, at 23:23 – 24:3 (June 28, 2024).

[144] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public-Redacted) of Brian K. Little, DSU NO witness, at 24:3-8 (June 28, 2024).

[145] Hearing Exhibit DSU NO - 11, Rebuttal Testimony (HSPM-CS) of Brian K. Little, DSU NO witness, at Exhibit BL-10 (June 28, 2024).

[146] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 14 and Exhibit JY-1 (June 28, 2024); Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 6:18-19 (June 28, 2024) (as corrected July 17, 2024).

anticipates significant savings to customers from a reduced growth in O&M expense post-Closing of the Transaction.

iii. Job Retention and Growth

DSU NO and affiliate companies have made significant commitments to ENO's existing gas employees. These commitments will provide job stability for these employees and will help to ensure DSU NO's Day One Readiness. These commitments include:

- *Commitment* to offer employment to all 200 of the active employees primarily engaged in the ENO Gas Business and those who return from leave with substantially similar or no less favorable compensation, benefits, and post-retirement benefits as they are currently receiving;[147] and
- *Commitment* to honor the tenure of such employees as it relates to vacation time, retirement, pension, holidays, disability and leave policies.[148]

As discussed in the Direct Testimony of Mr. Jeffrey Yuknis, DSU NO witness, the applicable DSU legal entity will use commercially reasonable efforts to provide employees transferring from ENO ("Transferred Employees") full credit under DSU employee benefits arrangements for all pre-Closing service with Entergy and its affiliates, for purposes of eligibility, vesting (other than vesting of future equity or equity-based awards), entitlements to vacation and other leave and paid time off, educational reimbursement, severance benefits, and level of benefits, under any DSU benefit arrangement to the same extent that such service was recognized by the corresponding benefit arrangement

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[147] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 8:17-21 (December 11, 2023).

[148] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 16:7-15 (December 11, 2023).

in which the affected employee participated immediately prior to the Closing.[149] The applicable DSU legal entity will or will cause each Transferred Employee to receive service credit for benefit accruals purposes with respect to defined benefit pension, defined contribution, post-retirement welfare, bonus, and time off obligations.[150] Moreover, the applicable DSU entity will use commercially reasonable efforts to (a) waive all pre-existing condition exclusions and actively-at-work requirements of new DSU medical, dental, pharmaceutical, and vision benefit arrangements, unless those conditions would not have been waived under the corresponding benefit arrangement in which the affected employee participated immediately prior to the Closing, and (b) take into account any eligible expenses paid by Transferred Employees under Entergy benefit plans for the portion of the plan year prior to such Transferred Employee participating in DSU benefit plans, for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Transferred Employee under the DSU benefit plans.[151]

In addition, DSU NO has committed to hire 100 new employees in order to staff the new shared services organization.[152] These new employees will enable DSU NO to continue to provide safe, reliable and affordable LDC services, including, for example,

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[149] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 16:7-15 (December 11, 2023).

[150] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 16:15-18 (December 11, 2023).

[151] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 16:7-17:2 (December 11, 2023).

[152] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public-Redacted) of Jeffrey Yuknis, DSU NO witness, page 10 (June 28, 2024).

customer service employees for staffing a new call center and personnel for shared services in the areas of customer service, human resources, information technology, management, finance and accounting, regulatory, gas supply, government, legal, stores, supply chain, fleet and environmental functions.[153]

This number doubles to 200 with the closing of both the Entergy and CenterPoint transactions.[154] The new jobs will largely be located in New Orleans.[155]

The average annual base salary for the new positions is estimated to be approximately $79,000 per year.[156] This estimate is conservative as it does not reflect other meaningful employee benefits, such as full health benefits and bonus potential. Including the effect of those additional benefits – including health benefits (medical/dental/vision coverage), retirement benefit plans and related contributions, paid leave, various life insurance and accident/disability insurance plan options, and education reimbursement.[157] The ***fully burdened*** salary for these employees is estimated to average approximately $110,000 annually.[158]

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[153] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public-Redacted) of Jeffrey Yuknis, DSU NO witness, page 10 (June 28, 2024).

[154] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 3 (June 28, 2024).

[155] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 18:1-5 (September 3, 2024).

[156] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 13:23 and 14:1-2 (June 28, 2024).

[157] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 14:2-7 (June 28, 2024).

[158] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 14:7-9 and Exhibit BL-8 (June 28, 2024).

Moreover, these new direct employee positions and the direct economic benefits they create do not reflect indirect and induced job growth that is expected to create multipliers of economic benefits from the Transaction.[159]

Thus, the Transaction does not harm existing gas employees of ENO and will benefit New Orleans by creating high-paying local jobs and significant economic develop.

iv. Assumption of ENO/ELL Pension

DSU NO and its affiliate companies have committed to assuming the employee pension assets and liabilities associated with the ENO and ELL gas LDCs, including more than 160 retirees primarily involved in the ELL and ENO Gas Business.[160]

As Mr. Yuknis testified in his Direct Testimony, the applicable DSU entity will establish and maintain defined benefit plans with substantially similar terms to the corresponding Entergy defined benefit plans that bargaining unit and non-bargaining Transferred Employees participate in as of the Closing.[161] The DSU defined benefit plans will assume all liabilities for Transferred Employees and Former Business Employees (*i.e.*, retirees).[162] Within 30 days after the Closing, Entergy will transfer 75% of the assets attributable to the accrued benefits of the Transferred Employes and former business employees in the Entergy defined benefit plans to the DSU defined benefit plans, and as

[159] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 40:12 – 41:10 (June 28, 2024) (as corrected July 17, 2024).

[160] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 4 (December 11, 2023).

[161] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 17:9-12 (December 11, 2023).

[162] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 17:12-14 (December 11, 2023).

soon as reasonably practicable after the Closing, the rest of the assets will be transferred.[163]

Thus, the Transaction will not harm Entergy retirees or negatively impact the pensions of the Transferred Employees.

v. Economic Benefits

Dr. Dismukes also performed an economic benefits analysis using the IMPLAN economic impact model that demonstrates significant economic benefits, in the hundreds of millions of dollars, to the City of New Orleans and surrounding areas as a result of the Transaction.[164]

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[163] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 17:14-19 (December 11, 2023).

[164] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4 (June 28, 2024) (as corrected July 17, 2024). As Dr. Dismukes explained:

The IMPLAN model is well-respected and commonly used in modeling the economic benefits of energy-related projects. For example, IMPLAN has been used to estimate the employment and gross state product impacts of renewable portfolio standards in states including Arizona, Wisconsin, Nebraska, Colorado, Texas, and Washington.[164] In fact, the Clean Energy States Alliance cites IMPLAN as an appropriate model for evaluating the benefits and costs of an RPS. [164] The Edward J. Bloustein School of Planning and Public Policy at Rutgers University also cites IMPLAN as a model that can be used to estimate economic impacts of energy infrastructure investments.[164] IMPLAN has also been utilized by the U.S. Department of the Interior's Bureau of Ocean Energy Management ("BOEM") in estimating economic impacts of holding lease sales in the Gulf of Mexico[164] as well as the MAG-PLAN Alaska model.[164] I personally have worked with IMPLAN in estimating economic benefits of similar energy investments for decades. IMPLAN has also been used to model a number of non-energy based natural resource impacts by federal agencies such as the U.S. Department of Transportation ("USDOT") and the U.S. Department of Agriculture ("USDA"). [164] I have also seen economic impact models, such as IMPLAN, used in regulatory filings across the country including those before the Public Service Commission of the District of Columbia ("DC-PSC"), the New Jersey Board of Public Utilities ("BPU"), and the Louisiana Public Service Commission ("LPSC"). *Id*. at 39:11 – 40:11.

IMPLAN estimates three forms of economic impacts - - direct, indirect, and induced impacts.[165] As Dr. Dismukes explained in his rebuttal testimony:[166]

> Direct economic benefits are those that arise from DSU's own direct expenditures and/or investments such as investing in IT equipment, replacing distribution mains and service lines, or through various other operations and maintenance ("O&M") activities. Indirect economic benefits are those that arise from industries/businesses that support DSU's direct expenditures, such as those Louisiana companies that manufacture, store, and deliver pipes, contract engineering and design work that may be performed by outside vendors, electrical support and contract services, environmental consulting support, equipment rentals, among other activities. Induced economic benefits arise from the expenditures made by the labor employed in both direct and indirect activities and are mostly comprised of typical retail service activities such as purchasing meals, transportation expenditures, entertainment expenditures, among other activities. The "total" economic benefit is the sum of the direct, indirect, and induced economic benefits. The "multiplier" economic benefits are the sum of the indirect and induced benefits since these "leverage" or "multiply" direct DSU expenditures and investments.

In addition, Dr. Dismukes' economic benefits study recognizes that DSU will engage in two broad sets of economic activities that will lead to local and statewide economic impacts, including (i) DSU's "transition" activities that include those activities directly related to the stand-up and "transition" to a new natural gas utility for the former ELL and ENO natural gas LDCs (*e.g*., an ***additional*** 200 new jobs from the closing of both the Entergy and CenterPoint transactions); and (ii) the economic benefits that arise from what Dr. Dismukes refers to as DSU's "retained" activities, which include common natural

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[165] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 40:14-15 (June 28, 2024) (as corrected July 17, 2024).

[166] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 40:15 – 41:10 (June 28, 2024) (as corrected July 17, 2024).

gas functions that will be performed by DSU NO and DSU LA on a forward going basis such as replacing aged pipelines, modernization activities, dispatching work crews for maintenance activities, among others.[167] Further, for each of these activities (transition and retained), Dr. Dismukes estimated two types of functions consisting of (a) capital investments and (b) operational expenditures (such as O&M expenses).[168] In total, there are two broad sets of economic benefits arising from transition investment and transition operations and an additional two sets of broad economic benefits arising from retained investment functions and retained operations.[169]

The results of Dr. Dismukes analysis indicate significant economic benefits from the Transaction, **including more than $1 billion in economic output over the first four full years of DSU NO ownership.** These benefits are summarized in the below table from Dr. Dismukes' rebuttal testimony that shows total economic benefits of the Proposed Transaction (and which **do not include the additional benefits expected with the closing of both the Entergy and CenterPoint transactions**):[170]

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[167] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 41:11-20 (June 28, 2024) (as corrected July 17, 2024).

[168] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 41:20-22 (June 28, 2024) (as corrected July 17, 2024).

[169] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 41:22 - 22:2 (June 28, 2024) (as corrected July 17, 2024).

[170] Hearing Exhibit DSU NO – 15, Public-Redacted Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 44, Table 1 (June 28, 2024) (as corrected July 17, 2024).

<u>Table 2</u>

	DSU Total Economic Impacts from Entergy Transaction					
	Total (2024)	Total ($NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 706	$ 559	$ 186	$ 171	$ 173	$ 175
Indirect	282	223	77	67	68	69
Induced	150	119	40	36	37	37
Total	**$ 1,138**	**$ 901**	**$ 304**	**$ 275**	**$ 278**	**$ 281**
Employment (jobs-years)						
Direct	1,214	-	322	292	298	302
Indirect	1,439	-	402	342	346	349
Induced	884	-	238	212	216	218
Total	**3,537**	**-**	**963**	**846**	**860**	**869**
Labor Income ($ million)						
Direct	$ 100	$ 79	$ 27	$ 24	$ 25	$ 25
Indirect	89	71	24	21	22	22
Induced	44	35	12	11	11	11
Total	**$ 233**	**$ 185**	**$ 63**	**$ 56**	**$ 57**	**$ 57**
Value Added (GSP)						
Direct	$ 351	$ 277	$ 90	$ 86	$ 87	$ 88
Indirect	141	112	38	34	34	34
Induced	85	67	23	20	21	21
Total	**$ 576**	**$ 456**	**$ 151**	**$ 140**	**$ 142**	**$ 143**

Moreover, Dr. Dismukes isolated the economic benefits of the Transaction specific to New Orleans. Due to DSU committing to locate its corporate headquarters in the City of New Orleans, ***<u>between 95% and 98% of all economic benefits will be realized by the City of New Orleans</u>***, with other benefits largely to be gained by the areas surrounding New Orleans.

Dr. Dismukes determined that the Transaction could provide benefits to Orleans Parish specifically, as follows:[171]

- Local taxing authorities in Orleans Parish alone could receive as much as $3.62 million in new public revenue from the Transaction's transition investments and $0.8 million from the Transaction's retention activities for the Entergy-only Transaction over a four-year period 2026-2029.[172] These

[171] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-2 (September 3, 2024).

[172] Hearing Exhibit – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:7-12 and Exhibit DED-2, page 2 (September 3, 2024).

tax benefits increase to more than $8 million when looking at the combined proposed CenterPoint + Entergy transactions.[173]

- Over $680 million in transition-related economic output will remain in Orleans Parish (97 percent of total transition output impacts), $349 million in value added will remain local (98 percent of total transition value added impacts), $121 million in labor income will remain local (96 percent of total transition labor income impacts), and 1,786 employment opportunities (95 percent of total transition employment).[174] These benefits double when considering the combined Entergy and CenterPoint Transactions.[175]

- Over $42 million in retention-related economic output will remain in Orleans Parish, $16 million in value added will remain local, $6 million in labor income will remain local, and 76 employment opportunities over a four-year period 2026-2029 will also remain local.[176] These benefits more than double when considering the combined Entergy and CenterPoint Transactions.[177]

Thus, New Orleans has by far the most to gain from the Transaction.

vi. Extended Period of Base Rate Consistency

DSU NO has committed that it will not file a rate case prior to 15-months post-Closing. Between Closing and rates being set by the Council in the future rate proceeding, DSU NO has proposed to step into the shoes of ENO by adopting ENO's rates, rate schedules and riders. This will allow for an extended period of no base rate changes for gas customers.

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[173] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:13 and Exhibit DED-2, page 2 (September 3, 2024).

[174] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 18:12-18 and Exhibit DED-2, page 1 (September 3, 2024). Employment is provided in terms of job-years. *Id*.

[175] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:1-4 and Exhibit DED-2, page 1 (September 3, 2024).

[176] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 18:28 – 19:1 and Exhibit DED-2, page 1 (September 3, 2024).

[177] Hearing Exhibit DSU NO - 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 19:1-4 and Exhibit DED-2, page 1 (September 3, 2024).

For example, as explained in discovery and testimony in this proceeding, if the Proposed Transaction were to close on July 1, 2025, DSU NO would adopt ENO's rates, rate schedules and riders in place at that time, which would include its gas formula rate plan rider ("GFRP Rider"). Pursuant to the terms of the GFRP Rider, ENO is required to file an earnings report for the calendar year 2024 evaluation period by April 30, 2025, with any change in rates effective September 1, 2025. Since ENO would have owned and operated the gas assets during the 2024 evaluation period, and DSU NO would be stepping into the shoes of ENO and adopting its rates, rate schedules and riders, DSU NO's rates at the July 1, 2025 Closing would adjust on September 1, 2025, consistent with the results of the GFRP proceeding for the 2024 evaluation period.

After any incremental rate change effective September 1, 2025, DSU NO rates would not change until a final order in the future rate case - - which, in this scenario, would not be filed prior to October 1, 2026. Assuming approximately 12 months for conclusion of the rate proceeding and authorization of new DSU NO rates by the Council, gas customers would enjoy approximately 25 months of no rate changes as a result of DSU NO's commitments, with no rate adjustments until opportunity for Council review and approval of rates that the Council determines to be just and reasonable.

vii. Other Transaction Benefits

Other benefits of the Transaction include that DSU NO will be a standalone natural gas utility, with its core-focus being the provision of natural gas to New Orleans customers. Such core-focused structure will benefit gas customers through gas-centric customer interactions, including an easy-to-navigate web portal, bill interpretation, enhanced customer issue resolution and credit and collection processes.[178] Currently, gas revenues are approximately 1% of total, consolidated operating revenues of Entergy Corporation ("Entergy") based on Entergy's 2022 10K.[179] Whereas, under DSU NO ownership, 100% of DSU NO's revenues will be from gas service.[180] Further, DSU NO's business platform, from management to field personnel, are gas focused.[181]

Thus, DSU NO is taking what is currently not a core business under the Entergy platform and establishing a platform where safe and reliable gas service is its sole purpose. Customers will benefit from gas-centric and core-focused customer interactions, including:

- Eliminate need to contend for capital with and among significantly larger electric utilities (DSU NO revenues 100% from gas sales versus 1% of total, consolidated 2022 operating revenues of Entergy Corporation).[182]
- Dedicate effort and resources to the DSU NO gas business without competition with electric service operations.[183]
- Enhance ability for decisions to be made to the benefit of the gas utility and its customers.[184]

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[178] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:3-5 (September 3, 2024).

[179] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 8:20-21 and 18:3-4 (December 11, 2023).

[180] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 10:17 – 11:1 (December 11, 2023).

[181] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 32:15-19 (December 11, 2023).

[182] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness at, at 24:1-12 (December 11, 2024).

[183] Hearing Exhibit DSU NO – 2, Direct Testimony of Jeffrey Yuknis, DSU NO witness, at 32:16 – 33:5 (December 11, 2024); Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 19:1-9 (December 11, 2023).

[184] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness at, at 25:1-4 (December 11, 2024).

- Establish new shared services company specifically designed for gas distribution customers.[185]
- Streamline resolution of customer inquiries with a customer service centered dedicated solely to gas customers.[186]
- Enhance economies of scale across platform by investing in growth of gas business.[187]

The benefits from the Transaction that have been discussed in the 10 pieces of testimony submitted by DSU NO in this proceeding are too extensive to capture in their entirety in this brief. Thus, DSU NO is attaching to this brief a comprehensive summary of all Transaction benefits and DSU NO commitments in **Exhibit A** to this brief, and has attached for convenience the high-level summary of Transaction benefits provided in Mr. Yuknis Rebuttal Testimony and the summary of benefits specific to the transformational IT system to be implemented as a result of the Transaction that was provided in Dr. Dismukes' Rejoinder Testimony as **Exhibit B** and **Exhibit D**, respectively.[188]

B. Costs to Achieve Benefits of the Proposed Transaction

Costs associated with the Transaction can be divided into three buckets: (i) transaction costs, (ii) acquisition premium, and (iii) Transition Plan Costs. Transaction

[185] Hearing Exhibit DSU NO -2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 27:4-13 (December 11, 2023).

[186] Hearing Exhibit DSU NO – 3, 3 Direct Testimony of Brian K. Little, DSU NO witness, at 24:19 – 25:1 (December 11, 2024); Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:3-5 (September 3, 2024).

[187] Hearing Exhibit DSU NO – 2, Direct Testimony of Jeffrey Yuknis, DSU NO witness, at 34:11-20 (December 11, 2024);

[188] **Exhibit B** was provided in evidence as Exhibit JY-4 to the Rebuttal Testimony of Jeffrey Yuknis; see Hearing Exhibit DSU NO – 4, Rebuttal Testimony of Jeffrey Yuknis, DSU NO witness (September 3, 2024). **Exhibit D** was provided in evidence as Exhibit DED-1 to Rejoinder Testimony of David E. Dismukes, Ph.D.; see Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness (September 3, 2024).

costs are those associated with accomplishing the transaction - - *e.g.*, due diligence, negotiation of the deal, pursuit of regulatory approvals, closing of the transactions.[189] *DSU NO has committed not to seek recovery of such costs, and thus, such costs do not negatively impact customers pursuant to the public interest standard for approving the Transaction*.

Acquisition premium is the amount paid over and above the net book value of the Purchased Assets, as determined at Closing pursuant to the terms of the PSA.[190] *DSU NO has committed not to seek recovery of any acquisition premium, and thus, such costs do not negatively impact customers pursuant the public interest standard for approving the Transaction*.

However, the Transition Plan Costs, *i.e.*, the costs associated with DSU NO's detailed Work Plan to stand up the new LDC and new DSU Services company,[191] including the transformational IT system,[192] should be recoverable if such costs are prudently incurred by DSU NO for the benefit of gas customers- - just as such costs would be recoverable by any other existing utility (or the Council of the City of New Orleans) implementing a cloud-based IT system in place of a 2005 on-premises system.[193] *Yet*,

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[189] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-8, page 9 (June 28, 2024).

[190] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 15-16 (June 28, 2024).

[191] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 7:16-8:3 (December 11, 2023).

[192] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 15:1-6 (December 11, 2023).

[193] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 32:17-34:12 (September 3, 2024).

DSU NO is not requesting recovery of such costs in this proceeding. Rather, DSU NO is requesting to defer recovery of its Transition Plan Costs for the opportunity to seek recovery of such costs at a later date, net of revenues collected in rates associated with ENO's Retained Assets, and subject to review by the Council of the prudence of such costs.[194] Not only does this permit the Council the opportunity to ensure that such costs have provided a benefit to customers and are prudently incurred, the deferral provides gas customers an extended period without annual rate changes that otherwise would occur under ENO ownership (as discussed in more detail herein). DSU NO Transition Plan Costs, netting of ENO Retained Assets and DSU NO's proposed deferral and future recovery of net costs subject to a prudence review as part of the Council's determination of just and reasonable rates, is discussed in more detail below.

i. Transition Plan Costs

DSU NO has provided the Council with a detailed estimate of Transition Plan Costs,[195] and provided information to support the amount of Transition Plan Costs that would be allocated to DSU NO under both the closing of only the Proposed Transaction and the closing of the combined Entergy and CenterPoint transactions.[196] Further, it is important to note that under the closing of the combined Entergy and CenterPoint

[194] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 39:6-14 (December 11, 2023).

[195] *See* Hearing Exhibit DSU NO – 17, HSPM-CS Rebuttal Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-3, Tab "TOTAL Set Up Costs," at cells D13 (Entergy only) and D36 (combined Entergy + CenterPoint) (June 28, 2024) (as corrected July 17, 2024).

[196] *See* Hearing Exhibit DSU NO – 17, HSPM-CS Rebuttal Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-3, Tab "TOTAL Set Up Costs," at cells F42 (Entergy only) compared to F43 (combined Entergy + CenterPoint) (June 28, 2024) (as corrected July 17, 2024).

transactions the amount of Transition Plan Costs allocated to DSU NO is reduced relative to those costs allocated only under the closing of the Proposed Transaction (i.e., Entergy only).[197]

In fact, with closing of both the Entergy and CenterPoint transactions and netting of ENO's Retained Assets, DSU NO's net allocated share of Transition Plan Costs is estimated to be **$1 million**. This means that when looking solely at the Transition Plan Costs to be allocated to DSU NO under the combined Entergy and CenterPoint transactions, DSU NO gas customers would receive the benefits from DSU NO's Transition Plan, including benefits from the transformational, cloud-based IT system, for nearly the same amount of money currently included in ENO's rate base for the Retained Assets that DSU NO is replacing.

Table 3

NBV OF TRANSITION PLAN COSTS COMPARED TO ENO RETAINED ASSETS

DSU NO Allocated Share of Transition Plan Costs (Combined Entergy + CenterPoint Transactions)[198]	$[redacted] Million
ENO Net Book Value of Retained Assets (as of 12/31/2023)[199]	$[redacted] Million
Difference	**$1 Million**

[197] *See* Hearing Exhibit DSU NO – 17, HSPM-CS Rebuttal Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-3, Tab "TOTAL Set Up Costs," at cells F42 (Entergy only) and F43 (combined Entergy + CenterPoint) (June 28, 2024) (as corrected July 17, 2024).

[198] *See* Hearing Exhibit DSU NO – 17, HSPM CS Rebuttal Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-3, Tab "TOTAL Set Up Costs," cell G42 (September 3, 2024).

[199] *See* Hearing Exhibit DSU NO – 17, HSPM CS Rebuttal Testimony of David E. Dismukes, Ph.D., at Exhibit DED-3, Tab "Shared Assets," cell C29 (September 3, 2024).

Further, regardless of the CenterPoint transaction, the Transition Plan Costs are not a "harm" to ratepayers simply because there is a "cost." DSU NO has demonstrated that the Transition Plan Costs are expected to result in significant benefits to customers and the City of New Orleans, with the largest portion of these costs (IT investment) resulting in a positive benefit-cost ratio.[200] And, to the extent questions remain at the time of DSU NO's initial rate proceeding as to whether benefits exceed Transition Plan Costs, net of the Retained Assets, the Council retains the authority to address such questions in a rate proceeding when it is determining the prudence of such costs and determining just and reasonable rates.

While DSU NO Transition Plan Costs are estimated, the estimate is based on a detailed Work Plan.[201] Further DSU NO has provided actual costs incurred through March 31, 2024,[202] and the life-to-date actual costs under each of the Accenture Statements of Work through June 30, 2024.[203] And, DSU NO recently confirmed in DSU NO witness Mr. Brian K. Little's rebuttal testimony that it has procedures in place to scope and track its Transition Plan Costs and such costs are tracking against the estimate.[204]

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[200] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 53:4-7 (June 28, 2024) (as corrected July 17, 2024).

[201] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-7, page 7 (June 28, 2024).

[202] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-17 (June 28, 2024).

[203] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-4 (September 3, 2024); Hearing Exhibit DSU NO – 11, Rejoinder Testimony (HSPM-CS) of Brian K. Little, DSU NO witness, at Exhibit BL-5 (September 3, 2024).

[204] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 7:18-21 (June 28, 2024).

Moreover, DSU NO has committed to commence filing reports of the Transition Plan Costs upon completion of the first full quarter after regulatory approvals.[205]

Thus, DSU NO has provided a detailed estimate of its costs, has procedures in place to track such costs, and such costs are in line with its estimate of Transition Plan Costs. In other words, prior to even considering DSU NO's cost mitigation plans and agreed upon cost cap (*e.g*. fixed fee contracts, discussed in next section), the Council should have confidence that there will not be a surprise cost overrun when DSU NO comes in for the initial rate case 15-months or more post-Closing.

ii. Mitigation of and Cap on Transition Plan Costs

DSU NO has mitigation plans in place for 84% of its Transition Plan Costs.[206] As DSU NO witness Mr. Brian Little testified, the cost mitigation plans are comprised of the following two components:[207]

> 1. 75% of Transition Plan Costs relate to the new greenfield modern, cloud-based IT system platform. As discussed in my Rebuttal Testimony, DSU Services has entered into several contracts with Accenture, such that Accenture is DSU NO's (and its affiliates') implementation partner for the new greenfield modern, cloud-based IT system platform, structured to mitigate the risk of change for a substantial portion of Transition Plan costs. The Strategic Partner Agreement between the parties provides several expressly negotiated benefits of the Transaction, including that Accenture will develop a New Orleans based office to serve DSU NO and other clients in the New Orleans area, providing an additional source of new technology-based jobs for the New Orleans market.

[205] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 7:21-8:6 (June 28, 2024).

[206] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:13-16 (June 28, 2024).

[207] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 13:15-14:17 (September 3, 2024).

> Additionally, Accenture has agreed to provide the services at the negotiated rate cards of Entergy, providing DSU NO the rate discount of a much higher volume client, which reduces the overall cost of the Transition Plan. Most importantly, the Statements of Work with Accenture for the largest portions of the Transition Plan are being performed pursuant to a fixed-fee contract. This contracting structure provides substantial risk reduction to DSU NO of the largest portion of the Transition Plan costs.
>
> 2. 9% of the Transition Plan costs relate to the onboarding of the approximately 100 new employees, As discussed in my Rebuttal Testimony, DSU NO's plan is based on coordinating the new hires in relation to receiving regulatory approvals with most of the hires occurring after receipt of regulatory approvals, which should enable DSU NO to mitigate the risk of increased costs associated with these approximate 100 new employees. DSU NO has also conservatively estimated the employee costs by applying a higher than median assumption of salary for each of the new positions.

While DSU NO does not propose a cap on its total Transition Plan Costs, DSU NO has agreed to cap the costs for which it will seek recovery in its future rate case filing that are under the fixed fee portions of work performed by Accenture, which is estimated to be approximately 57% of total services to be performed by Accenture.[208] The cost of the fixed-fee Accenture work that DSU NO will seek to recover from customers will not exceed the proposed DSU NO allocated portion of the Accenture fixed-fees, plus DSU NO's allocated share of any additional Fixed Fee statements of work executed for changes in scope of the technology investment.[209]

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[208] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 16:10-14 (September 3, 2024).

[209] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 16:14-17:1 (September 3, 2024). DSU NO's share of the proposed fixed fees is based on utilizing ENO's share of historical cost allocations between ENO and ELL for shared services costs of 55%. CITE

Thus, DSU NO has taken measures in negotiating its integration contracts to prevent costs associated with development and implementation of the cloud-based IT system - - the largest expense of its Transition Plan Costs - - from being susceptible to cost overruns. And, DSU NO has agreed to cap its recovery of Transition Plan Costs tied to these fixed price contracts. DSU NO has provided a significant guarantee that its estimated Transition Plan Costs will not materially change, even prior to seeking any approval of recovery thereof.

iii. Deferral of Transition Costs to Future Rate Proceeding

DSU NO is not requesting Council approval of its recovery of Transition Plan Costs in connection with approval of the Proposed Transaction in this proceeding. Rather, DSU NO has requested approval of the Council to defer the Transition Plan Cost to a regulatory asset, so that it has the opportunity in a future rate proceeding to seek recovery of such costs subject to review by the Council that the costs were prudently incurred and will result in just and reasonable rates.

In addition, as a further commitment to minimizing any potential rate impact from the Transaction, DSU NO has agreed to an extended amortization period of 25 years for recovery of Transition Plan Costs deferred to the regulatory asset. Thus, should the Council determine in the future rate proceeding that DSU NO has prudently incurred the Transition Plan Costs and DSU NO should be allowed to recover such costs, use of an extended amortization period of 25 years would reduce the annual revenue requirement associated with the regulatory asset, which would benefit customers through a reduced rate impact. Thus, by requesting Council authority to defer Transition Plan Costs to a regulatory asset for consideration by the Council in the future rate proceeding and agreeing to recover such costs from customers over an extended amortization period, DSU NO is mitigating any impact the Transition Plan Costs may have on customers.

While the amortization period can be determined in the future rate proceeding in connection with the Council's consideration of the prudence and recoverability of the Transition Plan Costs by DSU NO, deferral of the Transition Plan Costs, inclusive of carrying costs and depreciation expense, does require Council approval in this proceeding. DSU NO believes Council approval of the use of a regulatory asset is the best approach for treatment of Transition Plan Costs, as it best mitigates any impacts to ratepayers and provides the flexibility for the Council to determine future rate treatment as part of a holistic rate case.

However, DSU NO is also agreeable to book certain Transition Plan Costs to Account 303 (Intangible Plant) and defer only the depreciation expense and carrying costs to a regulatory asset (along with the Transition Plan Costs not booked to Intangible Plant), as recommended by the Advisors.[210] This alternative approach is discussed below.

iv. Booking of Transition Plan Costs to Intangible Plant

The Advisors have recommended that the Council not authorize deferral of certain Transition Plan Costs relating to the IT system and facilities to a regulatory asset but for

[210] Hearing Exhibit ADV – 9, Direct Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 28:10-14 (May 31, 2024); Hearing Exhibit ENO – 14, Rejoinder Testimony of Jay A. Lewis, DSU NO witness, at 7:23-8:4 (September 3, 2024).

DSU NO to instead book those costs as Intangible Plant in Account 303.[211] The Advisors' approach would allow the depreciation expense and carrying costs on the Transition Plan Costs booked to Intangible Plant to be deferred to a regulatory asset, along with the deferral to a regulatory asset of the remainder of the Transition Plan Costs (other than IT and facilities), including with carrying costs.[212] The depreciation rate for the costs booked as Intangible Plant would initially be ENO's depreciation for intangible plant until conclusion of DSU NO's future rate proceeding, when the Council will review and evaluate a depreciation study to be submitted by DSU NO and authorize new depreciation rates for DSU NO in connection with the Council's review of the prudence and recoverability of the Intangible Plant and deferred regulatory asset.[213]

DSU NO believes its proposed approach (deferral of all Transition Plan Costs to a regulatory asset, with carrying costs) and use of an extended amortization period would reduce any impact on customers and would provide flexibility to the Council to determine final treatment of DSU NO's Transition Plan Costs in a future rate filing.[214] However, DSU NO does not oppose the Advisors' alternative approach.[215]

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[211] Hearing Exhibit ADV – 12, Surrebuttal Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 7:27-10 (August 5, 2024).

[212] Hearing Exhibit ENO – 14, Rejoinder Testimony of Jay A. Lewis, DSU NO witness, at 8:4-11 (September 3, 2024).

[213] Hearing Exhibit ENO – 14, Rejoinder Testimony of Jay A. Lewis, DSU NO witness, at 11:3-18 (September 3, 2024).

[214] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 14-15 (June 28, 2024).

[215] Hearing Exhibit ENO – 14, Rejoinder Testimony of Jay A. Lewis, DSU NO witness, at 11:3-18 (September 3, 2024).

v. Customer Impact

DSU NO and the Advisors have each prepared a hypothetical, incremental revenue requirement analysis and customer bill impact analysis for the Proposed Transaction.[216] These analyses compare DSU NO's revenue requirement following Closing of the Transaction to what ENO's revenue requirement would have been without the Transaction Closing.[217] However, this requires numerous assumptions for inputs that will not be known until the future rate proceeding, such as DSU NO's ADIT balance, return on equity for ratemaking purposes, the amount of the Retained Asset credit, and depreciation/amortization expenses.[218] Thus, this impact analysis is based on a hypothetical set of factors, and neither the incremental revenue requirement nor the impact of that revenue requirement on customer bills is an actual representation of the impact of the Transaction; rather, the future rate filing will determine DSU NO's authorized return on equity, cost of debt, revenue requirement and customer class cost of service.[219]

However, a few of the key differences between DSU NO's analysis and that of the Advisors result in the Advisors' analyses presenting an overstated incremental revenue requirement and residential bill impact - - particularly when the parties agree that a full rate filing will require adjustment to many of these hypothetic variables. Th ese include:

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[216] Hearing Exhibit DSU NO – 17, Rebuttal Testimony (HSPM-CS) of David E. Dismukes, Ph.D., DSU NO witness, at HSPM-CS Exhibit DED-1 (June 28, 2024) (as corrected July 17, 2024).

[217] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 13:1-16 and 14:4-20 (June 28, 2024) (as corrected July 17, 2024).

[218] Hearing Exhibit DSU NO – 15, Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 4:!6 – 5:21 (June 28, 2024). (as corrected July 17, 2024).

[219] Hearing Exhibit DSU NO – 15, Rebuttal Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 4:16 – 5:21 and 14:13-20 (June 28, 2024). (as corrected July 17, 2024).

(i) components of the Retained Assets (which in turn affects the amount of the Retained Asset credit), (ii) appropriate allocation of revenue requirement to the residential customer class, and (iii) average natural gas consumption of residential customers. When the full amount of Retained Assets is credited against Transition Plan Costs, when average monthly residential consumption that is based on actual, historical data is used, and when a revenue requirement is fairly allocated to customer classes based on the class's share of total volumetric sales, the impact of the Transaction is very minimal, if any.

a. Retained Asset Credit

With respect to the Retained Asset credit, Advisors' witness Mr. Watson recommended in his Direct Testimony that the amount to be netted should only relate to the DSU NO IT systems and applications and should exclude the amounts related to the other retained assets based on the assumption that only IT systems and applications retained by ENO will be replaced by DSU NO.[220] However, as DSU NO witness Mr. Brian Little testified, Mr. Watson's assumption is incorrect,[221] as DSU NO's O&M forecast includes costs to replace non-IT related ENO Retained Assets, including corporate headquarters facility costs and DSU NO's new operations center, which may be an owned

[220] Hearing Exhibit ADV – 9, Direct Testimony of Byron S. Watson, Advisors' witness, at 45, Table 3 and at 43:6-10 (May 31, 2024).

[221] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 26:6-9 (June 28, 2024).

and not leased facility.[222] Thus, the entirety of the Retained Assets should be netted against DSU NO's Transition Plan Costs..[223]

b. Class Allocation Factor

The Advisors utilize class allocation factors obtained from ENO's 2024 GFRP evaluation,[224] which allocates approximately 63.55 percent of estimated costs associated with the Proposed Transaction to the residential rate class.[225] However, a 63.55 percent allocation factor allocates a substantially greater portion of the costs to residential ratepayers (approximately 63.5 percent)[226] compared to volume of natural gas consumed by residential ratepayers (approximately 34.9 percent of the volume),[227] thereby overstating the impact of Transition Plan Costs and other gas utility costs to residential customers.

As Dr. Dismukes testified, based on relative 2022 ENO volumetric sales reported on EIA Form 176, only 34.9 percent of costs associated with the Proposed Transaction should be allocated to residential ratepayers. While this may not be the existing class allocation factor used by ENO, DSU NO has committed to filing a cost-of-service study with its initial rate proceeding, and the existing allocation methodology would be adjusted

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[222] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 26:11-19 (June 28, 2024).

[223] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 27:1-2 (June 28, 2024).

[224] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 30:10-11 (June 28, 2024) (as corrected July 17, 2024).

[225] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 30:11-12 (June 28, 2024) (as corrected July 17, 2024).

[226] UD-24-01 Byron Watson Workpapers Revenue_Impact HSPM-CS, Tab "Transaction RR Calc."

[227] ENO 2022 Volumes and Customers, EIA Form 176.

in consideration of a new cost of service analysis for the utility prior to any adjustment to rates.[228] It is therefore inappropriate to establish rate impacts based on the existing allocation methodology.[229]

c. Average Annual Consumption of Residential Customers

In addition to using an incorrect class allocation factor, the Advisors use an abnormally high average natural gas usage level to estimate typical residential bill impacts that only serves to incorrectly overstate and magnify typical bill impacts.[230] The Advisors assume a typical average residential customer uses 50 ccf/month per year from typical bill formulas included in ENO's 2024 GFRP Evaluation filing.[231] However, as DSU NO witness Dr. Dismukes testified, this is over 1.75 times higher than actual gas consumption reported by ENO over the past five years.[232] The more appropriate monthly average usage level for typical residential natural gas customer in New Orleans, based on actual historical data reported by ENO, is 27 ccf per month.[233]

While it is possible that 50 ccf may have at one time been representative of an average residential customer's monthly usage, that clearly is no longer the case based

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[228] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 31:7-12 (June 28, 2024) (as corrected July 17, 2024).

[229] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 31:12-15 (June 28, 2024) (as corrected July 17, 2024).

[230] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 32:16-18 (June 28, 2024) (as corrected July 17, 2024).

[231] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 32:19-21 (June 28, 2024) (as corrected July 17, 2024).

[232] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 32:21-33:1 (June 28, 2024) (as corrected July 17, 2024).

[233] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 33:1-2 (June 28, 2024) (as corrected July 17, 2024).

on actual, recent historical data.[234] Importantly, when using an average residential customer monthly usage for calculating the impact of the Transaction on a residential customer that is based on actual data, the lower average of 27 ccf per month significantly reduces the impact to residential customers than shown in the Advisors analysis.[235]

While DSU NO feels it important for the Council to be informed as to why DSU NO's analysis and that of the Advisors differ, and why the Advisors' analysis overstates the impact of the Transaction - - particularly on residential customers, these key inputs will be determined in the future rate proceeding. Thus, it is inappropriate and unnecessary to establish rate impacts based on an existing cost allocation methodology or a hypothetical analysis.

C. DSU NO Commitments

DSU NO has agreed to 15 commitments specific to mitigating any potential harm to customers related to the Proposed Transaction and a total of 40 commitments that it has agreed to memorialize as conditions for approval of the Transaction.

The mitigation commitments have been discussed in the Joint Application and DSU NO's testimonies and are summarized in the below table taken from Exhibit JY-4 to the Rebuttal Testimony of Jeffrey Yuknis, DSU NO witness.[236]

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[234] ENO 2022 Volumes and Customers, EIA Form 176.

[235] Hearing Exhibit DSU NO – 17, Rebuttal Testimony (HSPM-CS) of David E. Dismukes, Ph.D., DSU NO witness, at 33:3-7 (June 28, 2024) (as corrected July 17, 2024).

[236] Hearing Exhibit DSU NO – 5, Rebuttal Testimony of Jeffrey Yuknis (HSPM), DSU NO witness, at Exhibit JY-4 (June 28, 2024).

Table 4

No.	Summary of Mitigation by DSU NO
1	Not seek recovery of Transaction costs
2	Not seek recovery of any acquisition premium associated with the transaction
3	Adopt ENO's rates at closing of the Proposed Transaction and/or supported by ENO's most recent evaluation period and hold rates steady to the GFRP for approximately 24-27 months post-Closing until future case
4	Provide customers with full benefit of Transition Plan but with no rate adjustment until prudency review and approval of NOCC in subsequent rate filing
5	Extend amortization period of Transition Plan costs through use of regulatory asset with proposed 25-year amortization period. Dr. Dismukes estimates that the first-year revenue requirement associated with the DSU NO proposed 25-year amortization period is approximately $0.5 million more favorable to customers than the Advisors' proposed 15-year period, when accounting for estimated ADIT impacts
6	Absorb loss of ADIT for period between Closing of the Proposed Transaction and final outcome of the future rate filing
7	Locate corporate headquarters in New Orleans, Louisiana
8	Continue capital expenditure programs, including the GIRP and IM programs
9	Offer employment to all approximately 200 active employees primarily engaged in the ENO Gas Business and those who return from leave
10	Openness to discussing sharing a portion of goodwill amortization to further mitigate the remaining net impact of ADIT on customers
11	Agree to not execute any new large commercial gas contracts without expressed Council approval
12	Agree to cost of service study to evaluate allocation of costs to all customer classes
13	Implement full cost of service analysis to assist development of appropriate cost allocation to large commercial gas customers
14	Implement full cost of service analysis to assist development of appropriate cost allocation to NOPS transportation service
15	Use a fixed-fee contract for major IT system implementation components to mitigate risk of cost overruns

These are significant commitments made by DSU NO to mitigate any adverse impacts of the Proposed Transaction on customers.[237]

Moreover, DSU NO has also agreed to many other commitments, relating to reporting, financial audits, internal controls processes, cost of service studies for both retail gas service and gas transportation service to the New Orleans Power Station ("NOPS"), large commercial gas contracts, among others.[238] A total 27 commitments (conditions for approval) were made prior to rebuttal testimony and provided as Exhibit JY-2 (Section A) to the Rebuttal Testimony of Jeffrey Yuknis, DSU NO witness, and an additional 12 commitments were made in rebuttal testimony and provided in Exhibit JY-2 (Section B) to Mr. Yuknis' Rebuttal Testimony, which are both included in **Exhibit C** to this brief.

In addition, since filing its rebuttal testimony and listing the 40 commitments, DSU NO has also agreed to cap the costs for which it will seek recovery in its future rate case filing that are under the fixed fee portions of work performed by Accenture, which is estimated to be approximately 57% of total services to be performed by Accenture.[239]

Importantly, DSU NO has confirmed the Council's broad scope of review in the future rate proceeding in which DSU NO would seek recovery of its Transition Plan Costs

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[237] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 14-15 (June 28, 2024).

[238] Hearing Exhibit DSU NO – 5, Rebuttal Testimony of Jeffrey Yuknis (HSPM), DSU NO witness, at Exhibit JY-2 (June 28, 2024).

[239] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 16:10-14 (September 3, 2024).

subject to the Council's review and approval.[240] In that future rate proceeding, DSU NO has agreed to an "all-of-the-above" review of its rate base, costs and allocation of gas service to retail customer classes, cost of transportation of gas to the New Orleans Power Station, return on equity, cost of debt, and impacts of change in ADIT from ENO ownership of gas assets to DSU NO ownership, to name a few ratemaking considerations.[241]

The Advisors have recognized that DSU NO has agreed to "significant number of commitments" for the protection of customers from any potential harms from the Proposed Transaction.[242] Thus, these mitigation commitments of DSU NO are a significant demonstration of how DSU NO is ensuring the Transaction is in the "public interest" of New Orleans, its residents and gas customers, and surrounding areas.

D. Other Issues for Future Rate Proceeding

There are several future ratemaking issues identified in this proceeding relating to the Proposed Transaction that are better to address in the future rate case when additional information will be available and when DSU NO will actually be seeking rate relief.

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[240] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 51:6-8 (September 3, 2024).

[241] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, at Exhibit JY-2 (Section A) Commitment Nos. 12, 13 and 27, and Exhibit JY-2 (Section B) Commitment Nos. 5 and 12.

[242] Hearing Exhibit ADV – 4, Surrebuttal Testimony of Joseph W. Rogers (Public-Redacted), Advisors witness, at 17:12-13 (August 5, 2024).

i. Credit Rating and Cost of Debt

DSU NO has a strong indicative 'BBB' credit rating.[243] Yet, DSU NO's anticipated long-term debt rates are higher than the one averaged across all of ENO's current issuances.[244] However, this higher cost of debt is simply a reflection of current market conditions and is not a reflection of the relative financing positions, or financial risks, between DSU NO and ENO.[245] Nor is it due to any non-arm's length transaction. As explained by Jefferies, LLC, DSU NO's banking firm, the financing process undertaken by DSU NO and its affiliates on behalf of DSU NO and Jefferies, as described herein, was prudent and was conducted by experienced lenders at arms-length, such that it resulted in the objectively best financing option available at the time of the commitment.[246] Thus, a higher cost of debt is simply a function of the current relatively high interest rate market at the time of obtaining financing commitments.

Further, going forward, in a scenario when each company is pursuing debt financing, it is expected that the cost of debt would be similar between ENO and DSU NO.[247] For example, after DSU NO prepared its rebuttal testimonies, ENO disclosed that

[243] See DSU NO Response to CNO 1-24 (Cited in Advisors' Testimony).

[244] Hearing Exhibit DSU NO – 17, Rebuttal Testimony (HSPM-CS) of David E. Dismukes, Ph.D., DSU NO witness, at 20:1-8 (September 3, 2024).

[245] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 20:12-21:2 (June 28, 2024) (as corrected July 17, 2024).

[246] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-3 (June 28, 2024).

[247] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 22:16-23:3 (June 28, 2024) (as corrected July 17, 2024).

it had issued $50 million in long-term debt at a rate of 6.61 percent,[248] which is almost 200 basis point higher than ENO's then weighted average cost of long-term debt of 4.85 percent.[249] Thus, any potential impact from DSU NO's currently anticipated higher cost of debt is temporal - - as ENO's current debt matures and new debt is issued, any "harm" will be eliminated.[250]

As discussed in the Rebuttal Testimony of Dr. David Dismukes, DSU NO witness, ENO has stated that three of its legacy long-term debt issuances will mature in the next few years and will likely need to be replaced with higher cost debt.[251] Dr. Dismukes testified it is likely that the relative financing costs of ENO (absent the Transaction) and DSU NO will eventually converge post-Closing, and that it is possible that future financing costs for DSU NO may be lower than ENO:[252]

> Given the current market conditions, it is safe to assume that, over time, ENO's average cost of debt would increase from its current levels as ENO seeks new long-term debt financing and its legacy notes expire. Likewise, it is also safe to assume that DSU NO's financing costs will decrease if market conditions improve in the future to the extent DSU NO issues new debt at these lower rates. Ultimately, there is no reason to believe that the relative financing costs of ENO (absent the Proposed Transaction) and DSU NO would not eventually converge post transaction, given the relatively similar

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[248] Hearing Exhibit ADV – 12, Surrebuttal Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 25:5-9 and 26:4-6 (August 5, 2024).

[249] Hearing Exhibit ADV – 12, Surrebuttal Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 23:5-6 (August 5, 2024).

[250] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 23:4-18 (June 28, 2024) (as corrected July 17, 2024).

[251] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 22:8-15 (June 28, 2024) (as corrected July 17, 2024).

[252] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 23:9-18 (June 28, 2024) (as corrected July 17, 2024).

> financial strengths of the two entities. If anything, it is possible that future financing costs for DSU NO may be lower than ENO, as noted by the Advisors.[253]

Thus, DSU NO's currently anticipated debt cost is not unreasonable and is not appropriately attributable to the Proposed Transaction, nor should it be viewed as an increased cost to ratepayers from the Proposed Transaction.[254] As recognized by the Advisors, the increase in DSU NO's long-term cost of debt relative to ENO is not due to an increase in the credit risk of DSU NO relative to ENO, but merely a product of the timing of when debt was issued by the respective entities.[255] Thus, as Dr. Dismukes has testified, the proper prudence analysis would be to compare the cost of DSU NO debt based on market conditions at the time it was priced, and not a comparison of DSU NO's debt rate to the debt costs associated with ENO's operations.[256]

To the extent incremental debt costs of DSU NO are evaluated against ENO, however, this analysis should be relative to ENO's most recent debt issuance and not ENO's current weighted average cost of debt, which includes many instruments that were issued decades ago during significantly different financial situations.[257]

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[253] *See*, Hearing Exhibit ADV – 9, Direct Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 20:12-14 (May 31, 2024).

[254] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 24:5-13 (June 28, 2024) (as corrected July 17, 2024).

[255] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 36:13-16 (September 3, 2024).

[256] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 36:16-18 (September 3, 2024).

[257] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 36:18 – 37:2 (September 3, 2024).

DSU NO has agreed that the Council has the authority to determine its cost of debt in the future rate proceeding that DSU NO has committed to file not sooner than 15-months post-Closing.[258] Only at that time can any impact from the timing of cost of debt issuances be determined and considered in the overall context of the benefits of the Transaction. Any impact from a change in the average cost of debt of ENO versus DSU NO should be reserved for the future rate proceeding in which DSU NO's cost of debt, cost of capital and other ratemaking issues will be determined.

The Advisors have also acknowledged that DSU NO's cost of debt will be determined by the Council in a future proceeding and any impact to customers will be determined and addressed at that time.[259] Thus, cost of debt should not be a factor in determining the prudence of the Proposed Transaction but reserved for the future rate proceeding.

ii. Accumulated Deferred Income Taxes ("ADIT")

ENO and DSU NO have confirmed that the net balance of ENO's ADIT will not transfer to DSU NO at Closing, consistent with tax regulations.[260] This could result in a reduced offset to rate base for ratemaking purposes for gas customers.[261] However, DSU NO and the Advisors agree that the degree of any impact cannot be determined at this

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[258]Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 14 (December 11, 2023).

[259] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 35:3-4 (September 3, 2024).

[260] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 10 (June 28, 2024).

[261] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 6-7 (June 28, 2024).

time, as ENO's net ADIT balance will continue to change between now and Closing, and DSU NO will have its own ADIT by the time of the rate proceeding when the Council determines DSU NO's rate base and revenue requirement.[262]

Moreover, between Closing and the Council's setting of DSU NO's rates in the future rate proceeding, DSU NO has agreed to adopt ENO's rates - - rates that are based on a revenue requirement that reflects an offset to rate base from ENO's net ADIT balance.[263] Thus, despite ENO's net ADIT balance not actually transferring to DSU NO at Closing, customers will still receive the benefit of it because DSU NO has agreed to mitigate any impact during this period by stepping into ENO's shoes and adopting its rates, rate schedules and riders.[264]

Further, DSU NO has agreed to mitigate a portion of the impact to gas customers from a loss of ADIT once such impact is determined in the future rate proceeding.[265] DSU NO has not committed to a specific amount of mitigation - - considering a specific impact cannot yet be identified.[266] However, DSU NO has proposed to use a portion of goodwill

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[262] Hearing Exhibit ENO – 14, Rejoinder Testimony of Jay A. Lewis, DSU NO witness, at 12:12-18 (September 3, 2024).

[263] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 17 (June 28, 2024).

[264] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 17 (June 28, 2024).

[265] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 22 (June 28, 2024).

[266] Hearing Exhibit ENO – 12, Rebuttal Testimony (Public Redacted) of Jay A. Lewis, DSU NO witness, at 20-21 (June 28, 2024).

tax benefits to mitigate any such impact.[267] *These goodwill tax benefits are benefits that ratepayers would not otherwise receive absent a commitment from DSU NO*.[268]

The Advisors have also acknowledged that DSU NO's rate base and revenue requirement will be determined by the Council in a future proceeding and any impact to customers from ENO's net ADIT balance will be determined and addressed at that time.[269] The Advisors and DSU NO agree that any impact from a change in the net ADIT balance should be reserved for the future rate proceeding in which DSU NO's rate base, revenue requirement and other ratemaking issues will be determined. Thus, ADIT should not be a factor in determining the prudence of the Proposed Transaction but reserved for the future rate proceeding.

iii. Retained Asset Value (Credit)

As Mr. Brian Little, DSU NO witness testified, "The Transaction represents a "carve out" of a smaller natural gas utility business from a significantly larger, publicly traded combination electric and natural gas company. As a result, the Purchased Assets do not encompass all the assets that will be needed for DSU NO operations, and certain shared services will need to be replaced by DSU Services."[270] Meaning, not all assets used to operate the ENO Gas Business are transferring to DSU NO as part of the Transaction.

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[267] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 29 (June 28, 2024).

[268] Hearing Exhibit ADV – 12, Surrebuttal Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 31:17-32:3 (August 5, 2024).

[269] Hearing Exhibit ADV – 12, Surrebuttal Testimony of Byron S. Watson (Public Redacted), Advisors witness, at 18:8-9 (August 5, 2024).

[270] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 27:6-9 (December 11, 2024).

There are assets necessary to the operation of ENO's larger electric business which are being retained by ENO.[271] Thus, DSU NO must replace these Retained Assets prior to Closing to ensure Day One Readiness. Since these Retained Asset are already in ENO's gas rate base, and in turn gas customers' rates, DSU NO's replacement of Retained Assets should only require Council scrutiny in terms of cost of the Transaction that exceed the benefits net of the net book value ("NBV") of ENO's Retained Assets.

As of December 31, 2023, the NBV of ENO's Retained Assets is $[redacted] million.[272] The Retained Assets' NBV will be updated as of Closing. Thus, the final determination of the impact of Transition Plan Costs on rate base (and in turn rates) once such costs are added and ENO's Retained Assets are removed will occur in the future rate proceeding.

However, based on the current NBV of ENO's Retained Assets, under the scenario where both the Entergy and CenterPoint Transaction close, DSU NO will spend only **<u>$1 million</u>** more than the NBV of ENO's Retained Assets to standup a core-focused natural gas utility that will operate with the benefit of a modern, cloud-based IT system.[273]

iv. <u>Prudence Evaluation Framework</u>

The Advisors have proposed a very limited framework for the Council's review and mitigation of impacts of the Transaction, including specifically the Transition Plan Costs,

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[271] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 4:5-13 (June 28, 2024).

[272] *See* Hearing Exhibit DSU NO – 17, HSPM CS Rebuttal Testimony of David E. Dismukes, Ph.D., at Exhibit DED-3, Tab "Shared Assets," cell C29 (September 3, 2024).

[273] *See* Table 3 of this brief.

in the future rate proceeding that DSU NO has committed to file. As discussed in the Rejoinder Testimony of DSU NO witness David Dismukes, Ph.D., a mitigation framework is not required nor necessary in this proceeding for the Council to approve the Transaction.[274] Nor is a mitigation framework required or necessary in this proceeding for the Council to review and approve, mitigate or disallow costs in the future rate proceeding if such costs are imprudently incurred and/or do not result in just or reasonable rates - - the Council is already vested with the authority to set "reasonable and just rates" for the public utilities it regulates and to disallow costs that are not prudently incurred.[275] As previously discussed, Council's Resolution and Order in ENO's most recent (2018) gas and electric rate case is explicit that a primary function of the Council in its utility regulatory capacity is to set "just and reasonable" rates."[276] Thus, in addition to the authority to determine whether the Transaction is in the public interest, the Council also has the authority to not only review the prudence of utility investments but then to determine and approve rates that are "just and reasonable."

There is no reason to pre-determine the types of benefits that can be considered by the Council in support in determining the prudence of DSU NO's transition investments, and thereby limit the information available to the Council for consideration in DSU NO's future proceeding when setting reasonable and just rates for DSU NO and

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[274] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 51:1-6 (September 3, 2024).

[275] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 45:16-22 (September 3, 2024).

[276] Docket No. UD-18-07, *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*, Resolution and Order at 3 (November 7, 2019).

its customers. As DSU NO witness Mr. Brian Little testified, a limited framework for evaluating the benefits of technology and platform transformations, such as included in the proposed Transition Plan, does not permit an appropriate review to be conducted by the Council;[277] a limited breadth and scope of analysis will not capture the numerous benefits of core-focused, modern cloud-based IT platforms,[278] nor will it allow the Council to perform a holistic review and analysis of the significant benefits achieved by DSU NO outside of the IT platform, as detailed throughout this proceeding, and summarized in Exhibit DED-1 to Dr. Dismuke's Rejoinder Testimony (and provided as **Exhibit D** to this brief).

DSU NO submits it is more appropriate to defer consideration of approval of Transition Plan Costs to a future rate proceeding when there will be more information available to support both the benefits and costs and whether there are actually any adverse impacts on gas customers. DSU NO supports an approach that lets the outcome follow the data without limiting the data that can be considered.

However, to the extent the Council requires a framework to be adopted in this proceeding for evaluating and determining net impacts of the Transition Plan that may require remedying, DSU NO has put forth a revised framework that includes reporting on Total Cost Impact and Total Benefits and Savings and a structure for an evaluation of costs and all benefits from the Transaction in the initial rate proceeding. DSU NO's

[277] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:8-10 (September 3, 2024).

[278] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:3-9:8 (September 3, 2024).

alternative structure accommodates the desire of the Advisors to have a framework in place for the Council to ensure forecasted short-term and long-term benefits of the Transaction materialize while not restricting DSU NO's ability to identify and demonstrate the benefits of the Transaction. This framework was provided in evidence as Exhibit DED-3 to the Rejoinder Testimony of Dr. David Dismukes and is also attached as **Exhibit H** to this brief.

DSU NO witness Mr. Brian K. Little provided testimony regarding DSU NO's framework relative to the recommendation of the Advisors, identifying specific concerns with the Advisors' framework that would overly limit identification of benefits of the Transaction that could be used to offset any mitigation that the Council may determine to be needed.[279] For example, as part of the Advisors' calculation of benefits to reduce any impact mitigation, the Advisors recommend that DSU NO should demonstrate reductions in IT operation and maintenance ("O&M") expense that result solely from efficiencies from a cloud-based IT system compared to ENO's costs in its final GFRP evaluation - - as *adjusted for inflation*; this would be instead of reflecting increases in ENO's IT-O&M costs based on ENO's actual increases in historical O&M costs.[280] Further, the Advisors' framework does not take into consideration future IT upgrade and replacements costs of ENO - - particularly costs associated with ENO's conversion to a cloud-based system,[281]

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[279] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 10:3-13:10 (September 3, 2024).

[280] Hearing Exhibit ADV – 4, Surrebuttal Testimony of Joseph W. Rogers (Public-Redacted), Advisors' witness, at 27:17-19 and 28:1-7 (August 5, 2024).

[281] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 10:11-11:10 (September 3, 2024).

which ENO has indicated it will be doing in the future but has not yet determined exactly when.[282] In addition, the Advisors' framework only allows IT O&M savings and does not reflect that technology is integrated into every aspect of the business such that the benefits and savings of such system will manifest across the business and in many accounts outside of IT based accounts and will create operational savings across the business. Benefits of the scalability of a cloud-based system, which allows growth and greater economies of scale savings for customers, is also not included in the Advisors' framework. Moreover, the Advisors' framework does not recognize that DSU NO's investment in a core-focused, modern cloud-based IT system provides many other categories of benefits, which may not necessarily directly result in reduced IT O&M. DSU NO should have the opportunity to demonstrate all forms of savings and efficiencies achieved under its ownership and core-focused platform.

In his rejoinder testimony, Mr. Little explained his concerns with the Advisors' framework relative to DSU NO's alternative framework, as follows:[283]

> 1. ENO IT-specific O&M costs adjusted for inflation should reflect ENO's historical actual increases in historical total O&M of 8.5% on a CAGR basis.[284] Further, a flat year-over-year inflation assumption does not take into consideration years in which larger IT projects, such as periodic upgrades necessary for the legacy on premises systems may occur driving costs higher in one year relative to another.

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[282] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 10:16-19 (September 3, 2024).

[283] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 10:3-13:10 (September 3, 2024).

[284] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 23:4-10 (June 28, 2024).

2. Advisors' witness Mr. Rogers' recommendation does not properly take into consideration the costs for future improvements of the Entergy IT platform. As discussed in Mr. Little's rebuttal testimony,[285] DSU NO believes the Advisors should take into consideration upgrade and / or replacement costs as the ENO gas business would be expected to incur these costs if not for the Transaction. Further, ENO recognizes that it will likely migrate to a cloud-based system and acknowledges this transition is becoming more common in the utility sector by companies with comparable systems; however, ENO has not yet determined the optimal time to make the transition,[286] importantly, ENO has not included such costs in the forecast it provided, which ends in 2026. Further, as discussed in my Rebuttal Testimony (page 15, lines 15 to 21 and page 16, lines 1 to 5), vendor support for ENO's critical systems ClickMobile and ClickSchedule ended in 2023, Maximo Enterprise Asset Management and Supply Chain ends September 2025 and SAP Customer Care and Services ends in 2027. While ENO considers its systems to be sufficient through the forecasted budget period, its systems, especially those considered to be critical for providing services to customers and supporting employees, that are no longer supported by the vendor create a level of risk for not only being able to perform needed system enhancements but also for being able to provide assistance in the event of a system failure. Consequently, the inclusion of costs for future improvements of the Entergy IT platform supports the prudence of maintaining and mitigating risks with the IT platform.

3. IT technology solutions are often the platform and catalyst for enabling and realizing the reduced O&M savings from operational efficiencies across the entire organization, not just within the IT organization. While an IT platform is technology based, that technology is integrated into every aspect of the business such that the benefits and savings of such system will manifest across the business and in many accounts outside of IT based accounts. Thus, the savings, benefits and efficiencies demonstrated by DSU NO as a result of its cloud-based IT system should be included in any such analysis without limitation. Further, these operational O&M savings also occur and materialize over time.

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[285] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 18:16-23 and 19:1-2 (June 28, 2024).

[286] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-1 (September 3, 2024).

DSU NO intends to operate in a cost-effective manner and pursue comparative cost savings across the platform as a core focused company. Consequently, a prudence evaluation framework should permit DSU NO to demonstrate O&M savings across the platform and not just O&M related to IT, and any evaluation of O&M savings should be made over a longer time period horizon, such as for example 5 to 10 years, which requires estimation.

4. IT technology and DSU NO's modern cloud-based technology platform supports and enables the realization of benefits coming from scalability due to customer growth and other similar transactions. For example, the scalability of the Entergy + CenterPoint transactions as compared to the Entergy-only transaction results in the total Transition Plan Cost on a per DSU NO customer basis decreasing by approximately 40%.[287] Further, as discussed on page 24 of my Rebuttal Testimony, the consolidated shared services company would provide greater core-focused resources and economies of scale. These economies of scale are estimated to provide savings of up to 10% for the shared services O&M.[288]

5. Lastly and in addition to scalability, DSU NO's investment in a core-focused, modern cloud-based IT system provides several benefits some of which may not necessarily directly result in reduced O&M, particularly IT O&M.[289] These benefits are discussed in my Rebuttal Testimony (pages 8 to 15) and the Accenture Memo included as Exhibit BL-7 to Rebuttal Testimony, summarized in Exhibit DED-1 to Dr. Dismukes Rejoinder Testimony and incorporated into the Transition Cost Prudence Evaluation Framework provided in Exhibit DED-3 to Dr. Dismuke's Rejoinder Testimony.[290] These benefits encompass the categories of, among others:
    a. **Adaptability** of off the shelf configurable software;
    b. **Faster, more frequent and lower cost upgrades**;

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[287] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:18-24 and 10:1-12 (June 28, 2024).

[288] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-16 (June 28, 2024).

[289] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 12:9-11 (September 3, 2024).

[290] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:17-15:3, page 7 (June 28, 2024).

c. **Resiliency** significantly reducing the risk of "single points of failure" due to operational disruptions caused by such events as hurricanes and named storms through built-in redundancies and back-ups;

d. **Gas-centric and core-focused customer interactions** driving customer service and satisfaction;

e. **Cyber and physical security** risks significantly reduced through the high level of standardization and built-in redundancies;

f. **Energy efficiency** reducing energy consumption by 22% to 93% as compared to on-premises IT system platforms:

g. **Consolidation** of IT systems and vendors within the IT ecosystem; and

h. **Integration** through the cross-ecosystem use of data enabling "single truth of master data," reducing duplicity in data entry and eliminating unnecessary reconciliations and complex integrations.

DSU NO does not agree that the Council needs to adopt a framework in this proceeding to pre-determine what benefits can be considered when evaluating the prudence of DSU NO's investments, such as those included in Transition Plan Costs.[291] However, should the Council ultimately determine to adopt a framework in this proceeding for evaluating recoverability of Transition Plan Costs in DSU NO's future rate proceeding, to be filed not sooner than 15-months post-Closing (approximately the end of 2027), DSU NO urges the Council to consider and incorporate the above concerns and recommendations in its final resolution in this proceeding.[292]

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[291] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 8:11-9:10 (September 3, 2024).

[292] Hearing Exhibit DSU NO – 9, Rejoinder Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 9:17-10:2 (September 3, 2024).

V. PUBLIC INTEREST ANALYSIS

A. Public Interest Factors

DSU NO seeks a public interest finding from the Council in accordance with Council's Restructuring Resolution (No. R-06-88). As demonstrated below in response to the 18 factors of the Restructuring Resolution, the Transaction and DSU NO's incurring debt and encumbering the Purchased Assets for financing of the Transaction and standing up of the new LDC, each satisfies all of the relevant public interest factors, will not result in harm and/or will provide net benefits to the affected stakeholders and is in the public interest.

a) Whether the transfer is in the public interest.

Yes. The evidence demonstrates that approval of the Transaction will benefit gas customers, residents of the City of New Orleans and the economy of New Orleans, the surrounding areas and the state of Louisiana. The Transaction is for the common good of all stakeholders and thus is in the public interest.

As discussed throughout testimony in this proceeding, approval of the Transaction will result in a new, stand-alone "fit-for-purpose" natural gas LDC that possesses the financial, technical, and managerial expertise in the industry with a strong commitment to Louisiana and local job creation. After the Transaction Close, DSU NO will continue to provide a high level of safe, reliable and affordable local gas distribution services to all of ENO's existing LDC customers at just and reasonable rates utilizing the same experienced employees of ENO, who will be offered employment by DSU NO as part of the Transaction.

The Transaction will provide significant benefits to gas customers. Through its testimony filings, DSU NO has demonstrated the extensive benefits, both quantitative and qualitative, of the Transaction that support it being found in the public interest. As summarized in Table 1 of this brief, the primary benefits of the transaction include:

- Establish a fit-for-purpose natural gas LDC and shared services company;
- Implement a greenfield, modern cloud-based IT system;
- Deliver significant economic benefits to the City of New Orleans and State of Louisiana;
- Create opportunities for a lower projected O&M growth rate;
- Free up capital at ENO; and
- Allow the Gas Business to access capital markets at a lower risk premium.

Further, the Transaction will provide significant economic benefits to the City of New Orleans, surrounding areas and the state of Louisiana, which in turn will also benefit New Orleans residents who are also gas customers. These economic benefits are summarized in our discussion of public interest factor 10 and detailed in evidence in the Rejoinder Testimony of David E. Dismukes, including specifically Exhibit DED-2 to Dr. Dismukes' Rejoinder Testimony and Exhibit DED-4 to the Rebuttal Testimony of Dr. Dismukes, which are attached as **Exhibit F and Exhibit G, respectively,** to this brief.

In addition, DSU NO is a portfolio company of the BCP Infrastructure Fund ("**BCP Infrastructure Fund**") and affiliated with Bernhard Capital Partners ("**Bernhard Capital**"), and thus will have the ability to obtain capital for any improvements and replacement assets and systems. The Transaction will result in the LDC assets being operated and managed by DSU NO locally and will maintain ownership level management of these assets in Louisiana. The Transaction will not result in harm to the ENO LDC customers. Rather, the Transaction is intended to be seamless to, and will inure to the benefit of, current LDC customers. Importantly, gas customers will receive the benefit of a modern, cloud-based IT system, as well as the benefit of rates remaining constant for an extended period of time (approximately 25 months).

Moreover, DSU NO has agreed to numerous commitments to protect ratepayers from any potential harm. These commitments include stepping into the shoes of ENO at Closing and only seeking to defer Transition Plan Costs to a future rate proceeding, putting the risk of recovery of such costs on DSU NO.

A comprehensive summary of all Transaction benefits and commitments of DSU NO and its affiliates that support the Transaction being in the public interest is attached as **Exhibit A** to this brief. A more high-level summary of Transaction benefits is attached as **Exhibit B** to this brief. A list of 40 of the commitments that DSU NO and its affiliates have made and agreed to the Council's memorializing as conditions for approval is attached as **Exhibit C** to this brief, which also includes a footnote to one additional commitment made in DSU NO rejoinder testimony relating to a cost cap. A summary of the benefits specific to the DSU NO's IT investment is attached as **Exhibit D** to this brief. The Accenture Memo describing the benefits of a cloud-based IT system is attached as **Exhibit E** to this brief. A summary of economic benefits of the Transaction specific to Orleans Parish is provided in **Exhibit F** to this brief. And, the complete Economic Benefits Analysis performed by Dr. Dismukes is provided in **Exhibit G** to this brief.

The record is replete with extensive evidence demonstrating that the Transaction does not harm, and instead provides benefits, to all stakeholders, is for the common good, and therefore in the public interest and should be approved by the Council.

b) Whether the purchaser is ready, willing, and able to continue providing safe, reliable, and adequate service to the utility's ratepayers.

Yes. DSU NO is committed to providing high quality safe, reliable, and affordable local gas distribution services to its New Orleans customers. As discussed in the Direct Testimony of Mr. Jeffrey Yuknis, as a stand-alone "fit-for-purpose" LDC, DSU NO will benefit from the institutional knowledge and reliability provided by the continuation of employment of the existing ENO Gas Business employees, which benefit will be magnified under the core-focused platform as DSU NO will be in a position to concentrate management focus on investments that enhance safety, performance and customer service of the gas operations.[293] The Advisors agree that "provided that the vast majority of the ENO, ELL, and ESL employees accept offers from DSU NO and its affiliate companies, DSU NO will be able to leverage the knowledge and experience of these employees to provide safe and reliable service to Orleans parish ratepayers."[294]

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[293] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 5 (December 11, 2023).

[294] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 17:1-4 (May 31, 2024).

DSU NO will also endeavor to utilize Louisiana-based labor and contractors in making the investments and performing associated work.[295] DSU NO will not only be headquartered locally, but also will have private equity management with extensive public utility experience and resources located locally as well.[296] DSU NO is also committed to adopting ENO's Incident Command System ("**ICS**") structure until such time that DSU NO develops plans specific to DSU NO.[297] The ICS structure will allow DSU NO to continue to ensure the safety and reliability of the gas distribution system, even during natural disasters.[298] DSU NO will also have access to Bernhard Capital Partner's extensive experience and resources in the disaster response and recovery space and to assist in analyzing and modifying the existing ICS to accommodate the resources available to DSU NO through the Bernhard Capital Partners portfolio of companies.[299]

In addition to the continuation of employment of the existing ENO Gas Business employees, DSU NO has engaged an experienced management team. As disclosed in the Rebuttal Testimony of ENO witness Mr. Anthony P. Arnould, Jr., DSU is hiring Mr. Arnould, who is a key employee in Entergy's gas distribution business.[300] As discussed

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[295] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 5 (December 11, 2023).

[296] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 5 (December 11, 2023).

[297] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 5:7-9 (December 11, 2023).

[298] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 5 (December 11, 2023).

[299] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 5 (December 11, 2023).

[300] ENO Hearing Exhibit ENO – 2, Rebuttal Testimony of Mr. Anthony P. Arnould, Jr., ENO witness, at 1:3-8 and 7:20 – 8:2 (June 28, 2024).

in Mr. Arnould's testimony, Mr. Arnould is responsible for overseeing all aspects of the safe, reliable, delivery of natural gas service to ENO and ELL customers.[301] Further, while DSU NO cannot provide the names of other individuals being onboarded by DSU, a summary of their experience and background was provided in evidence in the Rebuttal Testimony of Mr. Jeffrey Yuknis.[302]

c) Whether the transfer will maintain or improve the financial condition of the resulting public utility.

Yes. The Transaction will maintain or improve the financial condition of the ENO Gas Business. After the Transaction is completed, DSU NO will have access to local equity capital through its relationship to Bernhard Capital Partners, and additional capital required to maintain or improve the financial condition of the LDC and sustain its operations.[303] Moreover, DSU NO has committed financing arranged solely for a natural gas LDC business approved by sophisticated lenders who have long-term track records of successfully investing in critical infrastructure projects around the globe.[304]

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[301] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-5 (June 28, 2024); ENO Hearing Exhibit ENO – 2, Rebuttal Testimony of Mr. Anthony P. Arnould, Jr., ENO witness, at 1:3-8 (June 28, 2024).

[302] Hearing Exhibit DSU NO – 5, Rebuttal Testimony (HSPM) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-6 (June 28, 2024).

[303] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 5-6 (December 11, 2023).

[304]Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 6 (December 11, 2023).

In addition, DSU NO has received an indicative investment grade ‘BBB’ credit rating from S&P, in anticipation of the Transaction.[305]

The Advisors agree that the Proposed Transaction will maintain or improve the financial condition of DSU NO and ENO.[306]

d) Whether the proposed transfer will maintain or improve the quality of service to public utility ratepayers.

The Transaction will maintain or improve on the quality of service received by ENO’s LDC customers. DSU NO will offer employment to ENO’s current employees primarily responsible for ENO’s gas operations so they can continue to provide the same safe, reliable, and high-quality level of service to customers.[307] DSU will be an operating platform that has a sole focus on the operation, maintenance, investment and growth of a gas distribution utility and the safe and reliable provision of gas service to DSU NO customers.[308] This core focus allows the management, Board, and employees of DSU NO to concentrate attention, capital investment and resources exclusively on the gas distribution business without having to divide resources between other utility functions.[309] Customers are expected to benefit from the modernization of the IT and customer

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[305] DSU NO Response to CNO 1-24 (Cited in Advisors Testimony).

[306] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 17:6-10 (May 31, 2024).

[307] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 6 (December 11, 2023).

[308] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 6 (December 11, 2023).

[309] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 6 (December 11, 2023).

interfaces, including the development of a customer service center dedicated solely to gas customers instead of shared among gas and electric customers.[310] The dedicated gas customer service center along with the new customer information platform will enhance the customer experience and enhance DSU NO's ability to respond to customer inquiries and needs in a faster, more expedited, and more documentable fashion.[311]

Moreover, DSU NO's implementation of a modern, cloud-based IT system will provide numerous benefits to gas customers relating to quality of service. As discussed in this brief, and set forth in more detail in evidence, the modern, cloud-based IT system will improve customer service and satisfaction through the expedited customer issue resolution discussed above as well as the easy-to-navigate web portal.[312] Customers will have streamlined access to important dimensions of their account information and service options.[313] Customers will also benefit from the cloud-based IT system's adaptability, which will allow DSU to adjust to changing business needs and deliver improvements and upgrades to customers significantly faster, on an ongoing basis, and at a lower cost.[314] Additionally, the cloud-based IT system will improve the quality of service provided to

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[310] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 6 (December 11, 2023).

[311] DSU NO Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 49:11-14 (June 28, 2024) (as corrected July 17, 2024).

[312] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-7, page 7 (June 28, 2024).

[313] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at Exhibit BL-7, page 7 (June 28, 2024).

[314] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 12:5-8 (June 28, 2024).

customers through its resiliency and protections against cyber and physical security risk.[315]

The Advisors agree that with the successful completion of the Transition Plan and acceptance of job offers by the vast majority of the ENO, ELL, and ESL employees, the quality of service will at least be maintained.[316]

e) Whether the transfer will provide net benefits to ratepayers in both the short term and the long term and provide a ratemaking method that will ensure, to the fullest extent possible, that ratepayers will receive the forecasted short- and long-term benefit.

Yes. This is met because DSU NO is not requesting any changes in rates in this proceeding but is instead ensuring ratepayers receive benefit by providing of the transfer and Transition Plan Costs prior to requesting rate adjustment in full future rate filing. Thus, the Transaction will provide net benefits to ratepayers in both the short term and long term and provides a ratemaking method (a future prudence review in DSU NO's initial rate proceeding) to ensure, to the fullest extent possible, ratepayers will receive the forecasted short-term and long-term benefits.

In the short-term, DSU NO will adopt the rates and rate schedules of the ENO Gas Business in effect at the time of Closing or supported by the most recent evaluation period

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[315] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-1 (September 3, 2024).

[316] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 18:2-5 (May 31, 2024).

of the ENO LDC's current GFRP, and DSU NO will file tariffs with the Council reflecting these rates. Further, DSU NO is committed to maintaining such rates in place until a final order in a full rate proceeding to be initiated not less than 15 months post-Closing, following a 12-month historical test year. Thus, gas customers will enjoy an extended period of time without a base rate change (approximately 25 months), receiving the benefits of the transaction without risk of a rate increase until a full prudence review is conducted as part of the future filing.

Further, as part of transitioning the existing ENO LDC assets into a new stand-alone LDC, DSU NO will invest in new assets and systems to replace those ENO assets excluded from the Purchased Assets, and DSU NO will hire additional employees as required to run the LDC. Further, DSU NO will continue to make investments in gas infrastructure through the GIRP, pursuant to Resolution R-19-457, and through the IM Program, both with funding provided through the FRP. In addition, DSU NO has incurred and will incur transaction costs to accomplish the Transaction; however, DSU NO has committed not to seek recovery these costs from customers.[317]

In the long term, DSU NO's operation as a stand-alone system will allow greater focus on gas operations and customer service. DSU NO will also be focused on hiring or utilizing Louisiana labor and equipment providers where it is prudent.

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[317] Hearing Exhibit DSU NO – 6, Rebuttal Testimony (Public Redacted) of Brian K. Little, DSU NO witness, at 30:16-18 and Exhibit BL-9 (June 28, 2024).

Moreover, the new cloud-based IT system will provide benefits to customers over both short term and long term. As discussed in this brief, and set forth in more detail in evidence, customers will benefit from the cloud-based IT system's (i) adaptability, (ii) resiliency, (iii) faster, more frequent and lower cost system upgrades, (iv) reduced cyber and physical security risk, (v) increased energy efficiency, (vi) IT ecosystem consolidation and (vii) cross-IT ecosystem integration.[318] Additionally, the cloud-based IT system will enable operational efficiency, process improvement, and the ability for DSU to provide excellent customer service.[319]

In addition, the Transaction offers benefits to ENO's electric customers. In her Rebuttal Testimony, Alyssa Maurice-Anderson discusses how ENO is developing a plan to convert debt and equity capital supporting the current gas assets to capital for new resilient and reliable grid assets. This would allow ENO to avoid the current higher costs associated with obtaining new debt capital and make investments in its electric grid that are expected to provide substantial long-term benefits to customer, particularly in the areas of resilience and reliability.[320] To the extent that ENO can reduce its total debt or increase equity through reinvestment, the Transaction would also serve to improve ENO's credit metrics by reducing debt capitalization.[321] The strengthening of ENO's credit is a

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[318] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-1 (September 3, 2024).

[319] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-1 (September 3, 2024).

[320] Hearing Exhibit DSU NO – 5, Rebuttal Testimony of Jeffrey Yuknis (HSPM), DSU NO witness, at 11 (June 28, 2024).

[321] Hearing Exhibit ENO – 4, Rebuttal Testimony (Public Redacted) of Alyssa Maurice-Anderson, DSU NO witness, at 12:14-15 (June 28, 2024).

benefit to shareholders and customers because credit risk is a key consideration by rating agencies evaluating the Company's risk profile, where lower perceived risk would provide the Company access to debt and equity markets on more favorable terms including access to lower cost capital, which ultimately affects customer rates.[322] The Advisors agree that the Proposed Transaction will benefit ENO electric ratepayers in the long-term as ENO may avoid future debt issuances that would have been required absent proceeds from the Proposed Transaction and the Proposed Transaction may improve ENO's credit rating and allow access to lower cost debt when future issuances are required.[323]

As previously discussed under factor a, DSU NO has provided extensive evidence of the benefits of the transaction to customers over the short-term and long-term, which are set forth in **Exhibits A** through **G** to this brief.

f) Whether the transfer will adversely affect competition.

DSU NO will step into ENO's place as the sole operator of LDC services in the New Orleans service area, so the Transaction will in no way adversely affect competition.[324] The Advisors agree that the Transaction is not expected to alter the

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[322] Hearing Exhibit DSU NO – 5, Rebuttal Testimony of Jeffrey Yuknis (HSPM), DSU NO witness, at Appendix B, page 8 (June 28, 2024).

[323] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 25:7-12 (May 31, 2024).

[324]Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 8 (December 11, 2023).

regulated nature of utility service in New Orleans and therefore will not adversely affect competition.[325]

g) Whether the transfer will maintain or improve the quality of management of the resulting public utility or common carrier doing business in the City.

Yes. The Transaction will satisfy the requirement to maintain or improve the quality of management of the LDC. DSU NO's experienced management have the financial, technical, and managerial expertise to own and operate the gas system. As provided in our discussion of public interest factor b, DSU is hiring Mr. Anthony P. Arnould, Jr., a key employee of Entergy who is responsible for overseeing all aspects of the safe, reliable, delivery of natural gas service to ENO and ELL customers.[326] Additionally, HSPM Exhibit JY-6 to Mr. Yuknis' Rebuttal Testimony provides details on the experienced management team being onboarded for DSU (under the umbrella of "Delta Utilities").[327] As a stand-alone natural gas LDC, the experienced management team, along with the retained employees and the new shared services employees, will have a sole focus on the operation, maintenance, investment, and growth of the gas distribution utility and providing safe and reliable gas service to the DSU NO and DSU LA customers. This core focus allows the management, Board and employees, to concentrate attention, capital

[325] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 27:6-8 (May 31, 2024).

[326] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-5 (June 28, 2024); see also ENO Hearing Exhibit ENO – 2, Rebuttal Testimony of Mr. Anthony P. Arnould, Jr., ENO witness (June 28, 2024).

[327] Hearing Exhibit DSU NO – 5, Rebuttal Testimony (HSPM) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-6 (June 28, 2024).

investment and resources exclusively on the gas distribution business without having to divide attention and resources between other utility functions (*i.e.*, between gas and electric operations). [328]

DSU NO's operations are further supported by Bernhard Capital Partner's extensive experience investing in critical services and infrastructure, including investment in a LPSC jurisdictional utility, and its management resources with decades of experience in utility operations and services.[329] Thus, the Transaction will satisfy the requirement to either maintain or improve the quality of management of the ENO Gas Business.

The Advisors agree that the quality of management of DSU NO will be comparable to that of ENO if the appropriate management structure and personnel are installed. The additional information provided on the experience of the management team as HSPM Exhibit JY-6 to Mr. Yuknis' Rebuttal Testimony firmed up the Advisors' opinion.[330]

h) Whether the transfer will be fair and reasonable to the affected public utility or common carrier employees.

The Transaction will be fair and reasonable to Entergy employees. At a minimum, DSU will offer employment to all approximately 200 of Entergy's employees primarily

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[328] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 32:12-19 (December 11, 2023).

[329] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 8-9 (December 11, 2023).

[330] Hearing Exhibit ADV – 4, Surrebuttal Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 14:9-12 (May 31, 2024).

engaged in the gas business.[331] Further, DSU will provide a combination of compensation and benefits intended to be substantially similar to and no less favorable than the employees' existing compensation and benefits provided by Entergy.[332] DSU has also committed to honoring the bargaining-unit agreement in place at ENO Gas Business, and to assuming the employee pension assets and liabilities associated with the gas utilities, including more than 160 Entergy retirees.[333] The Advisors agree that the Transaction can be expected to be fair and reasonable to affected employees.[334]

i) Whether the transfer would be fair and reasonable to the majority of all affected public utility or common carrier shareholders.

The Transaction involves the sale of assets and does not involve the transfer of any shares of stock of ENO or its affiliates.[335] As confirmed in the Direct Testimony of ENO witness Ms. Deanna Rodriguez, the fairness of this transaction to ENO's shareholders is evidenced by the availability of new capital to fund beneficial investments in the electric utility that would not otherwise be available.[336] By freeing up capital that otherwise would be invested in the ENO Gas Business and utilizing for future electric

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[331] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 9 (December 11, 2023).

[332] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 9 (December 11, 2023).

[333] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 9 (December 11, 2023).

[334] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 29:1-2 (May 31, 2024).

[335] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 9 (December 11, 2023).

[336] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 9-10 (December 11, 2023).

investment the net proceeds created by the Transaction, ENO may be able to reduce its dependency on new financings and maintain its ability to access capital markets for other beneficial investments.[337] In addition, the Transaction should enable ENO to pay off some of its debt, which can improve its credit rating.[338] Finally, the Transaction was the result of a sales process conducted by ENO and the agreed-upon price is the result of good-faith, arms-length negotiations between ENO and DSU NO's parent entities.[339]

The Advisors agree that because the Transaction is an agreement between two sophisticated parties acting at arm's length on behalf of their shareholders and owners, it is reasonable to conclude that the transfer is fair and reasonable to the shareholders and owners of both ENO and DSU NO.[340]

j) Whether the transfer will be beneficial on an overall basis to City and local economies and to the communities in the area served by the public utility or common carrier.

The Transaction will be beneficial on an overall basis to the City of New Orleans and local economies and to the communities in the area served by ENO. DSU NO witness Dr. David Dismukes prepared an Economic Benefit Analysis that demonstrates the Transaction will bring millions in benefits to the City of New Orleans, its surrounding areas,

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[337] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 10 (December 11, 2023).

[338] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 10 (December 11, 2023).

[339] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 10 (December 11, 2023).

[340] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 29:7-10 (May 31, 2024).

and state of Louisiana.[341] *See* **Exhibit G** to this brief, which is from the Rebuttal Testimony of Dr. Dismukes. Dr. Dismukes further isolated the benefits specific to New Orleans from the Proposed Transaction, as well as from the larger combined Entergy and CenterPoint transactions.[342] *See* **Exhibit D** to this brief, which is from the Rejoinder Testimony of Dr. Dismukes.

The Proposed Transaction will provide several substantial economic benefits to the State of Louisiana, and particularly to the City of New Orleans, which is the largest benefactor of the Entergy and CenterPoint transactions, combined.

First, as Dr. Dismukes testifies in his Rebuttal Testimony, the Proposed Transaction will lead to a new natural gas utility valued at approximately $500 million (Entergy only Transaction) and multi-state natural gas utilities valued at $1.7 billion (Entergy + CERC), with corporate headquarters located in New Orleans.[343] Locating DSU's corporate headquarters in New Orleans will generate significant economic benefits for the city from both DSU's transition capital investments and its operational activities.[344]

DSU's transition capital investments are estimated to lead to 112 job-years of employment, generate almost $7 million in new labor income, contribute over $11 million in value added (also known as gross state product or "GSP") and $29 million in economic

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[341] Hearing Exhibit DSU NO – 15, Rebuttal Testimony of David. E. Dismukes, DSU NO witness, at Exhibit DED 4 (June 28, 2024) (as corrected July 17, 2024).

[342] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-1 (September 3, 2024).

[343] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, DSU NO witness, at 46:17-20 (June 28, 2024) (as corrected July 17, 2024).

[344] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, DSU NO witness, at 42:10-11 (June 28, 2024) (as corrected July 17, 2024).

output.[345] On an operational basis, DSU headquarter activities for the Proposed Transaction are projected to create 442 annual ongoing employment opportunities, resulting in $30 million in new annual labor income.[346] Additionally, these operations are anticipated to contribute $87 million in value added or GSP and $168 million in economic output, highlighting the substantial economic contributions from these business units.[347] A summary of these transition-related economic benefits is provided on page 18 through 19 of **Exhibit G** to this brief, which was provided in evidence as Exhibit DED-4 to the Rebuttal Testimony of David E. Dismukes.[348].

Included within the creation of job-years discussed above, as a result of the Proposed Transaction, DSU estimates the creation of approximately 100 new local jobs in Louisiana to facilitate DSU NO's providing of high-quality gas service to customers, with nearly all jobs to be located in New Orleans.[349] The new jobs will staff a new shared services organization that will enable DSU NO to continue to provide safe, reliable and affordable LDC services, including, for example, customer service employees for staffing a new call center and personnel for shared services in the areas of customer service, human resources, information technology, management, finance and accounting,

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[345] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, DSU NO witness, at 42:11-14 (June 28, 2024) (as corrected July 17, 2024).

[346] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, DSU NO witness, at 42:14-17 (June 28, 2024) (as corrected July 17, 2024).

[347] Hearing Exhibit DSU NO – 15, Rebuttal Testimony of David E. Dismukes, DSU NO witness, at 42:14-17 (June 28, 2024) (as corrected July 17, 2024).

[348] Hearing Exhibit DSU NO – 15, Rebuttal Testimony of David. E. Dismukes, DSU NO witness, at Exhibit DED 4 (June 28, 2024) (as corrected July 17, 2024).

[349] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 18:1-5 (September 3, 2024).

regulatory, gas supply, government, legal, stores, supply chain, fleet and environmental functions.[350]

While the Proposed Transaction stands independently on its own merit, it is important that we mention the additional economic benefits to DSU NO customers if both the Proposed Transaction and CERC transaction are approved. With the Entergy and CERC transactions, the transition capital investments are anticipated to expand to 335 job-years of employment opportunities, expanding the labor income to $20 million, GSP to $33 million, and economic output to $87 million. On an operational basis, the new corporate headquarters operations for all business units, encompassing ELL, ENO, and CERC, are projected to create 885 new ongoing annual employment opportunities, resulting in over $60 million in new annual labor income, an additional $173 million in GSP and $337 million in annual economic output.[351]

In addition, DSU's Integration Partner, Accenture, has committed to opening an office in New Orleans should the Transaction go forward. Thus, Transaction is already generating additional economic opportunities for the City.

k) Whether the transfer will preserve the jurisdiction of the Council and the ability of the Council to effectively regulate and audit public utility's or common carrier's operations in the City.

[350] Hearing Exhibit DSU NO – 5, Rebuttal Testimony (HSPM) of Jeffrey Yuknis, DSU NO witness, page 10 (June 28, 2024).

[351] Hearing Exhibit DSU NO – 15, Rebuttal Testimony of David E. Dismukes, DSU NO witness, at 44:6-15 and 45:1-2 (June 28, 2024) (as corrected July 17, 2024).

DSU NO is requesting to operate as a Council-jurisdictional local gas distribution company within the City of New Orleans. Thus, the Transaction will preserve the jurisdiction of the Council and the ability of the Council to effectively regulate and audit the new LDC's operations within the City. The Transaction will replace one natural gas utility with another, with the LDC remaining subject to the Council's jurisdiction.[352] The Advisors agree that the Council's jurisdiction, regulatory, and audit power will not be affected by the Transaction.[353]

l) Whether conditions are necessary to prevent adverse consequences which may result from the transfer.

No. There are no regulatory conditions necessary to prevent adverse consequences that may result from the Transaction. Further, DSU NO has already agreed to memorializing the commitments from the Joint Application and testimonies as conditions of approval of the Transaction.[354] The Advisors have recognized that DSU NO has agreed to a "significant number of commitments."[355]

Moreover, rates will not change as a result of the Council approving the Transaction.[356] DSU NO has agreed to step into the shoes of ENO at Closing and adopt

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[352] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 11 (December 11, 2023).

[353] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 31:5-8 (May 31, 2024).

[354] Hearing Exhibit DSU NO – 5, Rebuttal Testimony of Jeffrey Yuknis (HSPM), DSU NO witness, at 14 (June 28, 2024).

[355] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 36:16-17 (May 31, 2024).

[356] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 36:18-19 (December 11, 2023).

ENO's rates, rate schedules and riders.[357] The Council will have full review of DSU NO's rate base, revenue requirement, return on equity, cost of debt, and other issues that will determine DSU NO's "just and reasonable" rates in an initial rate proceeding that DSU NO has committed not to file sooner than 15 months post-Closing.[358]

m) The history of compliance or noncompliance of the proposed acquiring entity or principals or affiliates have had with regulatory authorities in this City or other jurisdictions.

DSU NO is a newly formed entity, created for the sole purpose of acquiring the local gas distribution assets of ENO and providing LDC services within the City of New Orleans. However, DSU NO's affiliated LPSC-jurisdictional wastewater and water utility, National Water Infrastructure, LLC, has a history of compliance with regulatory authorities in Louisiana. Further, Bernhard Capital and the management of DSU NO have a long history of proactively working with regulatory agencies to ensure compliance.[359]

The Advisors agree that DSU NO's lack of compliance history does not suggest that DSU NO should be expected to be noncompliant and DSU NO's commitment to offer

[357] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 7:21-24 (December 11, 2023).

[358] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 37:4-8 (December 11, 2023).

[359] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 12 (December 11, 2023).

employment to approximately 200 ENO and ELL gas business employees will facilitate its compliance with the Council regulatory requirements.[360]

n) Whether the acquiring entity, persons, or corporations have the financial ability to operate the public utility or common carrier system and maintain or upgrade the quality of the physical system.

Yes. As previously discussed, after the Transaction is completed, DSU NO will have access to local equity capital through its relationship to Bernhard Capital Partners, and additional capital required to maintain or improve the financial condition of the LDC and sustain its operations.[361] Moreover, DSU NO has committed financing arranged solely for a natural gas LDC business approved by sophisticated lenders who have long-term track records of successfully investing in critical infrastructure projects around the globe.[362] In addition, DSU NO has received an indicative investment grade 'BBB' credit rating from S&P, in anticipation of the Transaction.[363]

The Advisors agree that should Bernhard Capital fulfill its commitment to "provide sufficient capital to safely and reliably maintain and operate the DSU NO system post-closing, to accommodate all operational and capital needs of the utility, and to support

[360] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 32:4-8 (May 31, 2024).

[361] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 12 (December 11, 2023).

[362] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 6 (December 11, 2023).

[363] DSU NO Response to CNO 1-24 (Cited in Advisors Testimony).

responsible growth of the utility into the future,"[364] DSU NO "will have the financial ability to operate, maintain, and upgrade the quality of the physical system."[365] To offer greater assurances to the Council and the Advisors, DSU NO has agreed to memorialize its Bernhard Capital Partners' commitment as a condition for approval.[366]

o) Whether any repairs and/or improvements are required and the ability of the acquiring entity to make those repairs and/or improvements.

While DSU NO will need to make investment to replace the Retained Assets, no major repairs or upgrades to the ENO local gas distribution system are needed to consummate the Transaction.[367] DSU NO has a detailed Work Plan to stand up the new LDC,[368] and has provided a detailed budget estimate of its Transition Plan Costs for doing so.[369] Moreover, DSU NO is able to make the necessary investments to replace the Retained Assets and stand-up the new, "fit-for-purpose" LDC and make all repairs and/or improvements should any ultimately be necessitated by the Transaction to ensure best-in-class service and high-quality gas service that is safe, reliable and affordable.[370] DSU

[364] DSU NO Response to CNO 2-7 (Cited in Advisors Testimony).

[365] Hearing Exhibit ADV – 4, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 16:2-9 (August 5, 2024).

[366] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 45 (June 28, 2024).

[367] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 12-13 (December 11, 2023).

[368] Hearing Exhibit DSU NO – 3, Direct Testimony of Brian K. Little, DSU NO witness, at 11:20-18:19 (December 11, 2023).

[369] Hearing Exhibit DSU NO – 17, HSPM CS Rebuttal Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-3, Tab "TOTAL Set Up Costs" (September 3, 2024).

[370] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 12 (December 11, 2023).

NO has committed to maintain ENO infrastructure programs, such as the GIRP and IM, as well as to adopt ENO's ICS, until such time that DSU NO develops plans specific to DSU NO.[371] The ICS structure will allow DSU NO to continue to ensure the safety and reliability of the gas distribution system, even during natural disasters.[372]

The Advisors agree that with the commitment of capital from Bernhard Capital, it is reasonable to expect that DSU NO has the ability to make the investments required to replace the Retained Assets.[373]

p) The ability of the acquiring entity to obtain all necessary health, safety and other permits.

DSU NO has engaged an experienced management team[374] and has committed to offer employment to the 200 employees of Entergy that currently operate the gas systems.[375] Further, these employees and management will have the support of BCP Infrastructure Fund and Bernhard Capital Partners.[376] Thus, DSU NO will be able to maintain all necessary health, safety, and other permits for the local gas distribution

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[371] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 5:1-9 (December 11, 2023).

[372] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 5:9-11 (December 11, 2023).

[373] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 33:7-11 (May 31, 2024).

[374] Hearing Exhibit DSU NO – 5, Rebuttal Testimony (HSPM) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-6 (June 28, 2024).

[375] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 9 (December 11, 2023).

[376] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Attachment B, page 13 (December 11, 2023).

system. The Advisors agree that there is no evidence to suggest that DSU NO will not be able to obtain any necessary health, safety, and other permits.[377]

q) The manner of financing the transfer and any impact that may have on encumbering the assets of the entity and the potential impact on rates.

As supported by the rebuttal and rejoinder testimonies of DSU NO witness Dr. David Dismukes, DSU NO's proposed financing is reasonable and prudent.[378] DSU NO has committed financing approved by sophisticated lenders and based on market terms that similarly encumber the assets of the LDC.[379] Further, in this proceeding, DSU NO is not requesting to change the cost of debt or capital structure approved by the Council for the ENO Gas Business for ratemaking purposes.[380] DSU NO will initially adopt the ENO rates and rate schedules in effect at the time of Closing or that are supported by the most recent evaluation period under ENO's GFRP, and DSU NO will file tariffs with the Council reflecting these rates.[381] Any future changes to rates, including an analysis of DSU NO's

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[377] Hearing Exhibit ADV – 1, Direct Testimony of Joseph W. Rogers (Public Redacted), Advisors witness, at 33:15-16 (May 31, 2024).

[378] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 19:6-24:13 (June 28, 2024) (as corrected July 17, 2024); Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 36:11-37:2 (September 3, 2024).

[379] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 39:18-19 (December 11, 2023).

[380] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 39:19-20 and 40:1-2 (December 11, 2023).

[381] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Appendix B, page 7 (December 11, 2023).

revenue requirement, capital structure and return on equity specific to DSU NO, will be subject to Council review and approval in a new rate application filed with the Council.[382]

Further, DSU NO has incurred and will continue to incur transaction costs; however, DSU NO will not seek to recover these transaction costs or any acquisition premium from customers.[383] Thus, the Council should indicate its approval or non-opposition of DSU NO's financing in approving the Transaction.

r) Whether there are any conditions which should be attached to the proposed acquisition.

Considering the foregoing responses to 18-Factor Analysis of the Restructuring Resolution and the substantial commitments already made by DSU NO, DSU NO does not believe any additional conditions, beyond the commitments already agreed to by DSU NO in evidence and included in **Exhibit C** of this brief, should be attached to the Transaction. This includes with respect to the CenterPoint transaction.

While the closing of the CenterPoint transaction with the Entergy transaction significantly increases the benefits to New Orleans and increases the economies of scale with respect to Transition Plan Costs, the two transaction are completely separate - - one does not need the other for either to close.[384] Moreover, there are still significant benefits

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[382] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Appendix B, page 14 (December 11, 2023).

[383] Hearing Exhibit DSU NO – 2, Direct Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Appendix B, page 14 (December 11, 2023).

[384] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at 12 (June 28, 2024).

from the Proposed Transaction to New Orleans and gas customers without the CenterPoint transaction.[385] In fact, as Dr. Dismukes testified, by conditioning approval of the Transaction on closing of the CenterPoint transaction, the Council could ultimately lose the opportunities created by the Transaction should the CenterPoint transaction not close.[386] This would include the loss of the creation the new corporate headquarters of DSU in New Orleans, the loss of an additional 100 high-paying jobs primarily located in the City, the loss of the opening of an office in New Orleans of Accenture, and the loss of millions in economic development benefits.

Given the significant benefit the Transaction will bring to New Orleans and gas customers, the Transaction is in the public interest without the CenterPoint transaction. Conditioning approval of the Transaction on the closing of the CenterPoint transaction unnecessarily puts those benefits at risk.

B. Other Considerations

In evaluating the Proposed Transaction pursuant to the 18-factor public interest analysis, the Council should not be forced into an analysis that restricts its broad policy authority. It is important that the conditions for approval are (a) defined by the Council's own public interest factors in the Restructuring Resolution and (b) not restrictive relative to the broad public policy responsibilities of the Council that go beyond that of a typical state utility regulator. As discussed in Section III. Standard of Review of this brief, the

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[385] *See* Exhibits A, B, and D to DSU NO Initial Brief.

[386] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 45:16-46:3 (September 3, 2024).

scope of the Council's public policy making is broad and not limited in ways comparable to some traditional state utility regulatory commission. As the legislative body for the City of New Orleans, the Council has broad authority and policy making concerns given its own mission.[387] In addition to serving as a utility ratemaking body, the Council is responsible for numerous other functions and policy concerns including issues like economic development, tax revenues and collections, technology and innovation in the City, and the City's reputation of promoting and encouraging business location decisions and siting in the City, among other issues.[388] With respect to evaluation of the Proposed Transition, the Restructuring Resolution framework for determining "public interest" should not be interpreted too narrowly but should consider the broad scope of benefits that will result from the Transaction and which support the Transaction as serving the public interest -- *i.e.*, the interest of not only the gas customers but also the interest of City, its residents and surrounding communities.

The Proposed Transaction provides for a wide range of benefits, some of which have been estimated and quantified by DSU NO, such as the operational benefits provided in the Rebuttal Testimony of David E. Dismukes,[389] and other which have been enumerated from a qualitative perspective by various DSU NO witnesses. A

[387] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 10:10-21 (September 3, 2024), citing the mission statement provided by the Council to the public at: https://council.nola.gov/councilmembers/ .

[388] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at 10:24-26 and 11:1-4 (September 3, 2024).

[389] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at 44:8 – 45:2 and Exhibit DED-4 at 18-19 (June 28, 2024) (as corrected July 17, 2024).

comprehensive list of these benefit and DSU NO commitments is provided in **Exhibit A** to this brief, and a high-level summary of the Transaction benefits is provided in **Exhibit B** (total Transaction Benefits) and **Exhibit D** (detailed IT-specific benefits) to this brief.

VI. CONCLUSION

The Proposed Transaction, and the companion commitments made by DSU NO in its direct and rebuttal testimonies, will collectively lead to rates that are fair, just, and reasonable, including with DSU NO's proposal for recovery of Transition Costs, as well as service that is safe, reliable, and adequate. The Proposed Transaction will also result in an overall policy outcome that is in the public interest, leading to economic benefits that are substantially larger than any resulting incremental rate impacts that may arise by the transfer of ownership to DSU NO. These benefits, coupled with many hard to quantify benefits such as the deployment of state-of-the-art cloud-based technologies to facilitate customer service and reputation benefits offered to the City by serving as the corporate home to the third largest natural gas utility in the southeast, all support a finding that the Proposed Transaction is in the public interest.

DSU NO respectfully urges the Council to approval the Transaction and the relief requested by DSU NO and ENO in the Joint Application, as in the public interest.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served upon the Official Service List via electronic mail.

New Orleans, Louisiana this 15th day October, 2024.

C. R. T.

Carrie R. Tournillon

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

Table A: Overview of Key Transaction Benefits and DSU NO and Affiliate Commitments[1]

Category	Description	Benefit Results
CORE-FOCUSED NATURAL GAS UTILITY	DSU NO to be focused on natural gas service, with standalone operations and call center designed to serve only natural gas customers. *DSU NO Initial Brief, Sec. IV.A.vii.*	- Eliminate need to contend for capital with and among significantly larger electric utilities (DSU NO revenues 100% from gas sales versus 1% of total, consolidated operating revenues of Entergy Corporation). - Dedicate effort and resources to the DSU NO gas business without competition with electric service operations. - Enhance ability for decisions to be made to the benefit of the gas utility and its customers. - Establish new shared services company specifically designed for gas distribution customers. - Streamline resolution of customer inquiries with a customer service centered dedicated solely to gas customers. - Enhance economies of scale across platform by investing in growth of gas business.
CORPORATE HEADQUARTERS	DSU has presented the City of New Orleans with the opportunity to have the $1.7B corporate headquarters of a new multi-state gas utility located in the City. *DSU NO Initial Brief, Sec. IV.A.v.* *See also detailed summary of economic benefits in Tables D-H below.*	- Deliver millions of dollars in economic benefits, including tax revenue. ▪ Increase Orleans Parish/City tax base by approximately $3.62M in new public revenue and $800k in retention revenue. ▪ Over four years the benefits to Orleans Parish include 3,589 job-years, $244 million in labor income, $700 million in added value, and $1,368 million in economic output Hundreds of million in increased economic activity in Orleans Parish/City from transition related capital and O&M spend and retained spend.

[1] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-1 (September 3, 2024); Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-4 (June 28, 2024).

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

RATE CONSISTENCY & LOWER GROWTH IN O&M EXPENSE	Customers will benefit from an extended period of time (approximately 25 months) of rate consistency. *DSU NO Initial Brief, Sec. IV.A.vi.* DSU NO has forecasted a lower growth in O&M expense compared to ENO's historical rate. *DSU NO Initial Brief, Sec. IV.A.ii.*	- DSU NO has committed to adopt ENO's rates at closing of the Proposed Transaction and/or supported by ENO's most recent evaluation period under ENO ownership (i.e., 2024 evaluation period for September 2025 rate change), and then hold rates steady for approximately 24-27 months post-Closing until the Council authorizes new rates in a future case not to be filed by DSU NO sooner than 15 months post-Closing. - Risk of recovery of Transition Plan Costs is on DSU NO. - DSU NO forecasts O&M expenses increasing annually at the rate of inflation, which is significantly lower than ENO's historical 8.5% CAGR over the period of 2019-2023, which is expected to result in significant savings to customers.
TRANSFORMATIONAL CLOUD-BASED IT SYSTEM	Development and implementation of greenfield, modern cloud-based IT system to replace ENO's 2005 on-premises system. *DSU NO Initial Brief, Sec. IV.A.i.* *See also detailed summary of IT investment benefits in Table B below.*	- Enable cost-effective adaptability through off-the-shelf software. - Reduce total number of platforms and vendors within the ecosystem. - Improve cost efficiency through the unification and standardization of disparate IT systems and improved system maintenance. - Provide adaptability and scalability to respond to changing business requirements with the ability to near-instantly scale capacity without rearchitecting or majorly augmenting hardware or software. - Improve customer service and customer satisfaction with streamlined access to important dimensions of gas service and local call-in lines exclusive to gas customers. - Minimize risk associated with reduced or ending support for legacy systems. - Improve resiliency during major weather events such as hurricanes where the newly decentralized system avoids "single points of failure" that cause systems to go offline. - Increase efficiency of operations by streamlining processes.

		- Update systems at a lower cost and with little to no downtime by using cloud-based systems instead of on-premise systems. - Enable a cost structure that delivers more efficient and predictable operating costs. - Benefit from lower TCO of a cloud-based system as compared to legacy on-premise system. - Improve security through a more standardized configuration and automation of frequent security updates. - Increase economic development through leveraging partnership with Accenture, including their opening of a regional office in New Orleans.
JOB RETENTION AND GROWTH	DSU NO has committed to providing job security to existing Entergy gas employees and creating new jobs. *DSU NO Initial Brief, Sec. IV.A.iii.*	- Retain the approximately 200 Entergy employees primarily responsible for gas operations, at similar pay and benefits to what currently receive. - Achieve Day One Readiness by hiring all gas operations employees that currently operate the gas system - Create 100 new jobs (200 with combined Entergy and CenterPoint transactions) – most of which in New Orleans area. ▪ Average annual base salary for the new positions is estimated to be approximately $79,000 per year. This estimate is conservative as it does not reflect other meaningful employee benefits. ▪ Fully burdened salaries for these employees is estimated to average approximately $110,000 annually.
ASSUMPTION OF ENO/ELL PENSION	DSU NO and its affiliate companies have committed to assuming the employee pension assets / liabilities associated with the ENO/ELL gas LDCs, including more than 160 retirees primarily involved in the gas business. *DSU NO Initial Brief, Sec. IV.A.iv.*	- Defined benefit plans with substantially similar terms to the corresponding Entergy defined benefit plans - Defined benefit plans will assume all liabilities for transferred employees and retirees.

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

Table B: Summary of Cloud-Based IT Transformational Investment Benefits[2]

Category	Description	Benefit Results
Adaptability	Leveraging off-the-shelf software reduces the level of overall customization while allowing for plug-and-play modification to the ecosystems, providing cost-effective adaptability as the needs of the utility change over time.	(1) Long-term O&M Savings: Avoid cost to re-code, reconfigure, etc. to accommodate changes. (2) Non-financial Benefits: Benefit from the flexibility to adapt to changing business requirements and the reduced risk and increased cost certainty associated with leveraging off-the-shelf software instead of homegrown, custom-built systems. (3) Capital Savings: Potentially avoid capital costs by adapting to changing business requirements rather than implementing a new system.
Faster, More Frequent, and Less Costly Upgrades	Modern, cloud-based technology offers the ability to upgrade systems significantly faster, on an ongoing basis as needed, and at a lower cost than traditional legacy systems.	(1) Long-term O&M Savings: Reduce cost to operate and maintain systems. (2) Non-financial Benefit: Updates are ongoing and constant, reducing downtime and risk associated with upgrading on premises legacy systems. Receive upgrades that reflect "best of breed" versions of software that reflect the collective needs of utilities using the product. (3) Capital Savings: Cloud based systems are constantly updated, reducing the need for periodic significant and costly upgrades required by on premises legacy systems.
Speed to Deliver	With the cloud-based system, DSU benefits from increased speed to deliver on new improvements or new business or regulatory requirements. As new regulatory requirements are developed or as the business environment changes in the utility industry, DSU will be able to deliver on the requirements and business needs via the technology faster than other utilities through the cloud environment and agile architecture of its systems. The cloud environment is	(1) Long-term O&M Savings: Reduce costs to adapt to business or regulatory requirements by delivering system changes at an expedited speed. (2) Non-financial Benefit: Minimize business disruption associated with delivering new functionality.

[2] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, DSU NO witness, at Exhibit DED-1 (September 3, 2024).

	easier to manage and leverage when delivering new functionality.	
Scalability	The cloud-based IT system platform's ability to quickly scale capacity without rearchitecting or majorly augmenting hardware or software more efficiently supports variable growth and scale in such areas as customer volume and count, Supervisory Control and Data Acquisition ("SCADA") asset records and overall processing of records and information.	(1) Short-term O&M Savings: O&M costs are spread over more customers in a cost efficient manner reducing costs for all customers. Avoid O&M associated with scaling IT systems to accommodate near-term increases in customer volume. (2) Long-term O&M Savings: O&M costs are spread over more customers in a cost efficient manner reducing costs for all customers. Avoid O&M associated with scaling IT systems to accommodate future growth. (3) Capital Savings: Cost efficient scalability allows the utility to grow and spread the costs over a larger customer base at an incrementally reduced cost per customer. Avoid capital costs associated with scaling IT systems to accommodate future growth.
Resiliency	The technology will be cloud-based and decentralized, eliminating "single points of failure" and creating built-in redundancies and backups to address reliability and resiliency issues related to operational disruptions due to such events as hurricanes, named storms and other extreme weather events, in a way that traditional, legacy on-premise systems find challenging to match.	(1) Non-financial Benefits: Reduce risk of IT system outage and associated disruptions to operations. (2) Long-term O&M Benefits: Potentially receive non-quantifiable savings associated with avoided disruption to operations. (3) Capital Savings: Avoid the cost of creating and maintaining redundant infrastructure and backups to accommodate the less-resilient legacy on-premise systems.
Operational Efficiency	The new and modern systems will enable DSU to leverage newer technology to streamline existing business processes and create the foundation for enabling more efficient operations.	(1) Short-term and Long-term O&M Savings: Reduce O&M costs across the platform by streamlining and digitizing manual processes and increasing efficiency of operations.
Customer Service/ Satisfaction	Every element of Delta Utilities Services' interaction with customers will be gas-centric – from customer interactions with customer service representatives to an easy-to-navigate web portal to bill interpretation, customers will	(1) Non-financial Benefit: Improve customer service and satisfaction. Gas dedicated call center provides streamlined resolution to gas emergencies.

	have streamlined access to important dimensions of their gas service, including their account information and service options.	
Customer Issue Resolution	The new customer information platforms will enhance the customer experience and enhance DSU NO's ability to respond to customer inquiries and needs in a faster, more expedited, and more documentable fashion.	(1) Non-financial Benefit: Expedite and improve customer issue resolution, including first-call resolution.
Process Improvement	Enable process improvement through new technology. For example, DSU expects to leverage new technology to implement a credit and collections program, based on industry best practices, with a goal of keeping customers in good standing.	(1) Long-term O&M Savings: Potentially receive O&M savings by improving processes. (2) Short-term and Long-term Revenue Benefits: Proactive identification and resolution of credit collection issues ensures customers are accurately billed to avoid disconnection from the system due to outstanding balances. (3) Non-quantifiable Benefit: Improved customer service from proactive identification and resolution of credit and collection issues.
Core-focused Systems	This transaction provides a unique opportunity to segregate the gas and electric systems permanently, which would allow each customer base to benefit from core-focused technology platform implementation and upgrades into the future.	(1) Non-financial Benefit: Improve operations through use of core-focused systems. (2) Long-term O&M Savings: Potentially receive non-quantifiable O&M savings by improving operations through the use of core-focused systems.
Consolidation	The "greenfield" implementation allows for consolidation of the total number of platforms and vendors within the ecosystem, which in turn is simpler to build, maintain, and operate.	(1) Short-term and Long-term O&M Savings: Reduce cost to maintain and operate systems. Streamlined daily operations across the platform.
Integration	Integration with other platforms and systems in the ecosystem allows for cross-ecosystem use of data, resulting in a single source of truth for master data that is shared	(1) Long-term O&M Savings: Receive non-quantifiable O&M savings by reducing administrative work associated with duplicative data entry and

	across transactions and processes, thus eliminating transactional breakage, unnecessary reconciliations and complex integrations.	reconciliations. Streamlined daily operations across the platform.
Cybersecurity	The risk of cybersecurity threats over critical data, including customer data relating to both personal identifiable information as well as consumption patterns and payment records is reduced by cloud-based solutions' high level of standardization, enabling automation of frequent security updates with reduced risk of compromise due to misconfiguration.	(1) Long-Term O&M Savings: Potentially avoid O&M costs related to cybersecurity attacks and associated system outages. (2) Non-quantifiable Benefit: Reduce the risk of compromising utility and customer data by increasing cybersecurity and reduce the risk of system outages due to cybersecurity attacks.
Physical Security	With increasingly common malicious attacks on utility assets, physical risk impacting IT infrastructure is also largely mitigated through cloud-based systems. The same benefits of decentralization described above in Resiliency ensure that if one data center or IT asset is compromised, the larger system will not be.	(1) Long-Term O&M Savings: Potentially avoid O&M costs related to physical attacks and associated system outages. (2) Non-quantifiable Benefit: Reduce the risk of system outages due to physical attacks.
Access to Support	Minimize risk associated with reduced or ending support for legacy systems.	(1) Non-quantifiable Benefit: Access support for systems that may not be available with legacy systems. (2) Long-Term O&M Savings: Receive support for systems at a lower cost (i.e., low availability of support for legacy systems could mean higher cost for support).
Energy Efficiency	Cloud-based systems are energy efficient, resulting in reduced energy consumption by 22% to 93% as compared to on-premises IT system platforms according to a recent Microsoft study.	(1) Non-quantifiable Benefit: Support company clean energy goals. (2) Short-term and Long-term O&M Savings: Reduce energy costs.

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

Table C: Summary of Other (Non-IT) Gas Customer-Centric, Gas Employee and Community Transaction Benefits[3]

Category	Description	Benefit Results
Standalone Natural Gas Utility	DSU NO will be a standalone natural gas utility with a core focus on providing natural gas to customers	(1) Eliminate need to contend for capital with and among significantly larger electric utilities (DSU NO revenues 100% from gas sales versus 14% of ENO total sales). (2) Ability to dedicate effort and resources to the DSU NO gas business without competition with electric service operations. (3) Enhance ability for decisions to be made to the benefit of the gas utility and its customers. (4) Establish new shared services company specifically designed for gas distribution customers. (5) Streamline resolution of customer inquiries with a customer service center dedicated solely to gas customers.
Job Retention & Growth	Guaranteed employment to all gas employees and additional hires of 100 (Entergy-only) or 200 (Entergy + CenterPoint).	(1) DSU NO and affiliates have guaranteed employment offers to all 200 existing employees of ENO and ELL who are primarily engaged in the gas business with substantially similar pay and benefits. (2) DSU NO and its affiliates will hire an additional 100 new employees to operate the new DSU NO and DSU LA gas businesses.
Reliable Service	Experienced management and employees	(1) Entergy's Director of Gas Distributions will be employed by DSU, bringing historical knowledge and experience specific to the ENO gas business to DSU NO. Mr. Arnould is a key employee of Entergy who is responsible for overseeing all aspects of the safe, reliable delivery of natural gas service to ENO and ELL customers (2) DSU NO is onboarding an experienced management team. While DSU NO cannot provide the names of other

[3] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public-Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-4 (June 28, 2024).

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		individuals at this time, a summary of their experience and background was provided in HSPM Exhibit JY-6 to the Rebuttal Testimony of Mr. Jeffrey Yuknis. (3) Existing employees of ENO dedicated to the gas business will be offered employment. (4) Additional employees (approximately 100) to be hired to assist in providing reliable gas service.
No Rate Adjustment in Connection with Transaction Approval	No rate adjustment requested in the Joint Application; DSU NO has only requested to defer costs of standing up the new local distribution company ("LDC") and shared services company (including development and implementation of a modern, cloud-based IT system) to have the opportunity in a future rate proceeding to request and support recovery of such costs.	(1) DSU NO is incurring costs to standup the new LDC and shared services company for Day One Readiness post-Closing. However, DSU NO is not requesting recovery of such costs ("Transition Plan Costs") in connection with the Council's approval of the Transaction. DSU NO has only requested authority to defer such costs to a regulatory asset in order to have the opportunity to seek recovery of such costs in its initial rate proceeding - - this puts the risk of recovery solely on DSU NO. (2) DSU NO is not requesting to recover costs associated with the transaction itself. (3) DSU NO is not requesting to recover any acquisition premium paid for ENO's gas assets.
Rate Consistency	DSU NO requests to adopt ENO gas rates, rate schedules and riders at Closing, agreeing to "step into the shoes" of ENO with respect to its gas business.	(1) At Closing, DSU NO will adopt ENO's gas tariff - - meaning its gas rates, rate schedules and riders. To the extent ENO's Gas Formula Rate Plan Rider ("GFRP") filing in April 2025, requires an adjustment to rates, based on calendar year 2024 (under ENO ownership of the gas system), such change (increase or decrease) would be implemented effective September 1, 2025, pursuant to the terms of ENO's GFRP that DSU NO has committed to adopt. But for that potential rate change, if any, DSU NO will not seek to change rates for at least 15 months post-Closing, which will hold gas rates constant for approximately 25 months following the September 1, 2025 effective date of any GFRP incremental rate change.

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

		(2) To the extent there is not a rate change due to the GFRP adopted by DSU NO, there will be rate consistency for gas customers for a period of approximately 24-27 months.
Pension Obligations	Continuation of existing Entergy pension benefits.	(1) Retired Entergy employees who were primarily involved in the ENO/ELL gas distribution businesses will continue to receive the same pension benefits under DSU ownership of the gas assets.
O&M Growth	Expected lower growth rate for DSU NO O&M expenses.	(1) DSU NO's O&M expense forecast estimates an O&M expense growth rate based on inflation, which is significantly less than the historical 8.5% CAGR rate of ENO over the period of 2019-2023.
Lower Risk Premium	Access to capital markets at lower risk premium.	(1) Under DSU NO ownership, the gas business is expected to be able to access capital markets without as significant of a risk premium by separating from electric operations.
Community Involvement	Commitment to community involvement, including charitable causes and workforce development.	(1) DSU NO will be another stakeholder in the community contributing to charitable causes and workforce development.

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Table D: Summary of Economic Benefits to Orleans Parish and Louisiana Over 4 Years – *Entergy-Only Transaction*[4]

Category	Description	Benefit Results
Transition[5] Operations	(1) Employment (job years) (2) Labor Income ($ million) (3) Value Added ($ million) (4) Output ($ million)	(1) 1,786 (Orleans Parish); 95 (Remaining LA); 1,882 (Total) (2) $121 (Orleans Parish); $5 (Remaining LA); $127 (Total) (3) $349 (Orleans Parish); $9 (Remaining LA); $357 (Total) (4) $680 (Orleans Parish; $22 (Remaining LA); $703 (Total)
Retained[6] Operations	(1) Employment (job years) (2) Labor Income ($ million) (3) Value Added ($ million) (4) Output ($ million)	(1) 76 (Orleans Parish); 1,579 (Remaining LA); 1,656 (Total) (2) $6 (Orleans Parish); $100 (Remaining LA); $106 (Total) (3) $16 (Orleans Parish); $203 (Remaining LA); $219 (Total) (4) $42 (Orleans Parish); $393 (Remaining LA); $435 (Total)
Retained Capital Investment	(1) Capital Tax Benefits ($ million) (2) O&M Tax Benefits ($ million) (3) Total Tax Benefits ($ million)	(1) $0.33 (Local Parish); $7.59 (State); $14.68 (Federal); $22.60 (Total) (2) $0.47 (Local/Parish); $10.06 (State); $10.16 (Federal); $20.69 (Total) (3) $0.80 (Local/Parish); $17.65 (State); $24.84 (Federal); $43.29 (Total)

[4] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-2 (September 3, 2024).

[5] "Transition" benefits (or "incremental" benefits) are those that are new and directly created by the Transaction, including the creation of a new energy company headquarters in New Orleans, new service company positions, and technology investments. *See* Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, page 14 (June 28, 2024) (as corrected July 17, 2024).

[6] "Retained" benefits are those that are retained by New Orleans or the State of Louisiana through various commitments made by DSU NO and its affiliate companies, such as continued capital investments in the natural gas distribution system and continued annual operation expenditures. See Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, page 14 (June 28, 2024) (as corrected July 17, 2024).

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Table F: Summary of Economic Benefits to Orleans Parish and Louisiana Over 4 Years – *Entergy* + *CenterPoint*[7]

Category	Description	Benefit Results
Transition Operations	(1) Employment (job years) (2) Labor Income ($ million) (3) Value Added ($ million) (4) Output ($ million)	(1) 3,589 (Orleans Parish); 284 (Remaining LA); 3,874(Total) (2) $244 (Orleans Parish); $16 (Remaining LA); $260 (Total) (3) $700 (Orleans Parish); $26 (Remaining LA); $725 (Total) (4) $1,368 (Orleans Parish; $67 (Remaining LA); $1,434 (Total)
Retained Operations	(1) Employment (job years) (2) Labor Income ($ million) (3) Value Added ($ million) (4) Output ($ million)	(1) 232 (Orleans Parish); 4,997 (Remaining LA); 5,229 (Total) (2) $18 (Orleans Parish); $311 (Remaining LA); $328 (Total) (3) $40 (Orleans Parish); $567 (Remaining LA); $607 (Total) (4) $103 (Orleans Parish); $1,132 (Remaining LA); $1,234 (Total)
Transition Capital Investment	(1) Capital Total Tax Benefits ($ million) (2) O&M Total Tax Benefits ($ million) (3) Total Tax Benefits ($ million)	(1) $0.81 (Local/Parish); $1.27 (State); $4.28 (Federal); $6.36 (Total) (2) $6.58 (Local Parish); $8.42 (State); $16.16 (Federal); $31.15 (Total). (3) $7.39 (Local/Parish); $9.69 (State); $20.44 (Federal); $37.51 (Total)
Retained Capital Investment	(1) Capital Tax Benefits ($ million) (2) O&M Tax Benefits ($ million) (3) Total Tax Benefits ($ million)	(1) $1.03 (Local Parish); $27.82 (State); $53.52 (Federal); $82.37 (Total) (2) $0.81 (Local/Parish); $20.17 (State); $20.23 (Federal); $41.21 (Total) (3) $1.84 (Local/Parish); $47.98 (State); $73.75 (Federal); $123.57 (Total)

[7] Hearing Exhibit DSU NO – 18, Rejoinder Testimony of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-2 (September 3, 2024).

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

Table G: Summary of TOTAL ANNUAL Economic Benefits Over 4 Years – *Entergy-only Transaction*

Category	Description	Benefit Results
Total Economic Benefits	All utility operations – direct impacts ($ million)	
Direct Impacts	(1) Direct Impacts[8] – All Capital: (a) economic output, (b) job years, (c) wages	1. (a) $141 (b) 715 (c) $46
	(2) Direct Impacts[9] – Operations: (a) economic output, (b) job years, (c) wages	2. (a) $565 (b) 499 (c) $55
Total Economic Benefits	All utility operations – indirect impacts ($ million)	
Indirect Impacts	(1) Indirect Impacts[10] – All Capital: (a) economic output, (b) job years, (c) wages	1. (a) $61; (b) 272; (c) $17
	(2) Indirect Impacts[11] – Operations: (a) economic output, (b) job years, (c) wages	2. (a) $221 (b) 1,169 (c) $72
Total Economic Benefits	All utility operations – induced impacts ($ million)	
Induced Impacts	(1) Induced Impacts[12] – All Capital: (a) economic output, (b) job years, (c) wages	1. (a) $50 (b) 294 (c) $14
	(2) Induced Impacts[13] – Operations: (a) economic output, (b) job years, (c) wages	2. (a) $100 (b) 591 (c) $29

[8] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, Capital Direct Impacts on pages 19 plus 25 (combined) (June 28, 2024) (as corrected July 17, 2024).

[9] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, Operation Direct Impacts on pages 18 (value * 4 yrs) plus 26 (combined) (June 28, 2024) (as corrected July 17, 2024).

[10] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, Capital Indirect Impacts on pages 19 plus 25 (combined) (June 28, 2024) (as corrected July 17, 2024).

[11] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, Operational Indirect Impacts on pages 18 (value * 4 yrs) plus 26 (combined) (June 28, 2024) (as corrected July 17, 2024).

[12] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, Capital Induced Impacts pages 19 plus 25 (combined) (June 28, 2024) (as corrected July 17, 2024).

[13] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, Operational Induced Impacts on pages 18 (value * 4 yrs) plus 26 (combined) (June 28, 2024) (as corrected July 17, 2024).

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

Table H: Summary of TOTAL ANNUAL Economic Benefits Over 4 Years – *Entergy + CenterPoint Transactions*[14]

Category	Description	Benefit Results
Total Economic Benefits	All utility operations – direct impacts ($ million)	
Direct Impacts	(1) Direct Impacts – All Capital: (a) economic output, (b) job years, (c) wages	1. (a) $506 (b) 2,588 (c) $165
	(2) Direct Impacts – Operations: (a) economic output, (b) job years, (c) wages	2. (a) $1,100 (b) 998 (c) $109
Total Economic Benefits	All utility operations – indirect impacts ($ million)	
Indirect Impacts	(1) Indirect Impacts – All Capital: (a) economic output, (b) job years, (c) wages	1. (a) $214; (b) 950; (c) $60
	(2) Indirect Impacts – Operations: (a) economic output, (b) job years, (c) wages	2. (a) $442 (b) 2,333 (c) $144
Total Economic Benefits	All utility operations – induced impacts ($ million)	
Induced Impacts	(1) Induced Impacts – All Capital: (a) economic output, (b) job years, (c) wages	1. (a) $178 (b) 1,056 (c) $52
	(2) Induced Impacts – Operations: (a) economic output, (b) job years, (c) wages	2. (a) $200 (b) 1,178 (c) $58

[14] Hearing Exhibit DSU NO – 15, Rebuttal Testimony (Public Redacted) of David E. Dismukes, Ph.D., DSU NO witness, at Exhibit DED-4, page 4 (June 28, 2024) (as corrected July 17, 2024).

BRIEF EXHIBIT A

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

Table I: Summary of DSU NO and Affiliate Companies' Transaction Commitments,[15] including Customer Impact Mitigations[16]

No.	Summary of Commitment	Commitment Language
1	Provide high quality safe, reliable, and affordable local gas distribution	DSU NO is committed to continue to provide high quality safe, reliable, and affordable local gas distribution services to its New Orleans customers.
2	Maintain company-level management as well as investment-level management in Louisiana	Further, DSU's parent company is committed to maintaining company level management as well as investment-level management in Louisiana, and has an experienced team in place to ensure the parties work jointly and in cooperation with the Council on a smooth and seamless acquisition and transition.
3	Stand up a "fit-for-purpose" system to replace retained assets and provide services on day one post-closing	DSU NO is fully committed to standing up new "fit-for-purpose" systems to replace retained assets such that they are fully functional to provide a seamless transition and safe and reliable services independent of ENO, Entergy Louisiana, LLC ("ELL) and Entergy Services, LLC ("ESL") (collectively "Entergy") on day one post-Closing ("Day One Readiness").
4	Collaborate with ENO Gas business through the date of closing	DSU NO and the ENO Gas Business are fully committed to working collaboratively through the date of Closing to ensure Day One Readiness for providing safe and reliable gas services to customers, with a limited need for transition services post-Closing, and with the majority of such transition services to be provided on a consultative basis as needed under a Transition Services Agreement. As evidence of their respective commitment to the Transition, an Interim Cooperation Agreement ("ICA") was executed along with the PSA.
5	Make significant investments in improving business in the short- and long-term	BCP and DSU NO are committed to making significant investments in improving the business - both in the short-term as part of the Transition Plan process and build-out of the shared services functions and standalone systems prior to Transaction Closing, and in long-term improvements in the facilities and infrastructure of the business post-Closing. Many of these investments and improvements will directly enhance the customer experience and the overall reliability of the service provided.
6	Establish headquarters in NO	DSU NO's commitment to be headquartered in New Orleans
7	Maintain local management of ENO Gas Business	DSU NO is committed to maintaining the local management of the acquired ENO Gas Business assets to ensure the continuation of important benefits to Louisiana and the New Orleans community

[15] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public-Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-2 (June 28, 2024).

[16] Hearing Exhibit DSU NO – 4, Rebuttal Testimony (Public-Redacted) of Jeffrey Yuknis, DSU NO witness, at Exhibit JY-4 (Part A) (June 28, 2024).

<u>Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments</u>

		that it serves in terms of safety, service reliability and rates, employment, economic development, and charitable contributions.
8	Provide sufficient capital to safely and reliably maintain and operate the DSU NO system	Bernhard Capital Partners ("Bernhard Capital") is committed to providing sufficient capital to safely and reliably maintain and operate the DSU NO system post-closing, to accommodate all operational and capital needs of the utility, and to support responsible growth of the utility into the future.
9	Support communities in which it does Business in Louisiana and maintain strong community and economic development support in service area	" ... DSU, as well as, BCP is committed to supporting the communities in which it does business in Louisiana, and as part of this Transaction, is committed to maintaining the strong community and economic development support in the DSU Utilities' service area."
10	Invest in growth to enhance economies of scale, buying power, and operational efficiencies	"Bernhard Capital is committed to investing in the growth of the DSU LDCs through expansion of systems and the acquisition of additional systems. This growth strategy will provide customer and resource growth that will enhance economies of scale, buying power, and operational efficiencies benefitting all customers of the systems."
11	Maintain ENO Rates and continue to operate under ENO Rates in effect as of the Closing and/or supported by ENO's most recent GFRP test year until any necessary rate adjustments are approved by Council	"DSU NO is committing to maintain the ENO Rates and to continue to operate under ENO Rates in effect as of the Closing and/or supported by ENO's most recent GFRP test year, until any necessary rate adjustments are approved by the Council in the DSU NO rate proceeding, which rate adjustments would be expected to occur approximately 23-25 months post-Closing ... "
12	Submit a full rate review no sooner than 15 months post-closing	"In addition, DSU NO agrees to submit to a full rate review following Closing of the Transaction, no sooner than fifteen (15) months post-Closing. Following Closing, DSU NO would begin a 12-month period that will serve as an historical test year for the DSU Rate Case."
13	Not seek recovery of Transaction costs	"DSU NO 's commitment not to seek recovery of Transaction costs or any acquisition premium associated with the Transaction"
14	Assume and adopt rates and rate schedules of the ENO Gas Business and assume plans for capital improvements	" ... DSU NO commits to assume and adopt the rates and rate schedules of the ENO Gas Business, as well as to assume the commitments and obligations of the ENO Gas Business with respect to various plans for capital improvements, including specifically ENO's GIRP and ongoing Integrity Management Program IM Program."

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

15	Adopt ENO's Incident Command System	"DSU NO is also committed to adopting ENO's Incident Command System ("ICS") structure until such time that DSU NO develops plans specific to DSU NO."
16	Offer employment to approximately 200 existing ELL/ENO employees and approximately 100 new Louisiana-based employees	"DSU also commits to establish its headquarters in New Orleans, Louisiana and to offer employment to approximately 200 employees primarily engaged in the Entergy Louisiana, LLC ("ELL") and ENO gas businesses, as well as to hire approximately 100 new Louisiana based employees to provide shared services that will no longer be provided by ENO, ELL, and Entergy Services, LLC ("ESL") (collectively, "Entergy") post-Closing."
17	Provide employees with substantially similar pay and benefits	"As previously mentioned, DSU will offer employment to retain approximately 200 employees that are primarily engaged in the ENO and ELL gas LDC businesses. As part of such offer of employment, DSU has committed to providing these employees pay and benefits substantially similar to and no less beneficial than what they currently receive from ENO, ELL and ESL ("Entergy"), ensuring that the Transaction is fair and reasonable to Entergy's employees."
18	Honor employee tenure as it relates to vacation, retirement, pension, holidays, disability and leave policies	"DSU NO's and its affiliate companies' commitment to offer employment to all of the active employees primarily engaged in the ENO Gas Business and those who return from leave with substantially similar or no less favorable compensation, benefits, and post-retirement benefits as they are currently receiving; and to honor the tenure of such employees as it relates to vacation time, retirement, pension, holidays, disability and leave policies"
19	Honor bargaining-unit agreement in place at ENO Gas Business	DSU has also committed to honoring the bargaining-unit agreement in place at ENO Gas Business, and to assuming the employee pension assets and liabilities associated with the gas utilities, including more than 160 Entergy retirees.
20	Assume employee pension assets and liabilities associated, including more than 160 retirees	"DSU NO's and its affiliate companies' commitment to assuming the employee pension assets and liabilities associated with the ENO and ELL gas LDCs, including more than 160 retirees primarily involved in the ELL and ENO Gas Business"
21	Transfer cash, cash equivalents, or assets in kind held by Entergy pension trust to new trust for DSU defined benefit pension plans	ENO states, "Cash and cash equivalents or, to the extent agreed to by the parties, assets in kind held by the Entergy pension trust will be transferred to a trust established for the DSU defined benefit pension plans."

Comprehensive List of Transaction Benefits and DSU NO and Affiliate Companies' Commitments

22	Communications with stakeholders	"Since the initial town hall meeting, DSU and ENO have worked collaboratively to respond to employee questions regarding the Transaction and their employment. During the course of the Transaction, DSU and DSU NO are committed to maintaining communications with, and providing updates to, the stakeholders of the utility."
23	Establish and maintain a robust internal controls process	"DSU NO is fully committed to establishing and maintaining a robust internal controls process to govern the business post-closing of the transaction. As described in CNO 1-6(a), we are engaged in a process not only to implement the appropriate systems to ensure Day One Readiness of the operations, but also are focused during this transition process upon establishing and designing the key control processes related to operating effectiveness and controls over financial reporting. In doing so, we expect to design a compliance program that follows, in large part, the principles set forth in the Sarbanes-Oxley Act of 2002 (SOX). Similar to a SOX compliance program in a public company, DSU NO's efforts will include the identification of significant risks to the business; the design of controls aimed to mitigate those risks; a plan for testing to confirm the effectiveness of control design and performance; and a process to confirm that an effective control environment is in place."
24	Comply with requirements associated with its financing and operation as a BCP portfolio company	"At a minimum, DSU NO will comply with the requirements associated with its financing and operation as a BCP portfolio company, which includes the generation of third party audited consolidated financial statements in accordance with GAAP to be accompanied by an opinion of DSU NO's third party auditors stating that such statements present fairly in all material respects DSU NO's financial position and the results of its operations within 120 days after the end of each fiscal year (or 150 days after the end of the first full fiscal year after closing)."
25	Not treat CWIP as of the close of the Gas Transaction as a component of any non-recoverable acquisition premium	"DSU NO requests that the NOCC recognize that Purchased Assets currently recorded by ENO as CWIP not be considered an acquisition premium, or not specifically determine that CWIP included as a Purchased Asset is an acquisition premium, and that DSU NO be allowed the opportunity to include the assets in rate base once they are placed in service, with recovery subject to any prudence review."
26	Not execute any new large commercial gas contracts without expressed Council approval	"DSU NO will serve and bill the large commercial gas customers in New Orleans consistent with Entergy New Orleans' past, and most recent, practice and the terms and conditions of the assumed contracts. DSU NO intends to continue the current process of applying the revenue of the large commercial customers against the revenue requirement of the jurisdictional customers. Any material modification to the current process would be pursuant to subsequent filing with the NOCC." **CNO Question:** "Please confirm that DSU NO will not execute any new NJ contracts without express Council approval." **DSU Response:** "Confirmed."

		[DSU NO Response to CNO 4-18.b]
27	Perform a fully allocated cost of service study in DSU NO's next rate case	"Once DSU NO stands up and operates the LDC for a period sufficient to establish a historical test year, DSU NO will file a rate case providing the Council with the opportunity to fully review and approve its cost of service and proposed rate setting mechanisms. Until such time that the Council issues a final order in that subsequent rate proceeding, DSU NO will continue to utilize the ENO rates, rate schedules, riders and service conditions." **CNO Question:** "Please confirm if DSU NO will provide a complete cost of service analysis as part of its proposed Council rate action, including the cost of serving these existing large commercial gas contracts." **DSU Response:** "Confirmed." [DSU NO response to 4-18.a]

BRIEF EXHIBIT B

Section B. Customer Benefits of DSU NO Acquisition

No.	Benefit	Reference
1. Establish a fit-for-purpose natural gas LDC and shared services company		
1a	Eliminate need to contend for capital with and among significantly larger electric utilities	Rebuttal Testimony of Jeffrey Yuknis
1b	Dedicate effort and resources to the gas business	Rebuttal Testimony of Jeffrey Yuknis
1c	Enhance ability for decisions to be made to the benefit of the gas utility and its customers	Rebuttal Testimony of Jeffrey Yuknis
1d	Establish a shared services company specifically designed for gas distribution operations	Rebuttal Testimony of Jeffrey Yuknis
1e	Streamline resolution of customer inquiries with a customer service center dedicated solely to gas customers	Rebuttal Testimony of Jeffrey Yuknis
2. Implement a greenfield, modern cloud-based information technology (“IT”) system		
2a	Minimize customization and enable cost-effective adaptability through off-the-shelf software	Rebuttal Testimony of Brian Little
2b	Reduce total number of platforms and vendors within the ecosystem	Rebuttal Testimony of Brian Little
2c	Improve cost efficiency through the unification and standardization of disparate IT systems and improved system maintenance	Rebuttal Testimony of David E. Dismukes, Ph.D.
2d	Improve integration between systems to create “single source of truth master data”	Rebuttal Testimony of Brian Little
2e	Provide adaptability and scalability to respond to changing business requirements with the ability to near-instantly scale capacity without rearchitecting or majorly augmenting hardware or software	Rebuttal Testimony of Brian Little and David E. Dismukes, Ph.D.
2f	Improve customer service and customer satisfaction with streamlined access to important dimensions of gas service and local call-in lines exclusive to gas customers	Rebuttal Testimony of Brian Little and David E. Dismukes, Ph.D.
2g	Minimize risk associated with reduced or ending support for legacy systems	Rebuttal Testimony of Brian Little
2h	Improve resiliency during major weather events such as hurricanes where the newly decentralized system avoids “single points of failure” that cause systems to go offline	Rebuttal Testimony of Brian Little and David E. Dismukes, Ph.D.
2i	Increase efficiency of operations by streamlining processes	Rebuttal Testimony of Brian Little
2j	Update systems at a lower cost and with little to no downtime by using cloud-based systems instead of on-premise systems	Rebuttal Testimony of Brian Little
2k	Enable a cost structure that delivers more efficient and predictable operating costs	Rebuttal Testimony of Brian Little

No.	Benefit	Reference
2l	Benefit from lower TCO of a cloud-based system as compared to legacy on-premise system	Rebuttal Testimony of Brian Little
2m	Improve security through a more standardized configuration and automation of frequent security updates	Rebuttal Testimony of David E. Dismukes, Ph.D.
2n	Increase economic development through leveraging partnership with Accenture, including their opening of a regional office in New Orleans	Exhibit BL-7 to Rebuttal Testimony of Brian Little
3. Deliver significant economic benefits to the City of New Orleans and State of Louisiana		
3a	Establish the headquarters of a new natural gas utility valued at approximately $500 million in New Orleans	Rebuttal Testimony of David E. Dismukes, Ph.D.
3a	By locating the DSU NO headquarters in New Orleans, DSU's transition capital investments are estimated to lead to 112 job-years of employment, generate almost $7 million in new labor income, contribute over $11 million in value added (also known as gross state product or "GSP"), and $29 million in economic output.	Rebuttal Testimony of David E. Dismukes, Ph.D.
3b	By locating the DSU NO headquarters in New Orleans, on an operational basis, DSU's annual expenditures are estimated to lead to 442 job-years of employment opportunities, $30 million in new annual labor income, almost $87 million in value added or GSP, and $168 million in economic output.	Rebuttal Testimony of David E. Dismukes, Ph.D.
3c	Create approximately 100 new local jobs in Louisiana to facilitate DSU NO's providing of high-quality gas service to customers, with nearly all jobs to be located at the New Orleans headquarters	Rebuttal Testimony of Jeffrey Yuknis
4. Create opportunities for a lower projected O&M growth rate		
4a	Expect lower O&M growth at DSU NO compared to historical O&M growth at ENO	Rebuttal Testimony of Brian Little
5. Free up capital at ENO		
5a	Convert capital supporting current gas assets to capital for new resilient and reliable grid investments	Rebuttal Testimony of Alyssa Maurice-Anderson
6. Allow the Gas Business to access capital markets at a lower risk premium		
6a	Allow the Gas Business to access capital markets without as significant of a risk premium by separating from electric operations	Rebuttal Testimony of Alyssa Maurice-Anderson

No.	Benefit	Reference
7. Additional benefits not provided by purchasing entities in other similar transactions		
7a	No recovery of acquisition premium (goodwill)	Joint Application
7b	No recovery of transaction costs	Joint Application
7c	No rate adjustments requested in application	Joint Application
7d	Adopt ENO's rates at closing of the Proposed Transaction and/or supported by ENO's most recent evaluation period and hold rates steady to the GFRP for approximately 24-27 months post-Closing until future case	Joint Application
7e	Guarantee employment to all gas employees of ENO and ELL with substantially similar pay and benefits	Joint Application
7f	Continue pension obligations for existing pension employees	Joint Application
7g	Commitment to community involvement including charitable causes and workforce development	Joint Application
8. Additional benefits if CERC and Entergy transactions are approved		
8a	Establish the headquarters of a new multi-state natural gas utility valued at approximately $1.7 billion in New Orleans	Rebuttal Testimony of Jeffrey Yuknis
8b	By locating the DSU NO headquarters in New Orleans, with the Entergy and CERC transactions, the transition capital investments are anticipated to expand to 335 job-years of employment opportunities and expand labor income to $20 million, GSP to $33 million, and economic output to $87 million	Rebuttal Testimony of Jeffrey Yuknis
8c	By locating the DSU NO headquarters in New Orleans, on an operational basis, the new corporate headquarters operations for all business units, encompassing ELL, ENO, and CERC, are projected to create 885 new ongoing annual employment opportunities, resulting in over $60 million in new annual labor income, an additional $173 million in annual GSP and $337 million in annual economic output	Rebuttal Testimony of Jeffrey Yuknis
8d	Receive efficiencies of scale by operating current Entergy Gas Business and CERC gas businesses through a consolidated shared services structure	Rebuttal Testimony of Jeffrey Yuknis
8e	Allow DSU NO to access additional personnel from CERC and leverage their breadth of expertise	Rebuttal Testimony of Jeffrey Yuknis

No.	Benefit	Reference
8f	Hire an additional 100 new employees (over and above those to be hired in connection with the Entergy Transaction)	Rebuttal Testimony of Jeffrey Yuknis
8g	Leverage technologies deployed by CERC (e.g., *Picarro* methane leak detection technology)	Rebuttal Testimony of Jeffrey Yuknis
8h	Receive additional beneficial O&M shared services savings (estimated to be up to 10% savings) due to synergies and cost efficiencies	Rebuttal Testimony of Jeffrey Yuknis

BRIEF EXHIBIT C

Section A. Commitments Made by DSU NO in Joint Applications, Direct Testimonies, and Discovery Responses to Date * *

No.	Summary of Commitment	Reference	Commitment Language
1	Provide high quality safe, reliable, and affordable local gas distribution	Direct Testimony of Jeffrey Yuknis, Appendix B, page 5	"DSU NO is committed to continue to provide high quality safe, reliable, and affordable local gas distribution services to its New Orleans customers."
2	Maintain company-level management as well as investment-level management in Louisiana	Joint Application, page 11	"Further, DSU's parent company is committed to maintaining company level management as well as investment-level management in Louisiana, and has an experienced team in place to ensure the parties work jointly and in cooperation with the Council on a smooth and seamless acquisition and transition."
3	Stand up a "fit-for-purpose" system to replace retained assets and provide services on day one post-closing	Direct Testimony of Jeffrey Yuknis, page 5-6	"DSU NO is fully committed to standing up new "fit-for-purpose" systems to replace retained assets such that they are fully functional to provide a seamless transition and safe and reliable services independent of ENO, Entergy Louisiana, LLC ("ELL) and Entergy Services, LLC ("ESL") (collectively "Entergy") on day one post-Closing ("Day One Readiness")."
4	Collaborate with ENO Gas business through the date of closing	Direct Testimony of Brian K. Little, page 12	"DSU NO and the ENO Gas Business are fully committed to working collaboratively through the date of Closing to ensure Day One Readiness for providing safe and reliable gas services to customers, with a limited need for transition services post-Closing, and with the majority of such transition services to be provided on a consultative basis as needed under a Transition Services Agreement. As evidence of their respective commitment to the Transition, an Interim Cooperation Agreement ("ICA") was executed along with the PSA."
5	Make significant investments in improving business in the short- and long-term	Direct Testimony of Brian K. Little, page 30	"BCP and DSU NO are committed to making significant investments in improving the business - both in the short-term as part of the Transition Plan process and build-out of the shared services functions and standalone systems prior to Transaction Closing, and in long-term improvements in the facilities and infrastructure of the business post-Closing. Many of these investments and improvements will directly enhance the customer experience and the overall reliability of the service provided."
6	Establish headquarters in NO	Joint Application, page 14	"DSU NO's commitment to be headquartered in New Orleans"
7	Maintain local management of ENO Gas Business	Joint Application, page 5	"DSU NO is committed to maintaining the local management of the acquired ENO Gas Business assets to ensure the continuation of important benefits to Louisiana and the New Orleans community that it serves in terms of safety, service reliability and rates, employment, economic development, and charitable contributions."
8	Provide sufficient capital to safely and reliably maintain and operate the DSU NO system	DSU NO response to CNO 2-7.b	"Bernhard Capital Partners ("Bernhard Capital") is committed to providing sufficient capital to safely and reliably maintain and operate the DSU NO system post-closing, to accommodate all operational and capital needs of the utility, and to support responsible growth of the utility into the future."

* * Since filing these 27 commitments in rebuttal testimony, DSU NO has agreed to cap the cost it seeks to recover in its future rate proceeding that are under the fixed-fee portion of its contracts for work performed by its technology integraton partner, Accenture, which makes up approximately 57 percent of total services to be performed by Accenture. Hearing Exhibit DSU NO-9, Rejoinder Testimony of Brian Little at 16:10-14 (Sept. 3, 2024).

No.	Summary of Commitment	Reference	Commitment Language
9	Support communities in which it does Business in Louisiana and maintain strong community and economic development support in service area	Direct Testimony of Brian K. Little, page 26	" ... DSU, as well as, BCP is committed to supporting the communities in which it does business in Louisiana, and as part of this Transaction, is committed to maintaining the strong community and economic development support in the DSU Utilities' service area."
10	Invest in growth to enhance economies of scale, buying power, and operational efficiencies	Direct Testimony of Jeffrey Yuknis, page 34	"Bernhard Capital is committed to investing in the growth of the DSU LDCs through expansion of systems and the acquisition of additional systems. This growth strategy will provide customer and resource growth that will enhance economies of scale, buying power, and operational efficiencies benefitting all customers of the systems."
11	Maintain ENO Rates and continue to operate under ENO Rates in effect as of the Closing and/or supported by ENO's most recent GFRP test year until any necessary rate adjustments are approved by Council	Joint Application, page 22	"DSU NO is committing to maintain the ENO Rates and to continue to operate under ENO Rates in effect as of the Closing and/or supported by ENO's most recent GFRP test year, until any necessary rate adjustments are approved by the Council in the DSU NO rate proceeding, which rate adjustments would be expected to occur approximately 23-25 months post-Closing ... "
12	Submit a full rate review no sooner than 15 months post-closing	Joint Application, page 23	"In addition, DSU NO agrees to submit to a full rate review following Closing of the Transaction, no sooner than fifteen (15) months post-Closing. Following Closing, DSU NO would begin a 12-month period that will serve as an historical test year for the DSU Rate Case."
13	Not seek recovery of Transaction costs	Joint Application, page 13	"DSU NO 's commitment not to seek recovery of Transaction costs or any acquisition premium associated with the Transaction"
14	Assume and adopt rates and rate schedules of the ENO Gas Business and assume plans for capital improvements	Joint Application, page 5	" ... DSU NO commits to assume and adopt the rates and rate schedules of the ENO Gas Business, as well as to assume the commitments and obligations of the ENO Gas Business with respect to various plans for capital improvements, including specifically ENO's GIRP and ongoing Integrity Management Program IM Program."
15	Adopt ENO's Incident Command System	Joint Application, page 5	"DSU NO is also committed to adopting ENO's Incident Command System ("ICS") structure until such time that DSU NO develops plans specific to DSU NO."

No.	Summary of Commitment	Reference	Commitment Language
16	Offer employment to approximately 200 existing ELL/ENO employees and approximately 100 new Louisiana-based employees	Joint Application, page 5	“DSU also commits to establish its headquarters in New Orleans, Louisiana and to offer employment to approximately 200 employees primarily engaged in the Entergy Louisiana, LLC (“ELL”) and ENO gas businesses, as well as to hire approximately 100 new Louisiana based employees to provide shared services that will no longer be provided by ENO, ELL, and Entergy Services, LLC (“ESL”) (collectively, “Entergy”) post-Closing.”
17	Provide employees with substantially similar pay and benefits	Joint Application, page 11	“As previously mentioned, DSU will offer employment to retain approximately 200 employees that are primarily engaged in the ENO and ELL gas LDC businesses. As part of such offer of employment, DSU has committed to providing these employees pay and benefits substantially similar to and no less beneficial than what they currently receive from ENO, ELL and ESL (“Entergy”), ensuring that the Transaction is fair and reasonable to Entergy’s employees.”
18	Honor employee tenure as it relates to vacation, retirement, pension, holidays, disability and leave policies	Joint Application, page 13	“DSU NO’s and its affiliate companies’ commitment to offer employment to all of the active employees primarily engaged in the ENO Gas Business and those who return from leave with substantially similar or no less favorable compensation, benefits, and post-retirement benefits as they are currently receiving; and to honor the tenure of such employees as it relates to vacation time, retirement, pension, holidays, disability and leave policies”
19	Honor bargaining-unit agreement in place at ENO Gas Business	Direct Testimony of Jeffrey Yuknis, Appendix B	DSU has also committed to honoring the bargaining-unit agreement in place at ENO Gas Business, and to assuming the employee pension assets and liabilities associated with the gas utilities, including more than 160 Entergy retirees.
20	Assume employee pension assets and liabilities associated, including more than 160 retirees	Joint Application, page 13	“DSU NO’s and its affiliate companies’ commitment to assuming the employee pension assets and liabilities associated with the ENO and ELL gas LDCs, including more than 160 retirees primarily involved in the ELL and ENO Gas Business”
21	Transfer cash, cash equivalents, or assets in kind held by Entergy pension trust to new trust for DSU defined benefit pension plans	ENO’s response to DR CNO 1-44.b	ENO states, “Cash and cash equivalents or, to the extent agreed to by the parties, assets in kind held by the Entergy pension trust will be transferred to a trust established for the DSU defined benefit pension plans.”
22	Maintain communications with and providing updates to the stakeholders of the utility	Direct Testimony of Jeffrey Yuknis, page 20	"Since the initial town hall meeting, DSU and ENO have worked collaboratively to respond to employee questions regarding the Transaction and their employment. During the course of the Transaction, DSU and DSU NO are committed to maintaining communications with, and providing updates to, the stakeholders of the utility."

No.	Summary of Commitment	Reference	Commitment Language
23	Establish and maintain a robust internal controls process	DSU response to CNO 1-6.b	"DSU NO is fully committed to establishing and maintaining a robust internal controls process to govern the business post-closing of the transaction. As described in CNO 1-6(a), we are engaged in a process not only to implement the appropriate systems to ensure Day One Readiness of the operations, but also are focused during this transition process upon establishing and designing the key control processes related to operating effectiveness and controls over financial reporting. In doing so, we expect to design a compliance program that follows, in large part, the principles set forth in the Sarbanes-Oxley Act of 2002 (SOX). Similar to a SOX compliance program in a public company, DSU NO's effo1i will include the identification of significant risks to the business; the design of controls aimed to mitigate those risks; a plan for testing to confirm the effectiveness of control design and perfo1mance; and a process to confirm that an effective control environment is in place."
24	Comply with requirements associated with its financing and operation as a BCP portfolio company	DSU response to CNO 1-6.c	"At a minimum, DSU NO will comply with the requirements associated with its financing and operation as a BCP portfolio company, which includes the generation of third party audited consolidated financial statements in accordance with GAAP to be accompanied by an opinion of DSU NO's third party auditors stating that such statements present fairly in all material respects DSU NO's financial position and the results of its operations within 120 days after the end of each fiscal year (or 150 days after the end of the first full fiscal year after closing)."
25	Not treat CWIP as of the close of the Gas Transaction as a component of any non-recoverable acquisition premium	Joint Application, page 8	“DSU NO requests that the NOCC recognize that Purchased Assets currently recorded by ENO as CWIP not be considered an acquisition premium, or not specifically determine that CWIP included as a Purchased Asset is an acquisition premium, and that DSU NO be allowed the opportunity to include the assets in rate base once they are placed in service, with recovery subject to any prudence review.”
26	Not execute any new large commercial gas contracts without expressed Council approval	DSU response to CNO 1-4.b and 4-18.a	“DSU NO will serve and bill the large commercial gas customers in New Orleans consistent with Entergy New Orleans’ past, and most recent, practice and the terms and conditions of the assumed contracts. DSU NO intends to continue the current process of applying the revenue of the large commercial customers against the revenue requirement of the jurisdictional customers. Any material modification to the current process would be pursuant to subsequent filing with the NOCC.” **CNO Question:** “Please confirm that DSU NO will not execute any new NJ contracts without express Council approval.” **DSU Response:** “Confirmed.”

No.	Summary of Commitment	Reference	Commitment Language
27	Perform a fully allocated cost of service study in DSU NO's next rate case	DSU response to CNO 2-9.a and 4-18.a	"Once DSU NO stands up and operates the LDC for a period sufficient to establish a historical test year, DSU NO will file a rate case providing the Council with the opportunity to fully review and approve its cost of service and proposed rate setting mechanisms. Until such time that the Council issues a final order in that subsequent rate proceeding, DSU NO will continue to utilize the ENO rates, rate schedules, riders and service conditions." **CNO Question:** "Please confirm if DSU NO will provide a complete cost of service analysis as part of its proposed Council rate action, including the cost of serving these existing large commercial gas contracts." **DSU Response:** "Confirmed."

Section B. DSU NO Responses to and New Commitments Based on Advisors Recommendations

No.	Advisors' Recommendation	Reference	DSU NO Response / Commitment	DSU NO Reference
1	Consider approval of the Gas Transaction if ratepayer harm is eliminated or mitigated to the Council's satisfaction	Direct Testimony of Joseph Rogers, page 35-36	In the Joint Application and Rebuttal Testimony, DSU NO proposed several meaningful mitigation measures and proposed to work with Advisors to further develop creative solutions.	Exhibit JY-4 to Rebuttal Testimony of Jeffrey Yuknis
2	Attach as conditions to approval of The Gas Transaction each of the commitments identified in Exhibit No.-(JWR-4)	Direct Testimony of Joseph Rogers, page 36-37	DSU NO agrees to memorialize these commitments as conditions to approval.	Exhibit JY-2, Section A, to Rebuttal Testimony of Jeffrey Yuknis, pg.
3	Require DSU NO to keep its books according to FERC accounting guidance and present its per book accounting by FERC Account as part of its rate action applications	Direct Testimony of Byron Watson, page 50	DSU NO agrees to keep its books according to FERC accounting guidance.	Rebuttal Testimony of Brian Little
4	Require DSU NO to present independently audited financial results at least annually and base rate action filings before the Council on audited financial data	Direct Testimony of Byron Watson, page 50	DSU committed to preparing third party audited consolidated financial statements in discovery. While DSU NO believes these audited financial statements will be sufficient for and supportive of regulatory ratemaking, DSU NO welcomes discussion with the Advisors regarding requirements and/or preferences for rate case actions.	Rebuttal Testimony of Brian Little; Rebuttal Testimony of Jeffrey Yuknis
5	Advise DSU NO that its ROE, total debt cost rate, and equity ratio may be set while taking into account relevant metrics from comparable utilities having roughly a "BBB" credit ratings and not on any actual DSU NO data	Direct Testimony of Byron Watson, page 51-52	DSU agrees that the Council will review its cost of debt, equity and capital structure, among other ratemaking items in the initial rate case to be filed by DSU NO not sooner than 15 months post-closing.	Direct Testimony of Jeffrey Yuknis

No.	Advisors' Recommendation	Reference	DSU NO Response / Commitment	DSU NO Reference
6	Require DSU NO to eliminate or substantially mitigate the ratepayer harm due to the loss of a net-credit ADIT balance through a regulatory liability in DSU NO's rate base whose amortization expense and related ADIT are not in DSU NO's cost of service. The regulatory liability would amortize over the average life of ENO's ADIT had the Gas Transaction not occurred	Direct Testimony of Byron Watson, page 51	DSU NO agrees that the impact of the loss of a net-credit ADIT balance is a legitimate concern and agrees to work with the Advisors to address in the future rate proceeding in a way that is fair and equitable to all parties; DSU NO has concerns with use of a regulatory liability, but has mitigated impact of ADIT through regulatory asset proposal with extended (25-year) amortization period. Further, by agreeing to maintain ENO rates and rate schedules for approximately two or more years post-Closing, DSU NO would be foregoing several million in revenue requirement (as quantified in the Rebuttal Testimony of Jay A. Lewis), based on Mr. Watson's calculation of ADIT impacts, to the benefit of gas customers. DSU NO is also open to discussing sharing with customers a portion of goodwill tax benefits to further mitigate the net revenue requirement impacts of ENO ADIT not transferring at closing.	Rebuttal Testimony of Jay Lewis
7	Require that DSU NO agree to not seek recovery of the proposed regulatory asset or to substantially mitigate to the Council's satisfaction the ratepayer impacts of the proposed regulatory asset as a condition of approval	Direct Testimony of Byron Watson, page 52	DSU NO has already proposed several meaningful measures to mitigate the impact of Transition Costs on ratepayers. This includes the use of a regulatory asset to be amortized over an extended 25-year period. Further, DSU NO analysis supports that the Transition Plan will result in qualitative and quantitative benefits to customers as well as prudently incurred costs that should be recoverable. The DSU analysis also supports that the proposed regulatory asset will serve to mitigate the most significant rate impacts estimated by the Advisors.	Rebuttal Testimony of David E. Dismukes, Ph.D. Exhibit JY-4 to Rebuttal Testimony of Jeffrey Yuknis Rebuttal Testimony of Jay Lewis
8	Advise DSU NO that it is expected to propose a ratemaking treatment comparable to that ENO has proposed in recent FRP Evaluation filings for both pensions and OPEB Treatment of post-retirement benefits and conduct a thorough review as part of DSU NO's initial rate case.	Direct Testimony of Byron Watson, page 53	DSU NO agrees to use a comparable treatment to that which ENO has proposed in recent FRP Evaluation filings for both pensions and OPEB. DSU NO is open to discussing with the Advisors the details of what is contemplated by their recommendation for a thorough review in the DSU NO's initial rate action.	Direct Testimony of Jeffrey Yuknis and Rebuttal Testimony of Jeffrey Yuknis

No.	Advisors' Recommendation	Reference	DSU NO Response / Commitment	DSU NO Reference
9	Consider the following reports applicable to DSU NO and affirmation when considering the Gas Transaction: 1) The most current draft of the shared services agreement between DSU Services and DSU NO, including a detail of cost categories and allocations of shared services costs; 2) Monthly reports of DSU NO's detailed Transaction Costs and Transition Costs, if Transition costs are allowed by the Council to be recovered from ratepayers, including the internal control processes and recording to accounts to demonstrate the separation of Transaction Costs. Pending final Council approval of the transaction, if granted, such reports could be submitted quarterly."	Direct Testimony of Victor Prep, page 24	DSU Agrees to these reporting conditions as follows: 1) Given the complexities of the allocation methodology and the lack of impact on customer rates, DSU NO intends to continue to develop the shared services agreement as it works to stand up the shared services company but proposes that it provide the agreement to the Advisors closer to Closing. 2) Upon completion of the first full quarter after regulatory approvals of the transaction, DSU NO will commence filing quarterly reports of the Transition Plan costs. DSU NO has committed not to request recovery of Transaction Costs in this filing or in future filings. While DSU NO believes reporting on Transition Costs should be sufficient to allow the Council to ensure ratepayers are only paying for prudently incurred Transition Plan costs, DSU NO is open to preparing an accounting of Transaction Costs to submit to the Council as part of its initial rate proceeding to accommodate the Advisors concerns.	Rebuttal Testimony of Brian Little
10	Perform an independent accounting audit of DSU's accounting and internal controls processes post-closing to assure that costs are properly allocated to DSU NO and segregated into appropriate accounts to record Transition Costs, Transaction Costs, and other types of costs and expenditures	Direct Testimony of Victor Prep, page 26	DSU NO has committed to an annual financial statement audit and therefore its internal controls over financial reporting including controls that would provide assurance for the proper accounting and allocation of transition and transaction costs to the appropriate financial statement accounts would be an overall part of the scope of this financial statement audit.	Rebuttal Testimony of Brian Little

No.	Advisors' Recommendation	Reference	DSU NO Response / Commitment	DSU NO Reference
11	Provide monthly updates to the Council on changes to the project timetable, impacts from related regulatory proceedings, and changes to the proposed treatment of shared costs and projected revenue requirements	Direct Testimony of Victor Prep, page 26	DSU NO appreciates the need for the Council to stay updated on the items identified by Mr. Prep in his direct testimony. DSU NO is agreeable to reporting on the overall DSU NO project timeline adjustments, material impacts on DSU NO related to final orders in other regulatory proceedings, and modifications to the proposed treatment of shared service costs, commencing after Council approval of the Proposed Transaction. Further, DSU NO would prefer to report less frequently than monthly but is willing to discuss this with the Advisors to develop a reporting schedule that is acceptable to the Council and DSU NO.	Rebuttal Testimony of Jeffrey Yuknis
12	Include as a condition that the agreement and rate to deliver gas to NOPS shall be based on an updated cost of service analysis and a current review of gas transportation rates and contracts offered by intrastate gas distribution companies	Direct Testimony of Victor Prep, page 24	DSU NO agrees that rates and rate schedules should be based on cost of service principles. However, for various reasons, rates, rate schedules and contracts typically are not exactly based on fully allocated cost of service. However, DSU NO is concerned with a requirement to "base" rates, rate schedules and contracts on the fully allocated cost of service study that DSU NO will provide in the initial rate action. DSU NO would instead be agreeable to a condition that requires DSU NO to include rates, rate schedules and contracts 'in consideration of' a fully allocated cost of service study with the result of any allocation being subject to review and approval by the Council.	Rebuttal Testimony of Jeffrey Yuknis

Exhibit DED-1: Summary of IT Investment Benefits

Category	Description	Benefit Results
Adaptability	Leveraging off-the-shelf software reduces the level of overall customization while allowing for plug-and-play modification to the ecosystems, providing cost-effective adaptability as the needs of the utility change over time.[1]	(1) Long-term O&M Savings: Avoid cost to re-code, reconfigure, etc. to accommodate changes. (2) Non-financial Benefits: Benefit from the flexibility to adapt to changing business requirements and the reduced risk and increased cost certainty associated with leveraging off-the-shelf software instead of homegrown, custom-built systems. (3) Capital Savings: Potentially avoid capital costs by adapting to changing business requirements rather than implementing a new system.
Fast, More Frequent, and Less Costly Upgrades	Modern, cloud-based technology offers the ability to upgrade systems significantly faster, on an ongoing basis as needed, and at a lower cost than traditional legacy systems.[2,3]	(1) Long-term O&M Savings: Reduce cost to operate and maintain systems. (2) Non-financial Benefit: Updates are ongoing and constant, reducing downtime and risk associated with upgrading on premises legacy systems. Receive upgrades that reflect “best of breed” versions of software that reflect the collective needs of utilities using the product. (3) Capital Savings: Cloud based systems are constantly updated, reducing the need for periodic significant and costly upgrades required by on premises legacy systems.
Speed to Deliver	With the cloud-based system, DSU benefits from increased speed to deliver on new improvements or new business or regulatory requirements. As new regulatory requirements are developed or as the business environment changes in the utility industry, DSU will be able to deliver on the requirements and business needs via the technology faster than other utilities through the cloud environment and agile architecture of its systems. The cloud environment is easier to manage and leverage when delivering new functionality.[4]	(1) Long-term O&M Savings: Reduce costs to adapt to business or regulatory requirements by delivering system changes at an expedited speed. (2) Non-financial Benefit: Minimize business disruption associated with delivering new functionality.
Scalability	The cloud-based IT system platform’s ability to quickly scale capacity without rearchitecting or majorly augmenting hardware or software more efficiently supports variable growth and scale in such areas as customer volume and count, Supervisory Control and Data Acquisition (“SCADA”) asset records and overall processing of records and information.[5]	(1) Short-term O&M Savings: O&M costs are spread over more customers in a cost efficient manner reducing costs for all customers. Avoid O&M associated with scaling IT systems to accommodate near-term increases in customer volume. (2) Long-term O&M Savings: O&M costs are spread over more customers in a cost efficient manner reducing costs for all customers. Avoid O&M associated with scaling IT systems to accommodate future growth. (3) Capital Savings: Cost efficient scalability allows the utility to grow and spread the costs over a larger customer base at an incrementally reduced cost per customer. Avoid capital costs associated with scaling IT systems to accommodate future growth.

[1] Rebuttal Testimony of Brian Little, pg. 9.

[2] Rebuttal Testimony of Brian Little, pg. 12.

[3] Rebuttal Testimony of Brian Little, pg. 17.

[4] Exhibit BL-7 to the Rebuttal Testimony of Brian Little, pg. 4.

[5] Rebuttal Testimony of Brian Little, pg. 10.

Exhibit DED-1: Summary of IT Investment Benefits

Category	Description	Benefit Results
Resiliency	The technology will be cloud-based and decentralized, eliminating "single points of failure" and creating built-in redundancies and backups to address reliability and resiliency issues related to operational disruptions due to such events as hurricanes, named storms and other extreme weather events, in a way that traditional, legacy on-premise systems find challenging to match.[6]	(1) Non-financial Benefits: Reduce risk of IT system outage and associated disruptions to operations. (2) Long-term O&M Benefits: Potentially receive non-quantifiable savings associated with avoided disruption to operations. (3) Capital Savings: Avoid the cost of creating and maintaining redundant infrastructure and backups to accommodate the less-resilient legacy on-premise systems.
Operational Efficiency	The new and modern systems will enable DSU to leverage newer technology to streamline existing business processes and create the foundation for enabling more efficient operations.[7]	(1) Short-term and Long-term O&M Savings: Reduce O&M costs across the platform by streamlining and digitizing manual processes and increasing efficiency of operations.
Customer Service/ Satisfaction	Every element of Delta Utilities Services' interaction with customers will be gas-centric – from customer interactions with customer service representatives to an easy-to-navigate web portal to bill interpretation, customers will have streamlined access to important dimensions of their gas service, including their account information and service options.[8]	(1) Non-financial Benefit: Improve customer service and satisfaction. Gas dedicated call center provides streamlined resolution to gas emergencies.
Customer Issue Resolution	The new customer information platforms will enhance the customer experience and enhance DSU NO's ability to respond to customer inquiries and needs in a faster, more expedited, and more documentable fashion.[9]	(1) Non-financial Benefit: Expedite and improve customer issue resolution, including first-call resolution.
Process Improvement	Enable process improvement through new technology. For example, DSU expects to leverage new technology to implement a credit and collections program, based on industry best practices, with a goal of keeping customers in good standing.[10]	(1) Long-term O&M Savings: Potentially receive O&M savings by improving processes. (2) Short-term and Long-term Revenue Benefits: Proactive identifiation and resolution of credit collection issues ensures customers are accurately billed to avoid disconnection from the system due to oustanding balances. (3) Non-quantifiable Benefit: Improved customer service from proactive identification and resolution of credit and collection issues.
Core-focused Systems	This transaction provides a unique opportunity to segregate the gas and electric systems permanently, which would allow each customer base to benefit from core-focused technology platform implementation and upgrades into the future.[11]	(1) Non-financial Benefit: Improve operations through use of core-focused systems. (2) Long-term O&M Savings: Potentially receive non-quantifiable O&M savings by improving operations through the use of core-focused systems.

[6] Rebuttal Testimony of Brian Little, pg. 12.
[7] Direct Testimony of Brian Little, pg. 17.
[8] Exhibit BL-7 to the Rebuttal Testimony of Brian Little, pg. 7.
[9] Rebuttal Testimony of David E. Dismukes, Ph.D., pg. 49.
[10] Direct Testimony of Brian Little, pg. 17.
[11] Rebuttal Testimony of Brian Little, pg. 17.

Exhibit DED-1: Summary of IT Investment Benefits

Category	Description	Benefit Results
Consolidation	The "greenfield" implementation allows for consolidation of the total number of platforms and vendors within the ecosystem, which in turn is simpler to build, maintain, and operate.[12,13]	(1) Short-term and Long-term O&M Savings: Reduce cost to maintain and operate systems. Streamlined daily operations across the platform.
Integration	Integration with other platforms and systems in the ecosystem allows for cross-ecosystem use of data, resulting in a single source of truth for master data that is shared across transactions and processes, thus eliminating transactional breakage, unnecessary reconciliations and complex integrations.[14]	(1) Long-term O&M Savings: Receive non-quantifiable O&M savings by reducing administrative work associated with duplicative data entry and reconciliations. Streamlined daily operations across the platform.
Cybersecurity	The risk of cybersecurity threats over critical data, including customer data relating to both personal identifiable information as well as consumption patterns and payment records is reduced by cloud-based solutions' high level of standardization, enabling automation of frequent security updates with reduced risk of compromise due to misconfiguration.[15]	(1) Long-Term O&M Savings: Potentially avoid O&M costs related to cybersecurity attacks and associated system outages. (2) Non-quantifiable Benefit: Reduce the risk of compromising utility and customer data by increasing cybersecurity and reduce the risk of system outages due to cybersecurity attacks.
Physical Security	With increasingly common malicious attacks on utility assets, physical risk impacting IT infrastructure is also largely mitigated through cloud-based systems. The same benefits of decentralization described above in Resiliency ensure that if one data center or IT asset is compromised, the larger system will not be.[16]	(1) Long-Term O&M Savings: Potentially avoid O&M costs related to physical attacks and associated system outages. (2) Non-quantifiable Benefit: Reduce the risk of system outages due to physical attacks.
Access to Support	Minimize risk associated with reduced or ending support for legacy systems.[17]	(1) Non-quantifiable Benefit: Access support for systems that may not be available with legacy systems. (2) Long-Term O&M Savings: Receive support for systems at a lower cost (i.e., low availability of support for legacy systems could mean higher cost for support).
Energy Efficiency	Cloud-based systems are energy efficient, resulting in reduced energy consumption by 22% to 93% as compared to on-premises IT system platforms according to a recent Microsoft study.[18,19]	(1) Non-quantifiable Benefit: Support company clean energy goals. (2) Short-term and Long-term O&M Savings: Reduce energy costs.

[12] Rebuttal Testimony of Brian Little, pg. 9.
[13] Exhibit BL-7 to the Rebuttal Testimony of Brian Little, pg. 2.
[14] Rebuttal Testimony of Brian Little, pg. 9.
[15] Rebuttal Testimony of Brian Little, pg. 11.
[16] Exhibit BL-7 to the Rebuttal Testimony of Brian Little, pg. 5.
[17] Rebuttal Testimony of Brian Little, pg. 11.
[18] https://go.microsoft.com/fwlink/?linkid=2162433&clcid=0x409&culture=en-us&country=us
[19] Rebuttal Testimony of Brian Little, pg. 10.

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accenture

April 18, 2024

TO: Jeremy Turner

FROM: Accenture

RE: DU Services Technology Platform Benefits Memorandum

Dear Mr. Turner:

At your request, we have prepared, as System Integrator for the implementation of new information technology ("IT") platforms for the Delta Utilities ("DU") new shared services company ("DU Services"), a perspective regarding (i) how DU Services new, modern IT and customer interfaces will differ from existing on-premise IT and customer interfaces; and (ii) a description of each customer benefit related to the referenced modernization.

Accenture's 30 years of Utility Industry knowledge, relevant technology experience, and supplemented by research and analysis forms the basis for our perspectives outlined herein. In addition, Accenture has been supporting Entergy New Orleans, LLC ("ENO") and Entergy Louisiana, LLC ("ELL") ("Entergy") with divestiture of its natural gas local distribution companies ("LDCs") since March 2023 and has been supporting DU with acquisition-related activities with respect to the acquisition of the Entergy LDCs since November 2023. In this context, Accenture has developed an understanding of various technical and operational considerations also applicable to the acquisition of the natural gas assets of CenterPoint Energy Resource Corporation's natural gas assets in Louisiana and Mississippi ("Proposed Transaction").

In consideration of the full scope of technologies necessary to support the Proposed Transaction, DU is creating a "fit-for-purpose" operational system for a stand-alone gas distribution company. DU recognizes the significant opportunity to benefit customers with an updated, flexible suite of cloud-based software that will not only align with the following DU guiding principles, but also provide both cost and operational benefits to customers over the life of the system.

DSU Guiding Principles

- **Greenfield** – DU Services is a new shared services company being created to support new stand-alone LDCs, and as such has the unique opportunity to design and implement new operating technologies unencumbered with the challenges of legacy technologies and production system maintenance. This opportunity allows DU Services to implement a fit-for-purpose technology ecosystem that is designed specifically to accommodate the needs of the new DU LDCs and their customers, without the limitations that are typical of older legacy software and systems. Virtually all other utilities seeking modernization must upgrade while also operating, which adds complication and cost. DU is laser focused on establishing its "Greenfield" technical footprint. In Accenture's experience, we estimate this has the potential to be 10-20% more efficient than copying the legacy technology footprint.

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- **Off-the-Shelf Software** – Technologies have been evolving across the industry for decades and while the off-the-shelf software vendor ecosystem is mature, it is evolving rapidly. Vendors consistently update their platforms to maintain relevance and enable innovation across the industry. DU LDC customers and communities will benefit from these platforms which have been used across industries and instances. While enabling the unique needs of the Louisiana operating environment, DU Services will minimize customizations to reduce standup and operating costs and lower likelihood for bespoke errors. This concept ensures adaptability into the future, as the plug and play platforms can be replaced or upgraded to accommodate the evolving needs of DU Services and the DU LDCs it will be supporting.

- **Consolidation** – Legacy platforms evolve over time to include new capabilities as they emerge in the marketplace. This leads to increased complexity in the systems themselves, maintenance of those systems, future enhancements of those systems, as well as the complexity of coordinating a larger set of vendors. An additional benefit to implementing a "Greenfield" technology ecosystem is the ability to deliberately consider fit-for-purpose, fully integrated tools which enable a broader set of functions; and in turn, allows the overall ecosystem to be comprised of few platforms from fewer vendors. This in turn is simpler to build, maintain, and operate.

- **Integration** – Data is used in unique ways across the enterprise for distinct functions. By having integrated, off-the-shelf systems, the usage and manipulation of data is natively established as part of the solutions. This can reduce stand-up and maintenance costs, as well as reduce duplicate data entry of the same data and information into disparate systems. Further, as future needs are identified, these platforms are typically extensible through predefined Application Programming Interfaces (APIs) and integration points which allow data exchanges to be simplified as needs continue to evolve in the future.

- **Scalability** –DU sees the potential that a strong, efficient, modern technology ecosystem could scale to support a larger utility. Thus, by making fit-for-purpose technology design choices today, DU Services will have the backbone and be better positioned for potential system expansion over the long-term. This will enable DU to efficiently add new customers in the future at a low incremental cost per customer and allow the costs to operate to be spread over a broader customer base.

Cloud-Based Software

Cloud has become the common construct for modern IT architecture. Four of the largest cloud providers in the nearly $700bn market[1] – Microsoft (Azure, part of Microsoft Cloud), Amazon (AWS), and Alphabet (Google Cloud), and Oracle (Oracle Cloud) – have seen remarkable adoption over the past decade indicative of industry's preference towards cloud. AWS, for example, has seen 30x revenue growth to $90bn since 2013[2], Google Cloud 8x to $33bn since 2017[3]; Microsoft Cloud's revenue sits at $111bn[4], and Oracle

[1] https://www.statista.com/outlook/tmo/public-cloud/worldwide

[2] https://www.statista.com/statistics/233725/development-of-amazon-web-services-revenue/

[3] https://www.statista.com/statistics/478176/google-public-cloud-revenue/

[4] https://www.microsoft.com/investor/reports/ar23/index.html

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Cloud's at $35bn[5]. The utilities industry at large has seen slower cloud adoption, encumbered by the nuances of regulated economics and disparate systems. However, DU's desire to base its new IT platform on both Cloud-based and Cloud-hosted systems (here summarized as "cloud-based") is consistent with the customer and value-centric strategies of major utilities such as:

- **National Grid**'s 2023 Future Grid Plan highlights cloud technologies as a key mechanism by which to improve system reliability specifically noting the avoidance of expensive, specialized hardware, lower energy consumption and increased system uptime with unlimited computing resources[6].
- **Duke Energy**, in one example, is collaborating with AWS to develop cloud-based smart grid solutions which will enable the utility to improve system resiliency, increasingly integrate renewables, and prepare for electric vehicle ("EV") adoption[7].
- **Sempra's San Diego Gas & Electric** has adopted cloud technologies across the organization. Both in core system upgrades to enable improved customer service interactions and insights[8], as well as to remotely conduct studies identifying field assets in need to repair following natural disasters[9].

This broader theme of "utility migration to cloud" is often a positive topic of conversation among utilities industry groups like Electric Edison Institute ("EEI") and Electric Power Research Institute ("EPRI")[10]. Nearly 8 years ago in 2016, the National Association of Regulatory Utility Commissioners ("NARUC") authored *Resolution Encouraging State Utility Commissions to Consider Improving the Regulatory Treatment of Cloud Computing Arrangements* which documents benefits of cloud-based applications.

Cloud-based applications have demonstrated significant benefits within the utility industry. This memorandum describes similar benefits DU and its customers can realize through the deployment of a cloud-based systems solution over an on-premises systems solution. A selection of these benefits include:

1. Scalability and Adaptability
2. Resiliency
3. Security
4. Cost Efficiency
5. Customer Satisfaction
6. Economic Development

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[5] https://www.oracle.com/news/announcement/q4fy23-earnings-release-2023-06-12/

[6] https://www.nationalgridus.com/media/pdfs/our-company/massachusetts-grid-modernization/future-grid-full-plan-sept2023.pdf

[7] https://news.duke-energy.com/releases/duke-energy-collaborates-with-aws-to-develop-smart-grid-solutions-to-better-serve-customers-and-drive-its-clean-energy-transition

[8] https://www.sdge.com/sites/default/files/FINAL%2520Chapter%252015%2520-%2520Linder%2520Rebuttal%2520Testimony.pdf
https://www.sempra.com/newsroom/spotlight-articles/sempra-named-utility-year-sap

[9] https://www.aboutamazon.com/news/aws/how-machine-learning-and-drones-are-helping-prevent-wildfires

[10] EEI (and AEE): https://info.aee.net/hubfs/Reaching%20for%20the%20Cloud.pdf
EPRI: https://eprijournal.com/the-grid-is-moving-to-the-cloud/

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Scalability and Adaptability: With evolving customer service expectations, intensifying weather patterns, persistent economic challenges, and aging infrastructure – safe and reliable energy continues to underpin our society. Given this criticality, DU must develop an IT infrastructure able to quickly respond to ever-changing market, climate, and system demands. When many legacy on-premises systems were selected and implemented, the market did not demand the rapid deployment of the highly adaptable, dynamic software systems we now see. Today, cloud-based solutions' ability to near-instantly scale capacity (importantly, without rearchitecting or majorly augmenting hardware or software[11]) ensures that variable needs supporting increased scale in:

- **Customer** volume as DU expands operations and support services.
- **Asset** volume as the system grows and is equipped with additional supervisory control and data acquisition ("SCADA") equipment.
- **Processing** requirements as the volume and complex nature of information increases.

Importantly, each of these above-mentioned scalar drivers are readily mitigated at a low incremental cost. This is critical as utilities face heightened expectations to quickly and efficiently develop actionable insights on assets, field operations, and customer needs, among many more across-enterprise automation and optimization opportunities. Cloud-based systems are designed with this in mind.

Further, as the needs of DU and the DU LDC customers, teammates and the larger market continues to evolve, cloud-based solutions also present a low-cost, flexible pathway to quickly meeting these ever-changing demands. One example of how cloud-based implementations save significant time (weeks to months) over on-premises projects is by eliminating activities associated with the procurement, physical setup and configuration of hardware. This increased speed will benefit both DSU and its customers through quicker adaptation to market and enterprise needs through the coming decades.

Even with this flexible suite of capabilities, cloud-based solutions are incredibly energy efficient; a Microsoft study recently estimated that moving from on-premises to cloud-based systems reduces energy consumption by 22% - 93%[12]. By making fit-for-purpose technology design choices today, DU Services will be better positioned for success in potential data and system expansion over the long-term.

Resiliency: Over the past 20 years, the Gulf Coast has navigated nearly 30 named hurricanes, and many more tropical storms and extreme weather events. Systems are further threatened by the increasing complexity of maintenance activities like modifying integrations or minor upgrades where even minor incompatibilities can bring systems down. These increasingly prevalent events disrupt customers' lives and local businesses in countless ways. As the DU LDCs are Gulf Coast LDCs, DU has prioritized resiliency and the importance of reliable gas service in customers' lives, especially in times of great need.

Cloud-based solutions are a critical element in maximizing utility system resiliency. With decentralized systems, unlike on-premises systems, there are no "single points of failure" where physical data centers, servers, or point-to-point telecommunications may be compromised. Databases and systems will be natively redundant for real-time failover and backup to minimize operational disruptions. Many cloud providers' service level agreements ("SLAs") are negotiated to guarantee 99%+ uptime or just under 9 hours a year of systems being offline, far exceeding what most on-premises systems are able to provide.

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[11] As is required in on-premises systems which are sized at implementation to support a finite volume.

[12] https://go.microsoft.com/fwlink/?linkid=2162433&clcid=0x409&culture=en-us&country=us

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The risk of disruption from technical complexities – such as the upgrades, incompatibilities, and integration failures of on-premises systems – is also reduced by cloud-based systems. These systems are managed by a smaller pool of vendors (compared to highly diverse on-premises ecosystems) with native integrations which reduce maintenance requirements and complexities of that maintenance. The risk of gas customers finding themselves in a situation where DU must first stabilize its technology before it can restore services is significantly reduced.

Security: As cybersecurity threats towards infrastructure and energy companies like DU continue to rise, the importance of dedicated teams and rigorous security protocols are magnified. Cloud-based solutions' high level of standardization enables automation of frequent security updates with reduced risk of compromise due to misconfiguration. Further, cloud providers' narrow operational focus elevates physical and cyber security to top priority of a highly skilled, dedicated organization. Cloud providers' economies of scale in cybersecurity operations enable quick mobilization of focused teams when threats arise; DU cannot cost-effectively replicate the quality, speed, and rigor of these providers' security outcomes in on-premises environments.

With increasingly common malicious attacks on utility assets[13], physical risk impacting IT infrastructure is also largely mitigated through cloud-based systems. The same benefits of decentralization described above in *Resiliency* ensure that if one data center or IT asset is compromised, the larger system will not be.

DU will better serve its customers by refining and optimizing natural gas operations while cloud providers ensure systems and critical data, including but not limited to:

- **Asset** data protecting utility infrastructure from an adversary gaining understanding and GIS records to target attacks which stop the flow to gas to customers,
- **Customer** data relating to both personal identifiable information as well as consumption patterns and payment records which puts customers privacy and identity at risk, and
- **SCADA** data and controls maintaining the physical security of DU assets, surrounding environments, and community members by operating the system safely, within its allowable parameters are secure as part of their core business operations.

Cost Efficiency: Under DU's strategy of a more right-sized, fit-for-purpose, gas-dedicated solution, the challenges (and costs) of supporting broad, on-premises legacy systems and unrelated technologies (such as those implemented to support electrical operations) will not fall on the DU LDCs' Louisiana and Mississippi natural gas customers. More efficient operations from the unification and standardization of disparate IT systems and improved system maintenance are only a couple of the benefits that will yield improved cost structures in the long-term for DU gas customers.

DU Services has partnered with Accenture to conceptually consider the cost-savings benefits realized through a cloud-based system. Accenture's experience has found that the specific benefits can vary by software, purpose, and scale (among other characteristics). As a broadly illustrative view, representing a synthesis across dozens of cloud-based deployments from assorted industries, Accenture analysis estimates

[13] https://www.oe.netl.doe.gov/OE417_annual_summary.aspx

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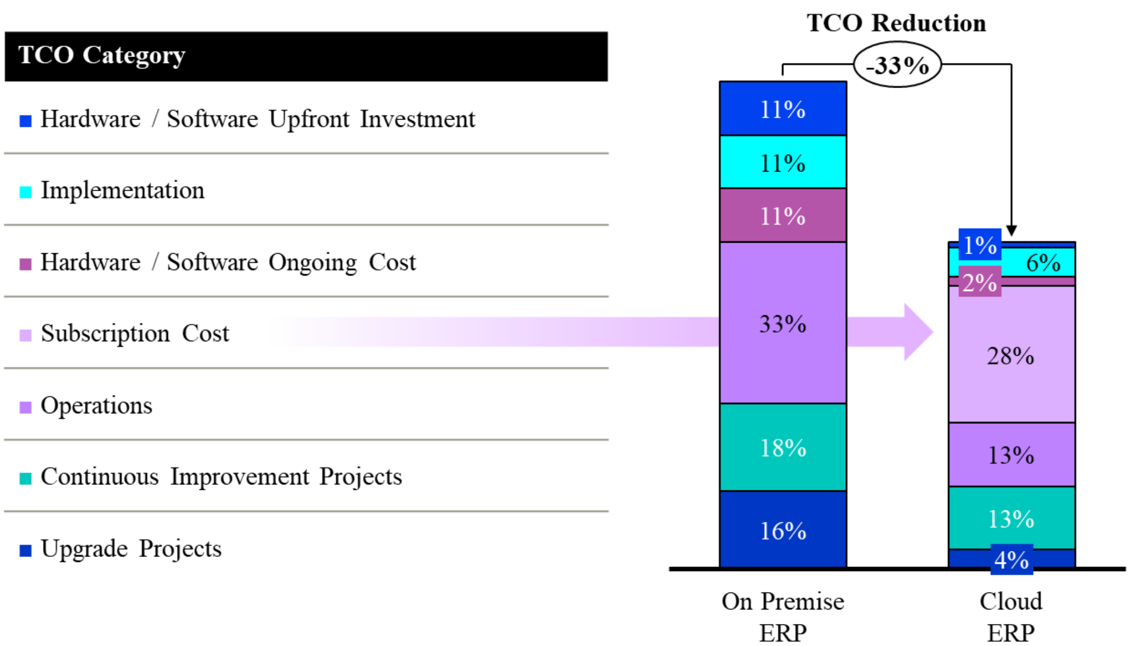
directional Total Cost of Ownership ("TCO") savings of 33% over seven years in a cloud-based ERP system versus on-premises. This conceptual savings potential is illustrated in the following chart:[14]

On-premises versus Cloud TCO Impacts Estimated for Utility ERP



[14] Based on Accenture's own internal analyses and industry benchmarking studies; not specific to the DU Services system.

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Drivers in cost reduction for each of these categories are summarized as follows:[15]

- **Hardware / Software Upfront Investment** is reduced by >90% in two ways, (1) hardware costs are avoided through shared use of the cloud-providers' hardware and (2) software purchases become a subscription rather than upfront investment.
- **Implementation** costs are reduced by 45% as cloud-based systems' fit-to-standard approach reduces configuration effort.
- **Hardware / Software Ongoing Cost** is reduced >80% by transferring infrastructure, application, systems maintenance and operations activities, and associated costs, to the cloud provider through the subscription.
- **Subscription Cost** – the only new cost category in the cloud scenario – is introduced to compensate direct provider support and system ownership. This ownership structure empowers continuous system update and innovation.
- **Operations** costs are decreased by 60% through the reduced scope of effort (as cloud providers take on many responsibilities) as well as a higher degree of standardization.
- **Continuous Improvement Projects** and **Upgrade Projects** see cost reductions of a combined 50% as the burden of upgrades and significant configuration shifts to the provider.

To further underscore the cost savings under a cloud-based system as compared to an on-premises system, it is important to note that the above comparison comments on costs of comparably aged, modern systems. Thus, meaningful cost synergies at implementation and long-term may be realized by bringing this suite of software up-to-date in the cloud at DU Services start of operations. In addition, the above-described benefits of scalability and adaptability, resiliency, security, and cost efficiency focus on the direct impact of cloud-based systems. When considering the wider enterprise benefit of focusing teammates' effort on core business operations and enhanced flexibility and agility, total system uplift will be further multiplied.

***Customer Satisfaction*:** In evaluating the DU LDCs acquisition of Entergy and CERC Louisiana and Mississippi gas businesses, understanding the potential impacts to customers is of the utmost importance. Under the more modernized system envisioned by DU Services for Louisiana and Mississippi and their gas customers, several improvements will be made available that should serve to enhance the overall customer experience. While the benefit of highest importance to the majority of customers will likely be the cost savings associated with a more efficient and fit-for-purpose IT system, it also is worthwhile considering the non-financial improvements as well. Most notable, every element of DU Services' interaction with customers will be gas-centric from Customer Service Representative interactions to web portal engagement, to bill interpretation; customers will have streamlined access to important dimensions of their gas service. The Customer Service Center will be located in Louisiana and will have a call-in line exclusive to DU LDC gas customers, providing expedited resolution when seconds count.

Economic Development: Lastly, it is important to address the broader economic development benefits over and above DU's cloud-based modern information technology system strategy. The DU LDCs acquisition of the Entergy and CERC gas businesses has driven economic activity since the day it was initially considered and pursued. Several full-time positions have already been created and filled as part of the DU organization, and efforts are underway to determine the steady-state staffing levels to be achieved; these

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[15] Accenture's commentary represents an application of the beneficial outcomes of cloud-technology being realized by other companies across the economy to DU because the cost, effort and time required to evaluate on-premises versus cloud solution approaches are too excessive to justify since the prudency and cost-effectiveness of this approach has been widely demonstrated.

BRIEF EXHIBIT E

corporate headquarters of DU are to be located in a new facility to be based in Louisiana. This facility will create jobs and provide economic stimulus.

Some technical roles required to build out the initial environments will be more temporary and will not be viable as sustained permanent hires. In these cases, DU, Entergy and CERC are taking great care to partner with consultants, such as Accenture. Accenture is being positioned to support Entergy and CERC divestiture efforts as well as DU Services' technology build out; in so doing, efficiencies are envisioned to streamline the transition. Further, Accenture is committing to its own long-term investment in Louisiana by establishing a new office in New Orleans and expects to grow its staff that will operate out of this office location. In addition to Accenture's new New Orleans-based staff, temporary consultants from companies like Accenture, who may not be based in Louisiana, will still spur economic activity at hotels and restaurants while they are supporting these transition activities.

DU Services is in the uncommon position to fully embrace the potential of modern technologies to maximize customer savings, customer satisfaction and promote economic development while continuing to provide safe, reliable and affordable natural gas service to customers. While many industries have pivoted to "cloud-first" ecosystems, M&A-built utilities are disadvantaged in this transition by the technical debt of disparate systems, each with their own maintenance and security structures. With the required replacement of systems being retained by Entergy and CERC, DU Services must build right-sized and fit-for-purpose solutions for this natural gas-only utility and it is prudent that these should be structured in the cloud.

Economic Development Benefits

BRIEF EXHIBIT F

	Orleans Parish	Remaining Louisiana	Total Impacts
Entergy			
Transition			
Employment (jobs-years)	1,786	95	1,882
Labor Income ($ million)	$ 121	$ 5	$ 127
Value Added ($ million)	$ 349	$ 9	$ 357
Output ($ million)	$ 680	$ 22	$ 703
Retained			
Employment (jobs-years)	76	1,579	1,656
Labor Income ($ million)	$ 6	$ 100	$ 106
Value Added ($ million)	$ 16	$ 203	$ 219
Output ($ million)	$ 42	$ 393	$ 435
Entergy and CERC			
Transition			
Employment (jobs-years)	3,589	284	3,874
Labor Income ($ million)	$ 244	$ 16	$ 260
Value Added ($ million)	$ 700	$ 26	$ 725
Output ($ million)	$ 1,368	$ 67	$ 1,434
Retained			
Employment (jobs-years)	232	4,997	5,229
Labor Income ($ million)	$ 18	$ 311	$ 328
Value Added ($ million)	$ 40	$ 567	$ 607
Output ($ million)	$ 103	$ 1,132	$ 1,234

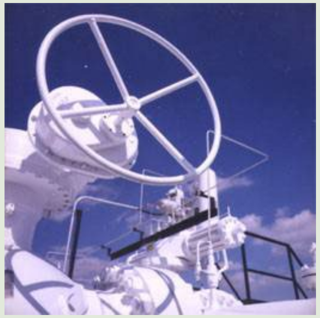
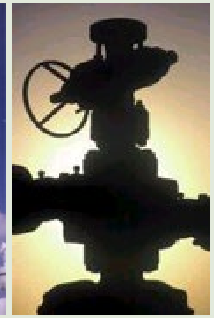
Source: Rebuttal Testimony Exhibit DED-4 Summary of Economic Benefits of Proposed Transaction, and IMPLAN industry data.

Economic Development Benefits

BRIEF EXHIBIT F

	Local/Parish	State	Federal	Total
Entergy				
Transition				
Capital Total Tax Benefits ($ million)	$ 0.28	$ 0.42	$ 1.44	$ 2.13
O&M Total Tax Benefits ($ million)	3.34	4.16	8.08	15.58
Total Total Tax Benefits ($ million)	3.62	4.58	9.51	17.71
Retained				
Capital Total Tax Benefits ($ million)	$ 0.33	$ 7.59	$ 14.68	$ 22.60
O&M Total Tax Benefits ($ million)	0.47	10.06	10.16	20.69
Total Total Tax Benefits ($ million)	0.80	17.65	24.84	43.29
Entergy and CERC				
Transition				
Capital Total Tax Benefits ($ million)	$ 0.81	$ 1.27	$ 4.28	$ 6.36
O&M Total Tax Benefits ($ million)	6.58	8.42	16.16	31.15
Total Total Tax Benefits ($ million)	7.39	9.69	20.44	37.51
Retained				
Capital Total Tax Benefits ($ million)	$ 1.03	$ 27.82	$ 53.52	$ 82.37
O&M Total Tax Benefits ($ million)	0.81	20.17	20.23	41.21
Total Total Tax Benefits ($ million)	1.84	47.98	73.75	123.57

Source: Rebuttal Testimony Exhibit DED-4 Summary of Economic Benefits of Proposed Transaction, and IMPLAN industry data.

ACADIAN
CONSULTING GROUP

The economic benefits of Delta Utilities' Louisiana energy investment.

Prepared on the behalf of Delta Utilities

Delta Utilities

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Consulting Economist
Acadian Consulting Group

May 17, 2024

Table of Contents

Investment, economic benefits, and study purpose.

Over the past year, Louisiana based Bernhard Capital Partners ("BCP") has proposed an expansive investment, through is portfolio company Delta Utilities, in the Louisiana natural gas distribution business by acquiring the Entergy natural gas systems in Baton Rouge and New Orleans, and the Centerpoint Energy systems across Louisiana and Mississippi.

This investment will lead to millions in both new incremental economic benefits and retained economic benefits in Louisiana.

Over the next four years, an estimated **$881 million** in new and retained capital investment is anticipated, with **$506 million** being in Louisiana particularly in the New Orleans area. This investment is anticipated to lead to **$898 million** in economic output, **4,594 jobs-year**, **$277 million** in labor income, and **$89 million** in new tax revenues.

Likewise, over the next four years, the new and retained operational activities of this new energy venture is estimated to lead to approximately **$1.8 billion** in economic output, **4,509 job-years**, **$311 million** in labor income, and **$72 million** in new tax revenues.

ACADIAN CONSULTING GROUP

1.0 Executive Summary: Economic Benefits

Total economic benefits (all utility operations, new and retained benefits)

The capital investment is estimated to generate an **economic benefit close to $898 million** in economic output for the state of Louisiana alone. Operations will result in an increase of approximately **$1.8 billion in annual Louisiana economic output.**

Direct Impacts – All Capital
Economic output: $506 million
Jobs Years: 2,588
Wages: $165 million

Direct Impacts - Operations
Economic output: $1.1 billion
Jobs Years: 998
Wages: $109 million

Indirect Impacts - All Capital
Economic output: $214 million
Jobs Years: 950
Wages: $60 million

Indirect Impacts - Operations
Economic output: $442 million
Jobs Years: 2,333
Wages: $144 million

Induced Impacts - All Capital
Economic output: $178 million
Jobs Years: 1,056
Wages: $52 million

Induced Impacts - Operations
Economic output: $200 million
Jobs Years: 1,178
Wages: $58 million

New Orleans area economic benefits.

The new corporate headquarters operations for **ELL and ENO** are expected to generate significant economic impacts in New Orleans. The **combined ELL and ENO** activities are projected to create **442** new ongoing annual employment opportunities, resulting in **$30 million** in new annual labor income. Additionally, these operations are anticipated to contribute **$87 million in annual gross state product (GSP) and $168 million in annual economic output**, highlighting the substantial economic contributions from these business units alone.

Furthermore, the new corporate headquarters operations for all business units, encompassing **ELL, ENO, and CERC**, are projected to create **885** new ongoing annual employment opportunities, resulting in over **$60 million in new annual labor income**. Additionally, they are anticipated to contribute an additional **$173 million in annual GSP** and **$337 million in annual economic output**.

New Orleans area economic benefits.

This investment will lead to a new multi-state natural gas utility that will be headquartered in New Orleans, Louisiana and direct the actions of some **900 employees** and will be the third largest investor-owned natural gas distribution business in the southeast.

The new corporate headquarters activity is anticipated to lead to as much as **$337 million** in annual economic output, **885 ongoing annual employment opportunities**, **$60 million** in annual labor income, and **$15 million** in new annual local and state tax revenues for the combined company.

The corporate headquarters activities will lead to substantial economic benefits for the City of New Orleans. The new natural gas utility will lead to **$113.3 million** in transition capital investments, 40 percent of which is estimated to remain in the New Orleans area (**$45.3 million**) and lead to as much as **$87 million** in total economic output, **335 job-years**, **$20 million** in labor income, and **$2 million** in new annual local and state tax revenues for the combined company.

This is a conservative estimate for New Orleans since it does not include the ongoing economic benefits from retained capital investments and operational expenses that are estimated at the state level.

Additional meaningful benefits.

The combined acquisition of ENO, ELL and CERC systems will create a new multi-state natural gas utility valued at approximately **$1.7 billion** that is headquartered in Louisiana with approximately **900 employees** serving approximately **600,000 customers** and will be the third largest of its kind in the southeast behind Atmos Energy and Atlanta Gas Light Company.

Having a large, Louisiana-owned and operated natural gas company, that has the continued opportunity to grow and expand, represents a considerable economic development opportunity for the state and city of New Orleans.

For decades, Louisianians have seen far too many energy-related corporate and regional offices move out of the state simply to locate on the other side of the Sabine River.

The Delta Utilities investment in Louisiana natural gas distribution is an important opportunity to bring some of these jobs and economic development back home to Louisiana, and New Orleans specifically.

Section 2: Background

Overview

On October 30, 2023, **Entergy Corporation announced the sale of its natural gas distribution businesses** in Baton Rouge and New Orleans to Bernhard Capital Partners ("BCP"). The Baton Rouge gas operations were formerly part of Entergy Louisiana LLC ("ELL") and the New Orleans natural gas operations were part of Entergy New Orleans ("ENO").

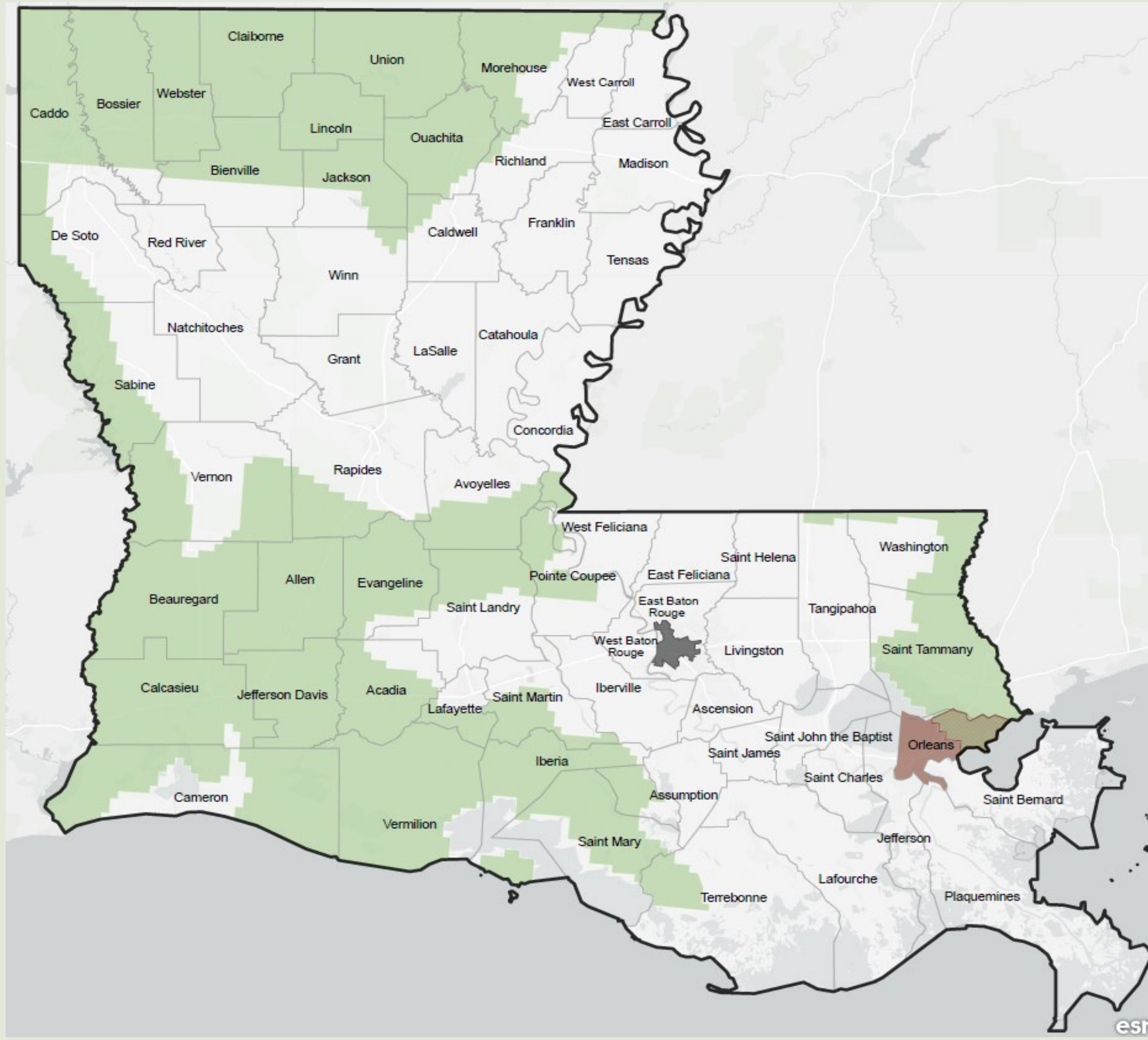
The deal constitutes a **$484 million investment in the development of a new Louisiana natural gas business** operated by a BCP portfolio company, **Delta Utilities**.

Later, on February 20, 2024, BCP announced that **Delta Utilities had entered into a purchase and sale agreement to acquire the natural gas distribution businesses of Centerpoint Energy Resources Corporation ("CERC") in Louisiana and Mississippi**.

Source: Press releases and various other public documents and reports.

Scope of Delta Utilities' future Louisiana natural gas distribution operations.

The **combined scope of Delta Utilities' natural gas distribution footprint** will cover almost half of the state or **30 of Louisiana's 64 parishes**.



ELL Territory
ENO Territory
CERC Territory

Source: S&P Global.

Louisiana natural gas distribution utilities' statistics (2022).

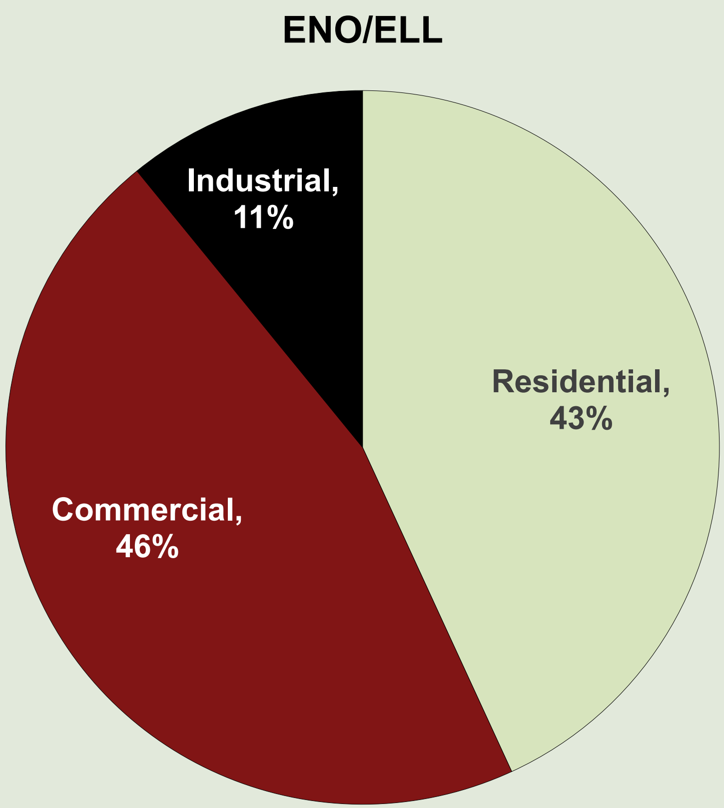
In total, the **new utility will have 584,604 customers with 63.4 Bcf in annual sales,** making it the **largest natural gas utility in Louisiana** and the **third largest natural gas investor-owned utility in the southeast**.

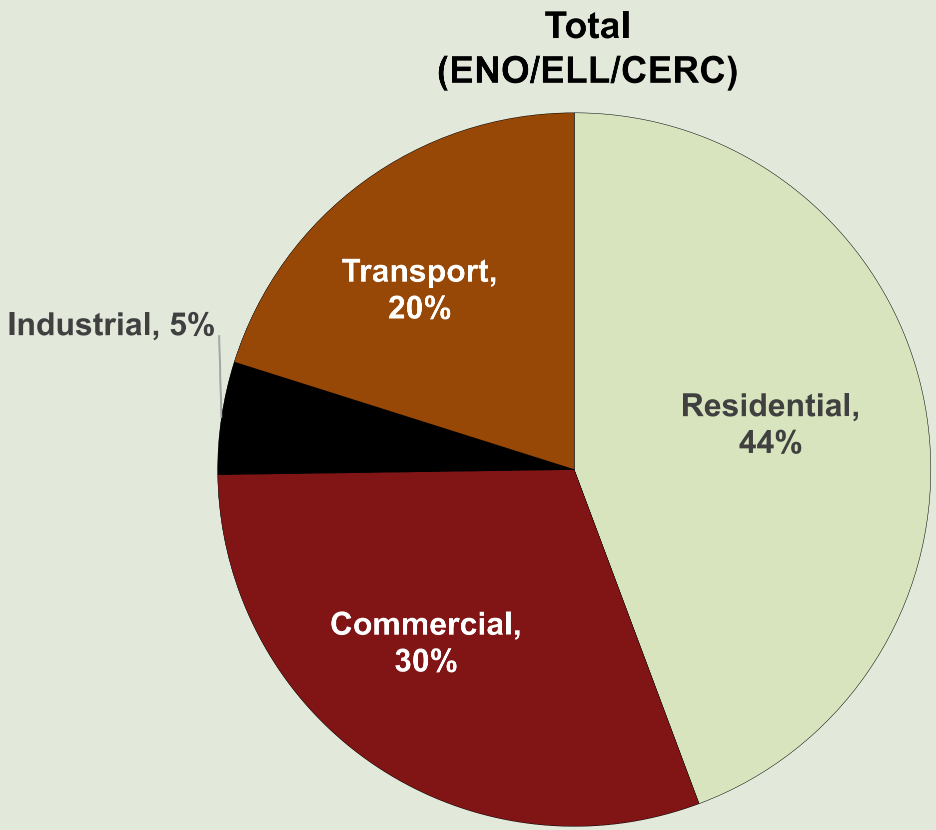
Utility	Number of Customers	Sales (MCF)	Sales ($ Millions)
ENO natural gas operations	108,991	9,962,684	136,686
ELL natural gas operations	95,124	6,493,992	87,788
CERC - LA operations	246,646	21,485,576	208,648
Total - Louisiana	**450,761**	**37,942,252**	**$ 433,122**
CERC - MS operations	133,843	25,454,585	125,825
Total - Delta Utilities	**584,604**	**63,396,837**	**$ 558,947**

Source: Form EIA-176.

Louisiana natural gas distribution utility sales shares.

In total, the **new utility will serve a large share (44 percent) of residential customers** with a healthy mix of other larger and transportation customers as well.



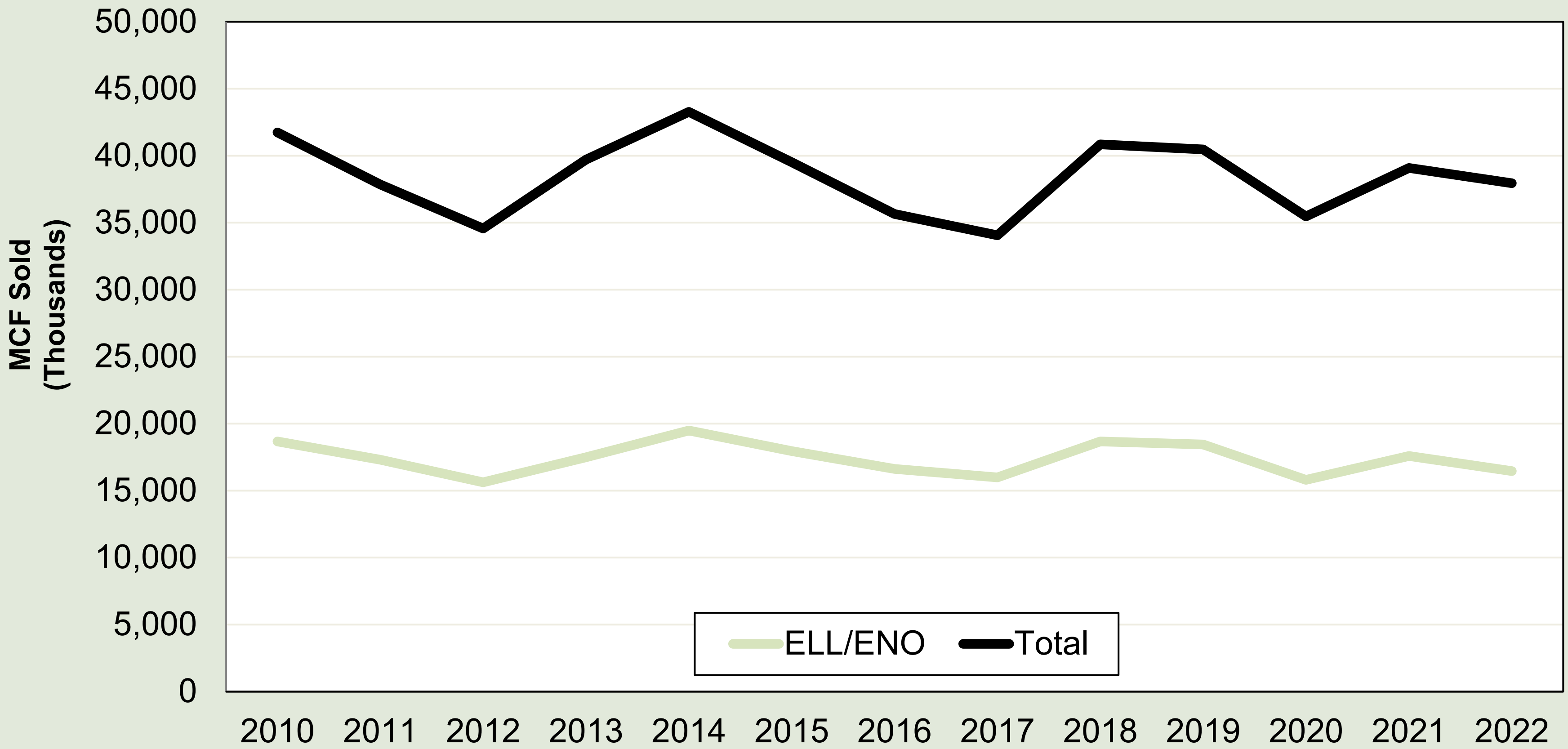


Source: Form EIA-176.

BRIEF EXHIBIT G

Louisiana gas utilities' sales trends (2022).

Historically, these **utilities have seen strong Louisiana natural gas sales**, something likely to continue in the near future.



Source: Form EIA-176.

Potential economic benefits and impacts.

The **Delta Utilities' investment will have differing economic benefits** that include those incremental to the transaction and benefits that are preserved or retained by the transaction.

Incremental Economic Benefits

Those benefits that are **new and directly created by the Delta Utilities transaction** including the **creation of a new energy company headquarters** in New Orleans, new **service company positions,** and **technology investments**.

Retained Economic Benefits

Those benefits that are **retained by Louisiana through various commitments made by Delta Utilities**. This will include **continued capital investments** in the natural gas distribution system and **continued annual operations expenditures**.

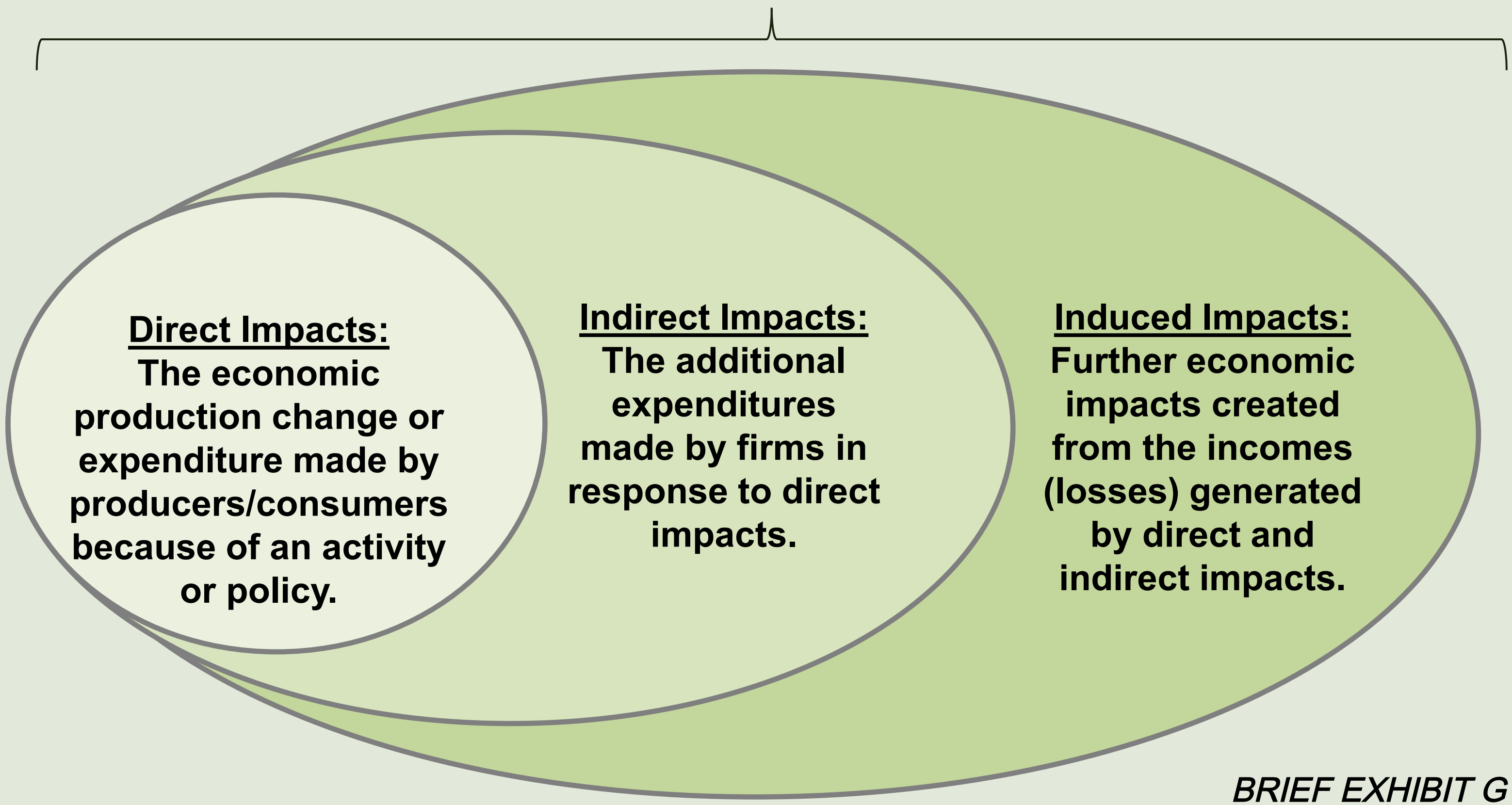
Total Economic Benefits

The sum of the incremental and retained economic benefits.

Methods: economic impact modeling.

Economic benefits are estimated using economic impacts methods that quantify the direct, indirect and induced effects of an investment or policy change has on a regional or state economy.

Total Economic Impact



Economic impact methods/models.

The **IMPLAN model is used to estimate economic impacts of the individual and combined acquisition of ENO, ELL and CERC systems**. IMPLAN is commercially available and maintained by MIG, Inc.

Input-output models **utilize Social Accounting Matrices ("SAMs") to describe how commodities move through sectors of the economy**.

The number of IMPLAN sectors has increased over the years as more granular data has been made available; today **IMPLAN has over 500 sectors**. It is these commodity flows between sectors that drive the economic multipliers.

Importantly, commodity flows are **area specific**, therefore allowing modelers to consider the **impact of specific investments** in **specific locations**.

IMPLAN utilizes publicly available government data from a number of sources including the Bureau of the Census, Bureau of Labor Statistics, and the Bureau of Economic Analysis ("BEA").

Section 3: Incremental Economic Benefits

Summary results: total economic impacts, new corporate operations.

The new corporate operations **for all business units** is estimated to add **885 new annual, ongoing employment opportunities**, is estimated to over **$60 million in new ongoing annual labor income**, an additional **$173 million in additional gross state product** (“GSP” or “value added”) and **$337 million in economic output**.

The **ENO/ELL portion of this activity is roughly half** of the total benefit estimate.

<u>All of this activity will be in New Orleans</u>.

Combined Business Units (ELL, ENO and CERC)

Impact	Employment (Job-years)	Labor Income	Value Added	Output
		------------------	($Million)	------------------
O&M Impacts				
Direct	200	$ 21.0	$ 107.8	$ 212.6
Indirect	457	27.9	43.3	85.7
Induced	227	11.3	21.9	38.6
Total	**885**	**$ 60.1**	**$ 173.0**	**$ 336.9**

Combined ELL and ENO Benefits Only

Impact	Employment (Job-years)	Labor Income	Value Added	Output
		------------------	($Million)	------------------
O&M Impacts				
Direct	100	$ 10.5	$ 53.9	$ 106.3
Indirect	229	14.0	21.6	42.8
Induced	114	5.6	10.9	19.3
Total	**442**	**$ 30.1**	**$ 86.5**	**$ 168.4**

Note: Impacts are estimated using IMPLAN models and inputs.

BRIEF EXHIBIT G

Summary results: total economic impacts, transition capital investments.

The capital spending for all business units is estimated to generate total economic activity of **$87 million** in economic output **in the New Orleans area**.

The capital spending will lead to over 335 job-years and **almost $20 million in labor income and wages in the New Orleans area**.

Combined Business Units (ELL, ENO and CERC)

Impact	Employment (Job-years)		Labor Income		Value Added		Output
		-----------------		($Million)		-----------------	
Capital Impacts							
Direct	80	$	6.6	$	11.9	$	45.3
Indirect	181		9.2		14.4		28.9
Induced	74		3.7		7.1		12.5
Total	**335**	**$**	**19.5**	**$**	**33.4**	**$**	**86.7**

Combined ELL and ENO Benefits Only

Impact	Employment (Job-years)		Labor Income		Value Added		Output
		-----------------		($Million)		-----------------	
Capital Impacts							
Direct	27	$	2.2	$	4.0	$	15.2
Indirect	61		3.1		4.8		9.7
Induced	25		1.2		2.4		4.2
Total	**112**	**$**	**6.5**	**$**	**11.2**	**$**	**29.0**

Note: Impacts are estimated using IMPLAN models and inputs.

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3.0 Incremental Economic Benefits

Summary results: total tax impacts, transition capital investments.

Transition investments are estimated to generate **$6 million in tax revenues across the new total corporate footprint.**

Local and state tax revenues are estimated to be **$2 million across the new total corporate footprint.**

Combined Business Units (ELL, ENO and CERC)

Impact		Sub Parish General		Sub Parish Special Districts		Parish		State		Federal		Total
	--- ($Million) ---											
Capital Taxes												
Direct	$	0.017	$	0.027	$	0.018	$	0.235	$	1.527	$	1.824
Indirect		0.108		0.169		0.113		0.555		1.929		2.872
Induced		0.110		0.172		0.115		0.438		0.829		1.665
Total	**$**	**0.235**	**$**	**0.368**	**$**	**0.246**	**$**	**1.228**	**$**	**4.285**	**$**	**6.361**

Combined ELL and ENO Benefits Only

Impact		Sub Parish General		Sub Parish Special Districts		Parish		State		Federal		Total
	--- ($Million) ---											
Capital Taxes												
Direct	$	0.006	$	0.009	$	0.006	$	0.079	$	0.511	$	0.611
Indirect		0.036		0.056		0.038		0.186		0.646		0.962
Induced		0.037		0.058		0.039		0.147		0.278		0.558
Total	**$**	**0.079**	**$**	**0.123**	**$**	**0.082**	**$**	**0.411**	**$**	**1.435**	**$**	**2.131**

Note: Impacts are estimated using IMPLAN models and inputs.

BRIEF EXHIBIT G

Summary results: total tax impacts, annual corporate activities.

Annual operating activities are estimated to generate **$31 million in tax revenues across the new total corporate footprint.**

Local and state tax revenues are estimated to be **$15 million across the new total corporate footprint.**

Combined Business Units (ELL, ENO and CERC)

Impact	Sub Parish General	Sub Parish Special Districts	Parish	State	Federal	Total
	($Million)					
O&M Taxes						
Direct	$ 1.259	$ 1.972	$ 1.319	$ 5.129	$ 7.905	$ 17.58
Indirect	0.313	0.490	0.328	1.626	5.710	8.47
Induced	0.337	0.528	0.353	1.344	2.541	5.10
Total	**$ 1.91**	**$ 2.99**	**$ 2.00**	**$ 8.10**	**$ 16.16**	**$ 31.15**

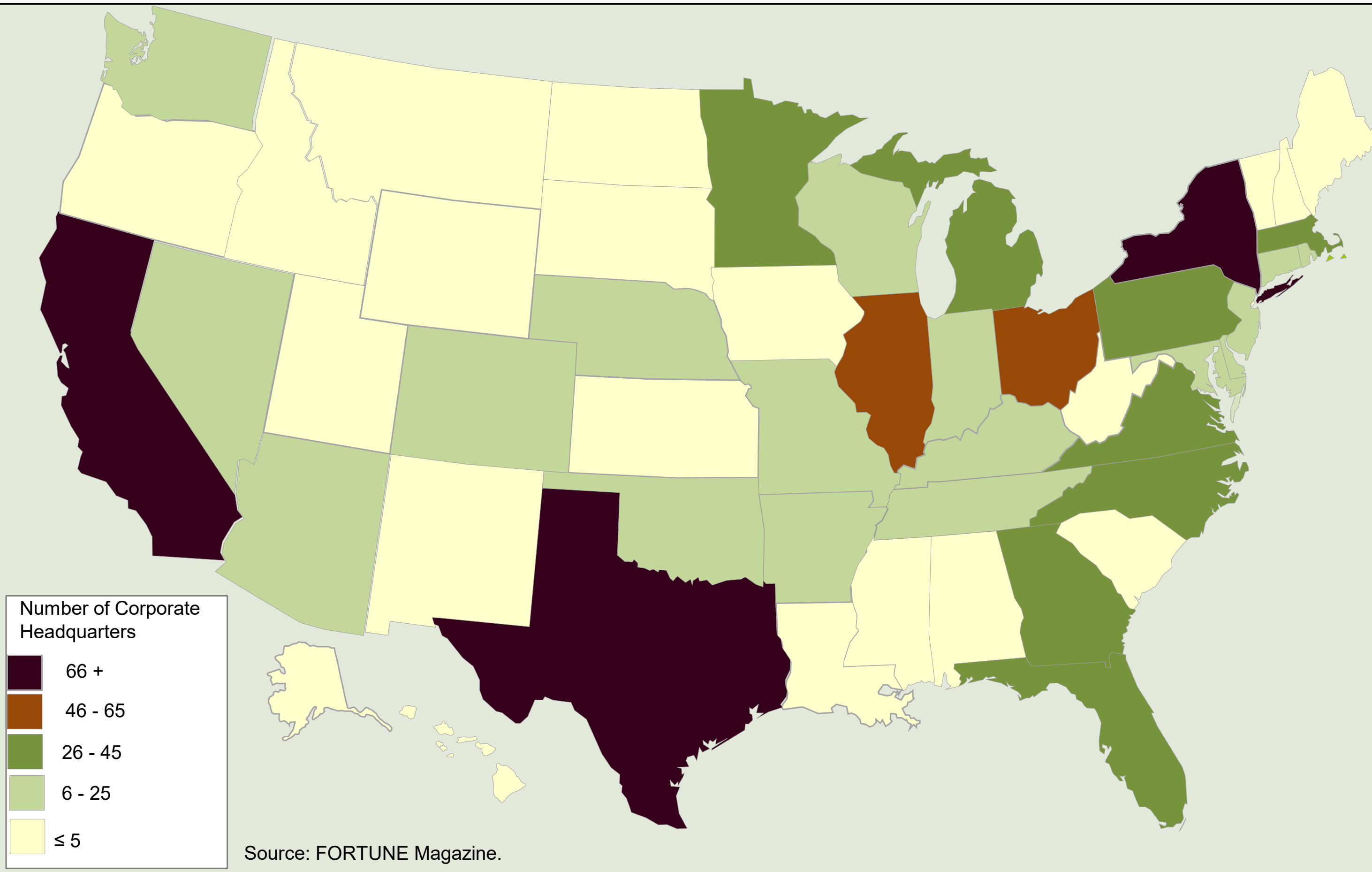
Combined ELL and ENO Benefits Only

Impact	Sub Parish General	Sub Parish Special Districts	Parish	State	Federal	Total
	($Million)					
O&M Taxes						
Direct	$ 0.629	$ 0.986	$ 0.660	$ 2.564	$ 3.952	$ 8.79
Indirect	0.156	0.245	0.164	0.813	2.855	4.23
Induced	0.169	0.264	0.177	0.672	1.271	2.55
Total	**$ 0.95**	**$ 1.50**	**$ 1.00**	**$ 4.05**	**$ 8.08**	**$ 15.58**

Note: Impacts are estimated using IMPLAN models and inputs.

Fortune 1000 companies

The Delta Utilities investment will result in **a new natural gas distribution business headquartered in Louisiana**. Louisiana **ranks as a state that has one of the fewest number of Fortune 1000 company headquarters in the U.S.**



Source: FORTUNE Magazine.

A new utility with a Louisiana corporate headquarters.

The **combined acquisition of ENO, ELL and CERC systems** will create **a new multi-state natural gas utilit**y valued at approximately **$1.7 billion that is headquartered in Louisiana** with approximately **900 employees** serving approximately **600,000 customers**.

Having a **large, Louisiana-owned and operated natural gas company, that has the continued opportunity to grow and expand, represents a considerable economic development opportunity for the state**.

For decades, Louisianians have seen **far too many energy-related corporate and regional offices move out of the state simply to locate on the other side of the Sabine Rive**r. This is an important **opportunity to bring some of these jobs and economic development back home to Louisiana**.

Section 4: Retained Economic Benefits

Capital impact (ELL and ENO).

Capital spending will lead to **$223 million in economic activity over a 4-year period, sustaining 1,168 job-years,** and **paying $71 million in labor income** over this same period.

	Capital Impacts					
	Total (2024)	Total (NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 126	$ 100	$ 32	$ 31	$ 32	$ 32
Indirect	51	40	13	12	13	13
Induced	46	36	11	11	11	12
Total	**$ 223**	**$ 176**	**$ 56**	**$ 54**	**$ 56**	**$ 57**
Employment (Jobs-years)						
Direct	688	-	172	167	173	176
Indirect	211	-	53	51	53	54
Induced	269	-	67	65	68	69
Total	**1,168**	**-**	**291**	**284**	**294**	**299**
Labor Income ($ million)						
Direct	$ 44	$ 34	$ 11	$ 11	$ 11	$ 11
Indirect	14	11	3	3	3	4
Induced	13	10	3	3	3	3
Total	**$ 71**	**$ 56**	**$ 18**	**$ 17**	**$ 18**	**$ 18**

Note: Impacts are estimated using IMPLAN models and inputs.

Operating impact (ELL and ENO).

Operating spending will lead to **$212 million in economic activity over a 4-year period, sustaining 487 job-years,** and **paying $36 million in labor income** over this same period.

	Operating Impacts					
	Total (2024)	Total (NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 140	$ 110	$ 33	$ 34	$ 35	$ 36
Indirect	50	39	12	12	13	13
Induced	23	18	5	6	6	6
Total	**$ 212**	**$ 167**	**$ 51**	**$ 52**	**$ 54**	**$ 55**
Employment (Jobs-years)						
Direct	99	-	24	24	25	26
Indirect	253	-	61	62	64	66
Induced	135	-	32	33	34	35
Total	**487**	**-**	**117**	**120**	**124**	**127**
Labor Income ($ million)						
Direct	$ 13	$ 10	$ 3	$ 3	$ 3	$ 3
Indirect	16	13	4	4	4	4
Induced	7	5	2	2	2	2
Total	**$ 36**	**$ 28**	**$ 9**	**$ 9**	**$ 9**	**$ 9**

Note: Impacts are estimated using IMPLAN models and inputs.

Combine impacts (ELL and ENO).

Both capital and operating spending will lead to **$435 million in economic activity over a 4-year period, sustaining 1,656 job-years,** and **paying $106 million in labor income** over this same period.

	Total Impacts					
	Total (2024)	Total ($NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 266	$ 209	$ 65	$ 65	$ 67	$ 69
Indirect	101	79	25	25	25	26
Induced	68	54	17	17	17	18
Total	**$ 435**	**$ 343**	**$ 106**	**$ 106**	**$ 110**	**$ 112**
Employment (jobs-years)						
Direct	787	-	195	192	198	202
Indirect	464	-	113	113	117	120
Induced	404	-	99	99	102	104
Total	**1,656**	**-**	**408**	**404**	**417**	**426**
Labor Income ($ million)						
Direct	$ 56	$ 44	$ 14	$ 14	$ 14	$ 14
Indirect	30	24	7	7	8	8
Induced	20	16	5	5	5	5
Total	**$ 106**	**$ 84**	**$ 26**	**$ 26**	**$ 27**	**$ 27**

Note: Impacts are estimated using IMPLAN models and inputs.

BRIEF EXHIBIT G

Capital impact (ELL, ENO and CERC).

Capital spending will lead to **$811 million in economic activity over a 4-year period, sustaining 4,259 job-years,** and **paying $258 million in labor income** over this same period.

	Capital Impacts					
	Total (2024)	Total (NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 461	$ 364	$ 118	$ 115	$ 111	$ 117
Indirect	185	146	47	46	44	47
Induced	166	131	42	41	40	42
Total	**$ 811**	**$ 641**	**$ 208**	**$ 203**	**$ 195**	**$ 206**
Employment (Jobs-years)						
Direct	2,508	-	642	627	602	638
Indirect	769	-	197	192	185	195
Induced	982	-	251	245	236	250
Total	**4,259**	**-**	**1,089**	**1,064**	**1,023**	**1,083**
Labor Income ($ million)						
Direct	$ 159	$ 126	$ 41	$ 40	$ 38	$ 40
Indirect	50	40	13	13	12	13
Induced	48	38	12	12	12	12
Total	**$ 258**	**$ 204**	**$ 66**	**$ 64**	**$ 62**	**$ 65**

Note: Impacts are estimated using IMPLAN models and inputs.

Operating impact (ELL, ENO and CERC).

Operating spending will lead to **$423 million in economic activity over a 4-year period, sustaining 970 job-years,** and **paying $71 million in labor income** over this same period.

	Operating Impacts					
	Total (2024)	Total (NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 278	$ 219	$ 69	$ 68	$ 69	$ 71
Indirect	100	79	25	25	25	26
Induced	45	36	11	11	11	12
Total	**$ 423**	**$ 334**	**$ 105**	**$ 104**	**$ 105**	**$ 108**
Employment (Jobs-years)						
Direct	198	-	49	49	49	51
Indirect	504	-	125	124	126	129
Induced	269	-	67	66	67	69
Total	**970**	**-**	**241**	**238**	**242**	**248**
Labor Income ($ million)						
Direct	$ 25	$ 20	$ 6	$ 6	$ 6	$ 6
Indirect	33	26	8	8	8	8
Induced	13	10	3	3	3	3
Total	**$ 71**	**$ 56**	**$ 18**	**$ 17**	**$ 18**	**$ 18**

Note: Impacts are estimated using IMPLAN models and inputs.

Combine impacts (ELL, ENO and CERC).

Both capital and operating spending will lead to **$1.2 billion in economic activity over a 4-year period, sustaining 5,229 job-years,** and **paying $328 million in labor income** over this same period.

	Total Impacts					
	Total (2024)	Total ($NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 738	$ 583	$ 187	$ 183	$ 180	$ 188
Indirect	285	225	72	71	69	73
Induced	211	167	54	53	51	54
Total	**$ 1,234**	**$ 975**	**$ 313**	**$ 307**	**$ 300**	**$ 314**
Employment (jobs-years)						
Direct	2,706	-	691	675	652	688
Indirect	1,273	-	322	316	310	324
Induced	1,250	-	318	311	303	318
Total	**5,229**	**-**	**1,331**	**1,303**	**1,265**	**1,331**
Labor Income ($ million)						
Direct	$ 184	$ 145	$ 47	$ 46	$ 44	$ 47
Indirect	83	66	21	21	20	21
Induced	62	49	16	15	15	16
Total	**$ 328**	**$ 260**	**$ 84**	**$ 82**	**$ 80**	**$ 84**

Note: Impacts are estimated using IMPLAN models and inputs.

Capital taxes (ELL, ENO and CERC).

Capital spending is estimated to generate **over $82 million in taxes** in total.
State/Local tax revenues are estimated to be around **$29 million.**

Tax Type	Total (2024)	Total (NPV)	2026	2027	2028	2029
Federal Tax Benefits						
Total Direct Impact	31,730,483	25,027,703	7,913,616	7,714,735	7,978,749	8,123,384
Total Indirect Impact	10,820,526	8,534,787	2,698,650	2,630,830	2,720,862	2,770,184
Total Induced Impact	10,971,553	8,653,910	2,736,317	2,667,549	2,758,838	2,808,849
All Federal Tax Benefits	$ 53,522,562	$ 42,216,400	$ 13,348,583	$ 13,013,114	$ 13,458,448	$ 13,702,417
Total State/Local Taxes						
Total Direct Impact	9,098,428	7,176,467	2,269,157	2,212,130	2,287,834	2,329,307
Total Indirect Impact	8,679,645	6,846,148	2,164,712	2,110,310	2,182,529	2,222,093
Total Induced Impact	11,064,389	8,727,136	2,759,470	2,690,121	2,782,182	2,832,616
All State/Local Tax Benefits	$ 28,842,462	$ 22,749,750	$ 7,193,340	$ 7,012,561	$ 7,252,545	$ 7,384,016
All Taxes						
Total Direct Impact	40,828,912	32,204,170	10,182,773	9,926,866	10,266,583	10,452,690
Total Indirect Impact	19,500,170	15,380,934	4,863,363	4,741,140	4,903,391	4,992,277
Total Induced Impact	22,035,942	17,381,046	5,495,787	5,357,670	5,541,020	5,641,465
All Tax Benefits	**$ 82,365,024**	**$ 64,966,150**	**$ 20,541,923**	**$ 20,025,676**	**$ 20,710,993**	**$ 21,086,432**

Note: Impacts are estimated using IMPLAN models and inputs.

Operating taxes (ELL, ENO and CERC).

Operating spending is estimated to generate **over $41 million in taxes** in total.
State/Local tax revenues are estimated to be around **$21 million.**

Tax Type	Total (2024)	Total (NPV)	2026	2027	2028	2029
Federal Tax Benefits						
Total Direct Impact	10,558,029	8,328,866	2,626,205	2,595,801	2,633,806	2,702,217
Total Indirect Impact	6,668,554	5,260,593	1,658,737	1,639,533	1,663,538	1,706,747
Total Induced Impact	3,002,297	2,368,409	746,792	738,146	748,953	768,406
All Federal Tax Benefits	$ 20,228,880	$ 15,957,868	$ 5,031,734	$ 4,973,479	$ 5,046,297	$ 5,177,370
Total State/Local Taxes						
Total Direct Impact	14,748,222	11,634,365	3,668,474	3,626,003	3,679,092	3,774,653
Total Indirect Impact	3,204,116	2,527,617	796,992	787,765	799,299	820,060
Total Induced Impact	3,027,761	2,388,497	753,126	744,406	755,305	774,924
All State/Local Tax Benefits	$ 20,980,099	$ 16,550,479	$ 5,218,592	$ 5,158,174	$ 5,233,696	$ 5,369,636
All Taxes						
Total Direct Impact	25,306,251	19,963,231	6,294,679	6,221,803	6,312,898	6,476,870
Total Indirect Impact	9,872,670	7,788,210	2,455,729	2,427,298	2,462,837	2,526,806
Total Induced Impact	6,030,058	4,756,905	1,499,917	1,482,552	1,504,258	1,543,330
All Tax Benefits	**$ 41,208,978**	**$ 32,508,347**	**$ 10,250,325**	**$ 10,131,653**	**$ 10,279,994**	**$ 10,547,006**

Note: Impacts are estimated using IMPLAN models and inputs.

BRIEF EXHIBIT G

Section 5: Total Economic Benefits

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New and retained capital impacts (ELL, ENO and CERC).

Capital spending will lead to **$898 million in economic activity over a 4-year period, sustaining 4,594 job-years,** and **paying $277 million in labor income** over this same period.

	Capital Impacts					
	Total (2024)	Total (NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 506	$ 405	$ 163	$ 115	$ 111	$ 117
Indirect	214	172	76	46	44	47
Induced	178	143	55	41	40	42
Total	**$ 898**	**$ 720**	**$ 294**	**$ 203**	**$ 195**	**$ 206**
Employment (Jobs-years)						
Direct	2,588	-	721	627	602	638
Indirect	950	-	378	192	185	195
Induced	1,056	-	325	245	236	250
Total	**4,594**	**-**	**1,424**	**1,064**	**1,023**	**1,083**
Labor Income ($ million)						
Direct	$ 165	$ 131	$ 47	$ 40	$ 38	$ 40
Indirect	60	48	22	13	12	13
Induced	52	42	16	12	12	12
Total	**$ 277**	**$ 221**	**$ 85**	**$ 64**	**$ 62**	**$ 65**

Note: Impacts are estimated using IMPLAN models and inputs.

New and retained operating impacts (ELL, ENO and CERC).

Operating spending will lead to approximately **$1.8 billion in economic activity over a 4-year period, sustaining 4,509 job-years,** and **paying $311 million in labor income** over this same period.

	Operating Impacts					
	Total (2024)	Total (NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 1,128	$ 891	$ 282	$ 281	$ 282	$ 284
Indirect	442	349	110	110	111	111
Induced	200	158	50	50	50	50
Total	**$ 1,770**	**$ 1,398**	**$ 442**	**$ 441**	**$ 442**	**$ 445**
Employment (Jobs-years)						
Direct	998	-	249	249	249	251
Indirect	2,333	-	583	581	583	586
Induced	1,178	-	294	293	294	296
Total	**4,509**	**-**	**1,126**	**1,123**	**1,127**	**1,133**
Labor Income ($ million)						
Direct	$ 109	$ 86	$ 27	$ 27	$ 27	$ 27
Indirect	144	114	36	36	36	36
Induced	58	46	15	15	15	15
Total	**$ 311**	**$ 246**	**$ 78**	**$ 78**	**$ 78**	**$ 78**

Note: Impacts are estimated using IMPLAN models and inputs.

New and retained total impacts (ELL, ENO and CERC).

Both capital and operating spending will lead to almost **$2.7 billion in economic activity over a 4-year period, sustaining 9,103 job-years,** and **paying $588 million in labor income** over this same period.

	Total Impacts					
	Total (2024)	Total ($NPV)	2026	2027	2028	2029
Output ($ million)						
Direct	$ 1,634	$ 1,296	$ 445	$ 396	$ 393	$ 401
Indirect	656	522	187	156	155	158
Induced	378	300	105	91	90	92
Total	**$ 2,668**	**$ 2,118**	**$ 736**	**$ 644**	**$ 637**	**$ 651**
Employment (jobs-years)						
Direct	3,586	-	970	875	852	888
Indirect	3,283	-	960	773	768	782
Induced	2,234	-	619	539	530	546
Total	**9,103**	**-**	**2,550**	**2,187**	**2,150**	**2,216**
Labor Income ($ million)						
Direct	$ 274	$ 217	$ 74	$ 67	$ 65	$ 68
Indirect	204	162	58	49	48	49
Induced	111	88	31	27	26	27
Total	**$ 588**	**$ 467**	**$ 163**	**$ 142**	**$ 140**	**$ 144**

Note: Impacts are estimated using IMPLAN models and inputs.

Section 5: Conclusions and Summary of Benefits

Summary of project benefits.

Over the past year, Louisiana based Bernhard Capital Partners ("BCP") has proposed an expansive investment, through is portfolio company Delta Utilities, in the Louisiana natural gas distribution business by acquiring the Entergy natural gas systems in Baton Rouge and New Orleans, and the Centerpoint Energy systems across Louisiana and Mississippi.

This investment will lead to millions in both new incremental economic benefits and retained economic benefits in Louisiana.

Over the next four years, an estimated **$881 million** in new and retained capital investment is anticipated, with **$506 million** being in Louisiana particularly in the New Orleans area. This investment is anticipated to lead to **$898 million** in economic output, **4,594 jobs-year**, **$277 million** in labor income, and **$89 million** in new tax revenues.

Likewise, over the next four years, the new and retained operational activities of this new energy venture is estimated to lead to approximately **$1.8 billion** in economic output, **4,509 job-years**, **$311 million** in labor income, and **$72 million** in new tax revenues.

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DSU NO Transition Plan Prudence Evaluation Framework

Delta States Utilities NO, LLC shall include the following information to demonstrate the prudence of costs to stand up the natural gas utility, including implementation of a modern, cloud-based IT system, in its initial Base Rate Proceeding. Terms are defined in the Framework Glossary attached hereto.

Total Cost Impact:

The sum of the following costs attributed to the Transaction:[1]

- *Transition Plan Costs*
- *Change in Net ADIT Balance*
- *Carrying Charges*
- *Deferred Depreciation Expense*

Total Benefits and Savings:

In its initial rate case proceeding, DSU NO shall identify and provide support for forecasted short-term and long-term benefits and savings that are attributed to the Transaction, including, but not limited to, through the use of actual data, forecasted data and credible studies and analysis, and including those benefits and savings that are quantifiable through estimation, hard to quantify and non-quantifiable.[2] The categories of benefits and savings may include, but shall not be limited to nor shall be required to include, the following:

- O&M efficiencies, including IT and non-IT O&M efficiencies, and in consideration of ENO's historical annual increases in O&M, which for reference purposes ENO's historical annual increases in O&M have exceeded inflation on a compound annual growth rate (CAGR) basis, and other supportable metrics (*e.g.* inflation);
- Faster, more frequent and less costly upgrades - - *e.g.*, comparative savings related to ongoing technology investments, improvements and upgrades incurred by ENO post-Closing;
- Resiliency;
- Reliability;
- Scalability;
- Energy efficiency;
- Cybersecurity;

[1] DSU NO should have the opportunity to demonstrate the prudency of its debt rate in the initial rate proceeding.

[2] Any estimates developed using industry standards and regulatory best practices that include baseline investment and expense information (to be developed by DSU NO), with DSU NO being accountable for the quality of the estimates at the time provided, and any weighting applied to these estimates shall be based on the merits and documentation provided by DSU NO in the initial rate proceeding.

DSU NO Transition Plan Prudence Evaluation Framework

- GHG emission reductions;
- Gas-focused customer call center;
- Shared service savings;
- Foundation and charitable engagement;
- Employee and corporate community engagement;
- Economic benefits to the City of New Orleans and local communities;
- Potential for sharing of goodwill tax benefits;[3]
- Local tax impact of corporate headquarters;
- Other demonstratable benefits and savings; and
- Any other quantifiable or non-quantifiable or hard-to quantify benefits that can be supported at time of initial rate proceeding and subsequent rate filings/actions.

Reporting Requirement:

DSU NO commits to report on the Net Benefits from the short-term and long-term in consideration of the Total Cost Impact and the short-term and long-term Total Benefits and Savings identified above, which may also include projected benefits and savings, at the time of the Base Rate Proceeding.

Prudence Analysis:

DSU NO commits to the outcome of a prudence evaluation of the Council associated with its Transition Plan Costs that shall include but shall not be limited to the Net Benefits of the Transaction at the time of the Base Rate Proceeding.

If there is a finding of imprudence in the Base Rate Proceeding, the Council shall consider any and all information presented by DSU NO, including but not limited to quantifiable, non-quantifiable and hard-to-quantify benefits of the Transaction to gas customers and quantifiable, non-quantifiable and hard-to-quantify benefits of the Transaction to the City of New Orleans and local economies, in determining whether and to what extent a remedy should be required, which remedy could include continued review and evaluation of Net Benefits over an extended period of time for purposes of establishing Net Benefits of the Transaction. To the extent the Council determines a finding of imprudence requires remedying, DSU NO shall work with the Council to remedy such imprudence to the Council's satisfaction that such remedy (if any) will result in just and reasonable rates.

[3] Rebuttal Testimony of Jay A. Lewis at 9-11.

DSU NO Transition Plan Prudence Evaluation Framework

Glossary of Terms:

ADIT: Accumulated deferred income taxes

Base Rate Proceeding: General rate proceeding which DSU NO commits to filing not sooner than fifteen (15) months after Closing[4]

Carrying Charges: Carrying costs on Transition Plan Costs deferred to a regulatory asset (Account 182.3) or booked to plant (Account 303)

Change in Net ADIT Balance**:** The difference between past ADIT assets and liabilities ("Net ADIT Balance") recorded by ENO that will not transfer to DSU NO and new Net ADIT Balance and tax benefits created by and following Closing related to various items, including, but not limited to 1) depreciation of the assets DSU NO acquires from ENO; 2) depreciation of new assets DSU NO constructs or acquires after the transaction; 3) differences between the regulatory/accounting and tax treatment of Transition Plan costs incurred by DSU NO; and 4) the decrease of the ADIT on ENO gas operations books prior to closing that would have occurred absent the Transaction (temporal issue, requiring continued re-evaluation)

Closing: The final closing of the Transaction pursuant to the Purchase and Sale Agreement and other ancillary agreements[5]

Deferred Depreciation Expense**:** Depreciation expense on assets booked to plant (Account 303) that is deferred to a regulatory asset (Account 182.3)

DSU NO: Delta States Utilities NO, LLC

ENO: Entergy New Orleans, LLC

ENO Retained Assets: Assets currently shared by ENO's gas and electric operations which ENO plans on retaining after Closing. ENO gas ratepayers are currently billed for the portion of the revenue requirement associated with the assets allocated to ENO's gas operations in their retail rates. Removal of the portion of the assets allocated to ENO's gas operations will result in a credit and should, other things remaining equal, reduce DSU NO's future revenue requirement.[6]

IT: Information technology

Net Benefits: Total Benefits and Savings less Total Cost Impact

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[4] Joint Application at 12.

[5] Direct Testimony of Jeffrey Yuknis at 4:2-12.

[6] Rebuttal Testimony of David E. Dismukes, Ph.D. at 27:13-21.

DSU NO Transition Plan Prudence Evaluation Framework

Net Book Value of ENO Retained Assets: The net book value of ENO Retained Assets at the time of Closing[7]

O&M: Operational and maintenance expenses

Total Benefits and Savings: As defined on page 1

Total Cost Impact: As defined on page 1

Transaction: The transfer and sale of ENO's jurisdictional gas distribution business ("ENO Gas Business") and acquisition by DSU NO of the ENO Gas Business, inclusive of (a) DSU NO's purchase of the Purchase Assets and assumption of the Assumed Liabilities, in each case as defined in the Purchase and Sale Agreement, between ENO, as "Seller," and DSU NO, as "Buyer," dated as of October 28, 2023, and in accordance with the Purchase and Sale Agreement and other Ancillary Agreements, and b) the financing associated with the asset acquisition and associated encumbrance of the LDC assets[8]

***Transition Plan Costs*:** DSU NO's allocated share of the costs associated with the Transition Plan to stand up the natural gas utility,[9] less: (i) the Net Book Value of ENO Retained Assets and including the return of and on such Retained Assets occurring post-Closing; and (ii) investments in ENO IT accounts post-Closing which result in avoided costs of the DSU NO customers

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[7] Direct Testimony of Brian K. Little at 28-29; Rebuttal Testimony of Brian K. Little at 4; Rejoinder Testimony of Brian K. Little at 4-5; and Exhibit AMA-6 to the Rebuttal Testimony of Alyssa Maurice-Anderson at 5 of 8.

[8] Joint Application at 1.

[9] See Direct Testimony of Brian K. Little at 12:5-16/15 for a discussion of the Transition Plan and see Rebuttal Testimony of David E. Dismukes, Ph.D., at Exhibit DED-3, tab "Delta Transition Cost Detail," for a preliminary estimate of Transition Plan Costs.