

RESOLUTION

NO. R-22-438

CITY HALL: October 6, 2022

BY: COUNCILMEMBERS MORRELL, GIARRUSSO, KING AND THOMAS

**IN THE MATTER OF APPLICATION OF ENTERGY NEW ORLEANS, LLC,
AND THE LOUISIANA UTILITIES RESTORATION CORPORATION
FOR AUTHORITY TO FUND AND FINANCE STORM RECOVERY RESERVES,
AND RELATED RELIEF**

DOCKET NO. UD-22-01

**RESOLUTION AND ORDER APPROVING
STORM COST SECURITIZATION AGREEMENT IN PRINCIPLE**

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

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

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

WHEREAS, on February 4, 2022, ENO and the Louisiana Utilities Restoration Corporation (“LURC”) filed their Application for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief (“Securitization Application”) seeking to replenish and fund restricted storm recovery reserves in the amount of \$150 million through issuance of a Council-

approved Financing Order (the “Financing Order”), including the Direct Testimonies of Deanna Rodriguez, Kristine T. Jackson, Steven C. McNeal, Patrick J. Collins, and Scott M. Celino; and

WHEREAS, on March 24, 2022, the Council issued Resolution No. R-22-142 (As Corrected), establishing Docket No. UD-22-01 for purposes of a review of the Securitization Application and establishing a procedural schedule and period of intervention for consideration of the Securitization Application; and

WHEREAS, on April 8, 2022, LURC filed its Motion to Intervene in Docket No. UD-22-01; and

WHEREAS, on April 26, 2022, ENO filed the Supplemental Direct Testimony of Steven C. McNeal; and

WHEREAS, on April 29, 2022, the Alliance for Affordable Energy filed its Petition for Intervention and Inclusion on Service List in Docket No. UD-22-01; and

WHEREAS, on June 24, 2022, ENO filed its Application for Certification of Costs Related to Hurricane Ida (“Ida Application”); and

WHEREAS, on August 10, 2022, the Utility, Cable, Telecommunications and Technology Committee advanced a Council Resolution for consideration by the full Council that approves the Louisiana Local Government Environmental Facilities and Community Development Authority (“LCDA”) as the issuer of the storm recovery bonds, which selection the Council approved in Resolution No. R-22-371 dated August 18, 2022 (which resolution referred to the LCDA as the Louisiana Community Development Authority); and

WHEREAS, on August 19, 2022, the Advisors submitted the Report of Their Findings Regarding the Securitization Application finding substantial efficiencies and ratepayer savings through a single securitization bond issuance to fund ENO’s storm recovery reserves in an amount

sufficient to: (1) allow recovery of all of ENO's unrecovered storm recovery costs following Hurricane Ida (subject to Council review and certification), including any carrying costs the Council may certify as recoverable; (2) provide initial funding of ENO's storm recovery reserves for future storms; and (3) fund the storm recovery bonds' upfront financing costs; and

WHEREAS, the Advisors also recommended that ENO provide supplemental information and documents in the record in Docket No. UD-22-01, which information and documents were filed by ENO with its Response to the Council Utility Advisors' Report on September 2, 2022; and

WHEREAS, ENO, LURC, and the Council's Advisors have executed an Agreement in Principle in the instant docket, dated September 23, 2022 ("Agreement in Principle") resolving all issues raised in the Securitization Application; and

WHEREAS, this resolution and the Financing Order are intended to be reviewed by the Council concurrently, and the parties to the instant docket do not recommend that the Council adopt one resolution without also adopting the other resolution; and

Storm Reserve Replenishment and Funding

WHEREAS, on October 27, 2006, in response to the devastation resulting from Hurricane Katrina, the Council adopted Resolution R-06-459 directing ENO to establish a storm reserve with a principal amount of \$75 million by no later than March 2017; and

WHEREAS, as directed by Resolution R-06-459, ENO implemented Electric and Gas Storm Reserve Riders; and

WHEREAS, in 2020 and 2021, while in the midst of the COVID-19 pandemic, the City was impacted by Hurricanes Laura, Delta, Zeta, and Ida; and

WHEREAS, ENO recovered certain costs related to Hurricanes Laura, Delta, Zeta, and Ida through storm reserve withdrawals rather than through customer bill increases and depleted the storm reserve; and

WHEREAS, the Advisors and ENO have recommended in the Agreement in Principle that the Council authorize ENO to securitize and to cause storm recovery bonds to be issued under the Louisiana Electric Utility Storm Recovery Securitization Act, codified at La. R.S. 45:1226–1240 (the “Act”) (and pursuant to La. R.S. 45:1343), in an aggregate principal amount of approximately \$206.0 million to allow ENO to replenish and fund its storm recovery reserves (the “Securitized Storm Recovery Reserve”); and

Hurricane Ida

WHEREAS, on August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana, as a strengthening Category 4 hurricane with sustained winds of 150 miles per hour. Hurricane Ida maintained its catastrophic Category 4 strength for six hours after landfall, inflicting extensive damage well inland. That, combined with an eastward shift from its expected track, made for a devastating impact on the metropolitan New Orleans area; and

WHEREAS, Hurricane Ida’s powerful winds caused extensive and widespread damage to ENO’s distribution facilities and some damage to its transmission facilities, including fallen trees on lines, downed and damaged poles/structures and associated facilities, and vegetation and other debris that blocked roads and the Company’s rights-of-way; and

WHEREAS, the Council has not yet established a procedural schedule for a review of ENO’s Ida Application; and

WHEREAS, increasing the principal amount of the bond issuance requested in the Securitization Application in order to address ENO's unrecovered Hurricane Ida costs,¹ subject to Council certification of those costs (including any carrying costs), will save customers the issuance costs of another securitization; and

Securitization Structure and Amount

WHEREAS, there are substantial efficiencies and ratepayer savings, as compared to traditional utility financing methods, resulting from a single securitization bond issuance under the authority of the Act; and

WHEREAS, the issuance of the proposed storm recovery bonds pursuant to the Act is not only reasonable, but also is reasonably expected to benefit ENO and its customers as compared to traditional methods of utility financing; and

Financing Order

WHEREAS, on October 6, 2022, the Council adopted the Financing Order as Resolution R-22-437 approving the request of ENO and LURC under the Act, as modified in this Resolution, to: (1) approve and authorize ENO and the LURC to finance through the issuance of storm recovery bonds the aggregate principal amount of approximately \$206.0 million to replenish and fund ENO's storm recovery reserves and fund the storm recovery bonds' upfront financing costs; (2) approve the proposed financing structure; (3) approve the issuance of storm recovery bonds by LCDA; (4) create storm recovery property of ENO, including the right to impose, collect, and periodically adjust storm recovery charges sufficient to pay the storm recovery bonds and associated financing costs; (5) authorize ENO to sell the storm recovery property to LURC and

¹ In the Ida Application, ENO requested Council certification of \$169.6 million (plus an additional \$9.4 million in estimated carrying charges through December 31, 2022) of Hurricane Ida storm recovery costs, of which \$46.3 million has been recovered through storm reserve escrow withdrawals.

authorize and require the LURC to use all of the net proceeds from the issuance of storm recovery bonds to purchase the storm recovery property from ENO; and (6) approve tariffs for ENO to implement the storm recovery charges on behalf of the LURC and to address effects related to the financing; and

WHEREAS, ENO estimates that the upfront financing costs related to the storm recovery bonds issued in accordance with the Financing Order in the instant docket will be approximately \$6.0 million, which amount shall be updated through the Issuance Advice Letter in accordance with the Financing Order; and

Cost Recovery for Smaller Weather Events

WHEREAS, the Council has mechanisms other than storm recovery reserves to allow recovery of costs resulting from small storms and other minor weather events, and ENO may request recovery of such storm costs as part of Council rate actions (including FRP Evaluations); and

Rider SSCRII and Rider SSCOII

WHEREAS, the Financing Order provides for the collection of funds sufficient to pay the storm recovery bonds' debt service obligations and ongoing related costs through ENO's Securitized Storm Cost Recovery Rider II ("Rider SSCRII"); and

WHEREAS, the Company's Securitized Storm Cost Offset Rider II ("Rider SSCOII") is a complementary tariff to Rider SSCRII and will be used to flow through adjustments or effects related to the financing and/or the Hurricane Ida storm cost recovery process; and

WHEREAS, the issuance of storm recovery bonds pursuant to the authority granted in the Financing Order and the recovery of the securitization bonds' servicing costs through Rider

SSCRII serve the public interest of providing safe and reliable electric service to the City of New Orleans; and

Minimum Filing Requirements

WHEREAS, ENO has requested that the Council waive certain Minimum Filing Requirements set forth in the Code of the City of New Orleans, Section 158-48 et. seq. (“MFR”); and

WHEREAS, the matters pertaining to the instant docket may be thoroughly reviewed by the Council absent full compliance with the MFRs by ENO; and

WHEREAS, the Council, in Resolution No. R-22-142 (As Corrected), approved ENO’s request for waivers of the MFRs; and

Council Action

WHEREAS, the Council finds that it is in the public interest for ENO to be authorized to use securitization financing and cause storm recovery bonds to be issued in an aggregate principal amount of approximately \$206.0 million to allow ENO to replenish and fund its storm recovery reserves; and

WHEREAS, the Council finds in its Financing Order issued in this docket that ENO is authorized to finance, through the issuance of storm recovery bonds, in an aggregate principal amount of approximately \$206.0 million, which principal amount is equal to the sum of approximately: (1) the costs of funding and replenishing ENO’s storm recovery reserves in the amount of approximately \$200.0 million; (2) upfront financing costs, which are estimated to be approximately \$6.0 million; plus or minus (3) any adjustment, pursuant to the Issuance Advice Letter as provided for in the Financing Order; and

WHEREAS, based on the record before the Council and the agreement between ENO, the LURC, and the Council's Advisors, the Council wishes to approve the Agreement in Principle; now therefore:

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS THAT:

1. The Agreement in Principle, dated September 23, 2022, attached hereto as Attachment A, resolving all issues raised in this docket is hereby approved and incorporated herein.
2. In accordance with the terms of the Financing Order, ENO will use the net proceeds from the sale of the storm recovery property (after payment of upfront financing costs payable by ENO) to replenish and fund storm recovery reserves in the amount of approximately \$200.0 million, with the reserves being held by a non-affiliated escrow agent in a restricted escrow account. ENO will have access to the funds in the Securitized Storm Recovery Reserve escrow account pursuant to an escrow agreement, approved by the Council in the Financing Order.²
3. The disbursement of funds from ENO's Securitized Storm Recovery Reserve escrow account shall be governed by the Storm Recovery Reserve Escrow Agreement. ENO will initially effect a disbursement up to \$125.0 million from its Securitized Storm Recovery Reserve escrow account for interim recovery of storm recovery costs for Hurricane Ida, subject to the Council's certification of those costs. In accordance with Section 4(b)(3) of the Storm Recovery Reserve Escrow Agreement, the Council

² The form of the Storm Recovery Reserve Escrow Agreement is included in Appendix E of the Financing Order. The Council hereby recognizes and confirms that, upon selection, the escrow agent may require technical amendments to the Storm Recovery Reserve Escrow Agreement. Such technical amendments shall be subject to approval or non-objection by a Council Designee.

Designee³ shall issue an approval letter for this initial disbursement as a “Triggering Weather Event” established under Section 4(b)(2)(i) of that agreement. This initial disbursement does not preclude subsequent disbursements of Hurricane Ida storm recovery costs certified by the Council, including carrying costs.

4. In the event of a withdrawal under the provisions of the Storm Recovery Reserve Escrow Agreement for a “Triggering Weather Event” established under Section 4(b)(2)(iv) of that agreement and whose related costs to repair damage caused by that event or events and/or otherwise to restore electric service and/or replace and/or remove tangible assets were recognized during the test year of a Council retail rate action (*i.e.*, during an FRP Evaluation Period or during Period I of a rate case), the amount of any Storm Recovery Reserve Escrow withdrawal shall be excluded from the associated test year revenue requirement as a pro forma adjustment or a contra asset (for capital-related storm costs), as appropriate. To the extent that the Council subsequently determines that costs that have been pro formed out of the revenue requirement are not eligible storm costs (and require repayment to the Storm Recovery Reserve Escrow Account), the associated pro forma adjustment/contra asset shall be reversed, and ENO may seek recovery through other Council-approved rate mechanisms. For any costs ENO incurs in connection with the preparation for, repair of damage, and/or restoration of service in connection with a storm or other weather event that does not meet the definition of a “Triggering Weather Event” under the

³ As defined in Section 4(b)(3) of the Storm Recovery Reserve Escrow Agreement, the Council Designee for purposes of the Storm Recovery Reserve Escrow Agreement shall be the Chair of the Council Utility, Cable, Telecommunications and Technology Committee, or in her/his unavailability the Chief of Staff of the Council Utilities Regulatory Office.

Storm Recovery Reserve Escrow Agreement, ENO is authorized to defer such costs, including but not limited to carrying costs at the weighted average cost of capital, until such costs are fully recovered via a Council-approved mechanism. Storm costs shall be recorded on the books and records of ENO consistent with the Entergy Accounting Policies & Procedures regarding Storm Damage (*i.e.*, as deferred O&M in Accounts 182.3 or 228.1 or as capital expenditures in Accounts 107 or 108). ENO shall provide for Advisor review and employ an objective standard for classifying O&M costs as being storm-related, and ENO shall provide an annual accounting by event for such so-classified costs as part of its annual storm reserve report to the Council. The storm costs remain subject to Council review for prudence and, in the case of deferred O&M, for a determination of the period over which such prudently incurred costs are to be recovered. Additionally, ENO anticipates that it will propose in its 2023 FRP filings a mechanism for recovering storm costs arising from smaller weather events.

5. ENO shall collect franchise taxes on Rider SSCRII collections at the current Council approved localized franchise tax rates that the Council may adjust from time to time as the law permits, and ENO shall include such collections in its remittance of franchise taxes to the City of New Orleans.
6. ENO shall credit (or collect) franchise taxes on Rider SSCOII credits (or collections) at the current Council-approved localized franchise tax rates that the Council may adjust from time to time as the law permits, and ENO shall include such credits (or collections) in its remittance of franchise taxes to the City of New Orleans.
7. ENO's request to waive the Minimum Filing Requirements per the Code of the City of New Orleans, Section 158-48, *et seq.*, in the instant docket is GRANTED.

8. Except as stated expressly or provided for herein, nothing in this Resolution shall be precedential or with prejudice to the positions that ENO, the Advisors, or any other party may wish to take in other proceedings before the Council.

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

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

NAYS: 0

ABSENT: Moreno, Thomas - 2

AND THE RESOLUTION WAS ADOPTED.

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

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ATTACHMENT A
TO RESOLUTION R-22-438

AGREEMENT IN PRINCIPLE

**APPLICATION OF ENTERGY NEW ORLEANS, LLC,
AND THE LOUISIANA UTILITIES RESTORATION CORPORATION
FOR AUTHORITY TO FUND AND FINANCE
STORM RECOVERY RESERVES, AND RELATED RELIEF**

UTILITY DOCKET NO. UD-22-01

AGREEMENT IN PRINCIPLE

Recognizing that Entergy New Orleans, LLC (“ENO”) is a public utility providing electric service to all of New Orleans;

Recognizing that the Louisiana Utilities Restoration Corporation (“LURC” or the “Corporation”) is a non-profit public corporation and instrumentality of the State of Louisiana and operates to perform the essential government function of financing utility system restoration costs with low-cost capital;

Recognizing that, on February 4, 2022, ENO and the LURC filed their Application for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief (“Securitization Application”), including the Direct Testimonies of Deanna Rodriguez, Kristine T. Jackson, Steven C. McNeal, Patrick J. Collins, and Scott M. Celino;

Recognizing that on March 24, 2022, the Council issued Resolution No. R-22-142 (As Corrected), establishing Docket No. UD-22-01 for purposes of a review of the Securitization Application and establishing a procedural schedule and period of intervention for consideration of the Securitization Application;

Recognizing that on April 26, 2022, ENO filed the Supplemental Direct Testimony of Steven C. McNeal;

Recognizing that on April 29, 2022, the Alliance for Affordable Energy filed its Petition for Intervention and Inclusion on Service List in Docket No. UD-22-01;

Recognizing that on June 24, 2022, ENO filed its Application for Certification of Costs Related to Hurricane Ida (“Ida Application”) detailing that its unrecovered costs (both capital and O&M) total an estimated \$123.3 million out of \$169.6¹ million of total costs;

Recognizing that the Council has not yet established a procedural schedule for a review of the Ida Application or adopted any resolution certifying any restoration costs related to Hurricane Ida, including the approximately \$46.3 million already applied against these costs from storm reserve escrow withdrawals;

¹ This amount does not include estimated carrying charges on Hurricane Ida storm recovery costs through December 31, 2022, of \$9.4 million.

Recognizing that on August 10, 2022, the Utility, Cable, Telecommunications and Technology Committee advanced a Council Resolution for consideration by the full Council that approves the Louisiana Community Development Authority (“LCDA”) as the issuer of the storm recovery bonds, which selection the Council approved in Resolution No. R-22-371 dated August 18, 2022;

Recognizing that on August 19, 2022, the Advisors submitted the Report of Their Findings Regarding the Securitization Application (“Advisors’ Report”) finding substantial efficiencies and ratepayer savings through a single securitization bond issuance to fund ENO’s storm recovery reserves in an amount sufficient to allow recovery of ENO’s Council-certified Hurricane Ida storm recovery costs (including carrying costs), provide initial funding of storm recovery reserves for future storms, and fund the bonds’ upfront financing costs; and

Recognizing that the Advisors, ENO, and the LURC are submitting this Agreement in Principle in this docket;

The signatories to this Agreement in Principle hereby agree or do not oppose the following provisions, terms, and conditions:

Stipulations Regarding Financing Order:

1. **Financing Order.** The parties agree that the form and terms of the draft Financing Order attached to this Agreement in Principle as Exhibit 1 are reasonable. The parties further agree and stipulate that technical amendments to the draft Financing Order may be necessary as it is finalized.
2. **Securitized Storm Recovery Amounts.** Consistent with the draft Financing Order, the parties anticipate that ENO will use securitization financing and cause storm recovery bonds to be issued in an aggregate principal amount of approximately \$206.0 million to allow ENO to replenish and fund its storm recovery reserves.
3. **Estimated Upfront Financing Costs.** The parties agree that the projected upfront and ongoing financing costs presented in Appendix C of the draft Financing Order attached to this Agreement in Principle are reasonable estimates, with the understanding that the estimated upfront financing costs will be updated as part of the Issuance Advice Letter (“IAL”) process described in the Financing Order and that ENO and the LURC will submit to the Council a final accounting of the total actual upfront financing costs within ninety (90) days of the issuance of the storm recovery bonds.
4. **Riders SSCRII and SSCOIL.** The parties agree that the terms of the Securitized Storm Cost Recovery Rider II (“Rider SSCRII”) and the Securitized Storm Cost Offset Rider II (“Rider SSCOIL”) (included in Appendix B of the attached draft Financing Order and Exhibit 2 of this Agreement in Principle) are reasonable, with the understanding that the rates reflected in Riders SSCRII and SSCOIL will be updated as part of the IAL process described in the Financing Order.

Stipulations Regarding Securitized Storm Recovery Reserves:

5. **Storm Recovery Reserve Escrow Agreement.** The parties agree that the terms of the draft Storm Recovery Reserve Escrow Agreement (included in Appendix E of the attached draft Financing Order) are reasonable for application to ENO's securitized storm recovery reserves escrow account ("Securitized Storm Recovery Reserve Escrow Account"). The parties recognize and confirm that, upon selection, the escrow agent may require technical amendments to the draft Storm Recovery Reserve Escrow Agreement. Such technical amendments shall be subject to approval by a Council Designee.
6. **Disbursements from ENO's Securitized Storm Recovery Reserve Escrow Account.** The disbursement of funds from ENO's Securitized Storm Recovery Reserve Escrow Account shall be governed by the Storm Recovery Reserve Escrow Agreement. The parties stipulate and agree that ENO will initially effect a disbursement up to \$125.0 million from its Securitized Storm Recovery Reserve Escrow Account for interim recovery of storm recovery costs for Hurricane Ida, subject to the Council's certification of those costs. If agreed to by the Council, this initial disbursement does not preclude subsequent disbursements of Hurricane Ida storm recovery costs certified by the Council, including carrying costs.

Stipulation Regarding Recovery of Costs Resulting from Smaller Weather Events:

7. **Cost Recovery for Smaller Weather Events.** In the event of a withdrawal under the provisions of the Storm Recovery Reserve Escrow Agreement for a "Triggering Weather Event" established under Section 4(b)(2)(iv) of that agreement and whose related costs to repair damage caused by that event or events and/or otherwise to restore electric service and/or replace and/or remove tangible assets were recognized during the test year of a Council retail rate action (*i.e.*, during an FRP Evaluation Period or during Period I of a rate case), the amount of any Storm Recovery Reserve Escrow withdrawal shall be excluded from the associated test year revenue requirement as a pro forma adjustment or a contra asset (for capital-related storm costs), as appropriate. To the extent that the Council subsequently determines that costs that have been pro formed out of the revenue requirement are not eligible storm costs (and require repayment to the Storm Recovery Reserve Escrow Account), the associated pro forma adjustment/contra asset shall be reversed, and ENO may seek recovery through other Council-approved rate mechanisms. For any costs ENO incurs in connection with the preparation for, repair of damage, and/or restoration of service in connection with a storm or other weather event that does not meet the definition of a "Triggering Weather Event" under the Storm Recovery Reserve Escrow Agreement, ENO is authorized to defer such costs, including but not limited to carrying costs at the weighted average cost of capital, until such costs are fully recovered via a Council-approved mechanism. Storm costs shall be recorded on the books and records of ENO consistent with the Entergy Accounting Policies & Procedures regarding Storm-Damage (*i.e.*, as deferred O&M in Account 182.3 or 228.1 or as capital expenditures in Accounts 107 or 108). ENO shall provide for Advisor review and employ an objective standard for classifying O&M costs as being storm-related, and ENO shall provide an annual accounting by event for such so-classified costs as part of its annual storm reserve

report to the Council. The storm costs remain subject to Council review for prudence and, in the case of deferred O&M, for a determination of the period over which such prudently incurred costs are to be recovered. Additionally, ENO anticipates that it will propose in its 2023 FRP filings a mechanism for recovering storm costs arising from smaller weather events.

Miscellaneous Stipulations:

8. This Agreement in Principle reflects a compromise, settlement and accommodation among the signatories and the terms and conditions herein are interdependent. All actions by the signatories contemplated or required by this Agreement in Principle are conditioned upon the entry by the Council of Resolutions, including the Financing Order, consistent with the terms of this Agreement in Principle.
9. Nothing contained in this Agreement in Principle shall be precedential with respect to any issue in any other proceeding, except as specifically stated herein or specifically stated in any of the Exhibits submitted as part of this Agreement in Principle.

[Remainder of page intentionally left blank.]

AGREED TO BY THE FOLLOWING SIGNATORIES:

ADVISORS TO THE COUNCIL OF THE CITY OF NEW ORLEANS

BY: Clinton A. Vince
Clinton A. Vince

DATE: 09/22/2022

ENTERGY NEW ORLEANS, LLC

BY: _____
Deanna Rodriguez,
President & CEO

DATE: _____

LOUISIANA UTILITIES RESTORATION CORPORATION

BY: _____
Jamie Hurst Watts

DATE: _____

AGREED TO BY THE FOLLOWING SIGNATORIES:

ADVISORS TO THE COUNCIL OF THE CITY OF NEW ORLEANS

BY: _____
Clinton A. Vince

DATE: _____

ENTERGY NEW ORLEANS, LLC

BY: Deanna Rodriguez
Deanna Rodriguez,
President & CEO

DATE: Sept. 23, 2022

LOUISIANA UTILITIES RESTORATION CORPORATION

BY: _____
Jamie Hurst Watts

DATE: _____

AGREED TO BY THE FOLLOWING SIGNATORIES:

ADVISORS TO THE COUNCIL OF THE CITY OF NEW ORLEANS

BY: _____
Clinton A. Vince

DATE: _____

ENTERGY NEW ORLEANS, LLC

BY: _____
Deanna Rodriguez,
President & CEO

DATE: _____

LOUISIANA UTILITIES RESTORATION CORPORATION

BY: JLWatts
Jamie Hurst Watts

DATE: Sept. 23, 2022

EXHIBIT 1

Draft Financing Order

RESOLUTION

NO. R-22- _____

CITY HALL: October 6, 2022

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

RESOLUTION AND ORDER APPROVING THE APPLICATION OF
ENERGY NEW ORLEANS, LLC FOR AUTHORITY TO FUND AND
FINANCE STORM RECOVERY RESERVES AND RELATED RELIEF

DOCKET UD-22-01

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

WHEREAS, Entergy New Orleans, LLC ("ENO" or "the Company") is a public utility providing electric and natural gas service to all of New Orleans; and

WHEREAS, on February 4, 2022, ENO and the Louisiana Utilities Restoration Corporation ("LURC") filed their *Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief* ("Securitization Application"), including the Direct Testimonies of Deanna Rodriguez, Kristine T. Jackson, Steven C. McNeal, Patrick J. Collins, and Scott M. Celino; and

WHEREAS, the Securitization Application requested permission to establish a new Storm Recovery Reserve ("Storm Reserve") and fund a related escrow account in the amount of \$150 million through the issuance of a Council-approved Financing Order (the "Financing Order"); and

WHEREAS, the Securitization Application requested that \$150 million in proposed Storm Reserve funds be used to fund storm recovery activity after future storms, or for interim and/or permanent financing of Hurricane Ida costs;¹ and

WHEREAS, on March 24, 2022, the Council adopted Resolution R-22-142 establishing Docket No. UD-22-01 instituting a procedural schedule to review the Securitization Application; and

WHEREAS, on April 26, 2022, ENO filed the Supplemental Direct Testimony of Steven C. McNeal; and

WHEREAS, two parties intervened in Docket No. UD-22-01: LURC filed its Motion to Intervene on April 8, 2022, and the Alliance for Affordable Energy (“the Alliance”) filed its Petition for Intervention and Inclusion on April 29, 2022; and

WHEREAS, on June 24, 2022, ENO filed its *Application for Certification of Costs Related to Hurricane Ida* (“Ida Application”) detailing that its unrecovered costs (both capital and O&M) total an estimated \$123.3 million² out of \$169.6 million of total costs; and

WHEREAS, \$46.3 million of Hurricane Ida restoration costs have already applied against the storm reserve escrow withdrawals; and

WHEREAS, the Council has not yet established a procedural schedule for a review of ENO’s Ida Application or adopted any resolution certifying any restoration costs related to

¹ On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana as a strengthening Category 4 hurricane with sustained winds of 150 miles per hour. Hurricane Ida maintained catastrophic Category 4 strength for six hours after landfall, inflicting extensive damage inland and shifted eastward from its expected track leaving a devastating impact on the metropolitan New Orleans area. Hurricane Ida’s powerful winds caused extensive and widespread damage to ENO’s distribution facilities and some damage to transmission facilities, including fallen trees on lines, downed and damaged poles/structures, associated facilities, vegetation, and other debris that blocked roads and ENO’s rights-of-way.

² This amount does not include estimated carrying charges on Hurricane Ida storm recovery costs through December 31, 2022, of \$9.4 million.

Hurricane Ida, including the approximately \$46.3 million already applied against these costs from storm reserve escrow withdrawals; and

WHEREAS, on August 9, 2022, the Council Advisors filed an Unopposed Motion to Extend the Date to File Advisors' Storm Reserve Report requesting a one-week extension of time (from August 12, 2022 to August 19, 2022) to file their report; and

WHEREAS, on August 10, 2022, the Utility, Cable, Telecommunications, and Technology Committee ("UCTTC") advanced a Council Resolution to the full Council approving the Louisiana Local Government Environmental Facilities and Community Development Authority ("LCDA") as the issuer of the storm recovery bonds, which selection the Council approved in Resolution R-22-371 (which resolution referred to the LCDA as the Louisiana Community Development Authority) at the August 18, 2022 regular Council meeting; and

WHEREAS, on August 19, 2022, pursuant to Resolution R-22-142, the Council Advisors filed the *Report of Their Findings Regarding the Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves and Related Relief* ("Advisors' Report"); and

WHEREAS, the Advisors' Report recommended that the bond issuance proceeds of the Securitization Application be used to fund ENO's storm recovery reserves in an amount sufficient to: (1) allow recovery of all of ENO's unrecovered storm recovery costs following Hurricane Ida (subject to Council review and certification), including any carrying costs the Council may certify as recoverable; (2) provide initial funding of storm recovery reserves for future storms; and (3) fund the storm recovery bonds' upfront financing costs; and

WHEREAS, the Council Advisors also recommended ENO provide supplemental information and documents in the record in Docket No. UD-22-01, which information and

documents were filed by ENO with its Response to the Council Utility Advisors' Report on September 2, 2022; and

WHEREAS, there are substantial efficiencies and ratepayer savings as compared to traditional utility financing methods resulting from a single securitization bond issuance under the authority of the Louisiana Electric Utility Storm Recovery Securitization Act, codified at La. R.S. 45:1226-1240 (the "Act") and pursuant to La. R.S. 45:1343, in an aggregate amount of approximately \$206.0 million to allow ENO to replenish and fund its storm recovery reserves (the "Securitized Storm Recovery Reserve"); and

WHEREAS, the issuance of the proposed storm recovery bonds pursuant to the Act is not only reasonable, but also is reasonably expected to benefit ENO and its customers as compared to traditional methods of utility financing; and

WHEREAS, on September 23, 2022, ENO, LURC, and the Council Advisors executed an Agreement in Principle ("AIP") in the instant docket resolving all issues raised in ENO's Securitization Application; and

WHEREAS, on October 6, 2022, the Council approved the AIP in Resolution R-22-____ resolving all issues raised in this docket as approved and incorporated into Council Docket No. UD-22-01 ("AIP Resolution"); and

WHEREAS, this resolution and the AIP Resolution are intended to be reviewed by the Council concurrently, and the parties to the instant docket do not recommend that the Council adopt one resolution without also adopting the other resolution; and

WHEREAS, the Council has reviewed ENO's Securitization Application, the Advisors' Report, ENO's Response to the Council Utility Advisors' Report, and the AIP, and deems it in the public interest to approve the attached and incorporated Financing Order to issue the proposed

securitization bonds as stipulated in the AIP Resolution and the Financing Order;

**NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
NEW ORLEANS, That:**

1. The attached Financing Order and accompanying appendices are adopted in their entirety and incorporated as a part of this resolution; and
2. ENO and the LURC are approved and authorized to finance, through the issuance of storm recovery bonds, the aggregate principal amount of approximately \$206.0 million to replenish and fund ENO's storm recovery reserves and to pay or reimburse the storm recovery bonds' upfront financing and other costs, with the final aggregate authorized securitization principal amount of the storm recovery bonds being established through the Issuance Advice Letter process as described in the Financing Order; and
3. The issuance of storm recovery bonds by the LCDA via the financing structure described in the Financing Order is approved; and
4. Storm recovery property within the meaning of Section 1227(17) of the Act is hereby created in favor of ENO as described in the Financing Order, including the right to impose, collect, and periodically adjust storm recovery charges sufficient to pay the storm recovery bonds and associated financing costs; and
5. ENO is authorized to sell the storm recovery property to the LURC, and the LURC is authorized and required to use all of the net proceeds from the issuance of storm recovery bonds to purchase the storm recovery property from ENO; and
6. The forms of Tariffs (Rider SSCRII and Rider SSCOII) attached to the Financing Order for ENO to implement the storm recovery charges on behalf of the LURC and to address effects related to the financing are approved; and

7. ENO's estimated \$6.0 million of upfront financing costs related to the storm recovery bonds issued in accordance with the attached Financing Order shall be updated through the Issuance Advice Letter in accordance with the Financing Order, and ENO is authorized to securitize the updated amount.

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

YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.

ATTACHMENT TO RESOLUTION R-22-___

FINANCING ORDER

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FINANCING ORDER

This Financing Order addresses the request of Entergy New Orleans, LLC (“ENO”), and the Louisiana Utilities Restoration Corporation (“LURC” or the “Corporation”) under the “Louisiana Electric Utility Storm Recovery Securitization Act” (“the Act”), codified at La. R.S. 45:1226–1240, and pursuant to La. R.S. 45:1343: (1) to authorize ENO to finance, through the issuance of storm recovery bonds, in an aggregate principal amount of approximately \$206 million, to replenish and fund ENO’s storm recovery reserves and pay or reimburse upfront financing costs associated with the issuance of storm recovery bonds; (2) to approve the proposed financing structure; (3) to approve the issuance of storm recovery bonds by the Louisiana Local Government Environmental Facilities and Community Development Authority (the “Issuer” or the “LCDA”), (4) to create storm recovery property of ENO, including the right to impose, collect and periodically adjust storm recovery charges sufficient to pay the storm recovery bonds and associated financing costs; (5) to authorize and require the Corporation to use all of the net proceeds from the issuance of the storm recovery bonds loaned to the Corporation by the Issuer to purchase the storm recovery property from ENO; and (6) to approve tariffs to implement the storm recovery charges on behalf of the Corporation and to address effects related to the financing.

As discussed in this Financing Order, the Council of the City of New Orleans (the “Council”) finds that ENO’s and LURC’s application for approval of the securitization transaction should be approved. The Council also finds that the securitization financing approved in this Financing Order meets all applicable requirements of the Act. Accordingly, in accordance with the terms of this Financing Order, the Council: (1) approves and authorizes the securitization transaction requested by ENO and LURC; (2) authorizes the issuance by the Issuer of storm recovery bonds consisting of one or more tranches in an aggregate principal amount of approximately \$206 million, equal to the sum of (a) the cost of funding and replenishing its storm recovery reserve in the amount of \$200 million in a restricted escrow account, plus (b) upfront financing costs, which are estimated to be \$5,980,000 and are subject to further adjustment and review pursuant to the Issuance Advice Letter, including the debt service reserve subaccount described herein (the “DSRS”) established under the indenture for the storm recovery bonds, plus the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds, if any; (3) approves the structure of the proposed securitization financing; (4) creates storm recovery property of ENO, including the right to impose,

collect and periodically adjust storm recovery charges in an amount to be calculated as provided in this Financing Order; (5) approves the sale by ENO to LURC of the storm recovery property, and (6) approves the form of tariff to implement those storm recovery charges on behalf of the Corporation, attached in Appendix B.

In the Issuance Advice Letter discussed herein, ENO shall update the categories and amounts of the upfront financing costs to reflect the actual amounts and other relevant current information in accordance with the terms of this Financing Order.

ENO submitted evidence demonstrating that the proposed securitization financing is reasonably expected to result in lower overall costs to customers compared to traditional methods of financing or recovering utility storm recovery costs. Based on the amount that ENO requests to be financed, ENO's financial analysis and testimony indicates that customers will realize significant benefits from securitization financing as compared to traditional methods of financing or recovering utility storm recovery costs, which include the costs to fund and finance the storm recovery reserve authorized hereby. Furthermore, funding of a storm recovery reserve will mitigate against financial uncertainty after a future storm, the risk of negative action by rating agencies, and customer exposure to carrying costs after expenditures for future storm recovery activity, and will provide assurance to power and fuel suppliers and mutual aid companies and contractors assisting in future storm recovery activity. Accordingly, the Council concludes that the benefits for customers set forth in ENO's evidence are indicative of the benefits that customers will realize from the securitization financing approved hereby, and that these benefits will result in lower overall costs or will mitigate rate impact as compared to traditional financing.

Pursuant to the separate Louisiana Utilities Restoration Corporation Act, Part VIII of Chapter 9 of Title 45 of the Louisiana Revised Statutes (the "Restoration Law"), the Legislature of the State of Louisiana declared (similarly to the Act) that the restoration and rebuilding of utility systems after natural disasters using low-cost capital, thereby minimizing the cost to ratepayers, is a valid public purpose. La. R.S. 45:1311(B) and 45:1331(A). The Legislature also declared that supporting the stability of utility companies that already have restored and rebuilt, partially or completely, their utility infrastructure following natural disasters is a valid public purpose. La. R.S. 45:1311(B), 45:1331(A) and (B) and 45:1337(B). The Restoration Law authorized the

formation of the Corporation, a nonprofit public corporation incorporated on July 31, 2007, that is an instrumentality of the State of Louisiana. The Legislature recently enacted Subpart C of the Restoration Law in Act No. 293 of the Louisiana Regular Session of 2021 to make available an additional financing component that grants the power to the Corporation to participate in financing transactions under the Act.

Under Act 64 of 2006, which ENO used to finance storm recovery costs resulting from Hurricane Isaac and to bring ENO’s electric-only long-term storm reserve up to the \$75 million level approved by the Council,¹ certain “storm recovery property”² is first created in the utility and then transferred by the utility to an affiliated special purpose entity (“SPE”) in exchange for the net proceeds of the storm recovery bonds that are issued by the SPE. The securitization debt owed by the SPE upon receipt of the bond proceeds is “on-balance sheet” for the utility and therefore affects the utility’s credit metrics and ratings. When it adopted Act 293 in 2021, the Legislature authorized LURC to participate as an assignee of storm recovery property under the Act, declaring that the “[f]inancing of storm recovery costs pursuant to this Part is hereby recognized to be a valid public purpose for the corporation.”³ When LURC rather than an affiliated SPE participates as an assignee in the financial transactions provided by the Act, the securitization debt is “off-balance sheet” for the utility, thereby aiding the utility’s credit metrics and ratings. As the witnesses supporting the Securitization Application (as defined below) discussed, this feature currently is of particular benefit to ENO and its customers as ENO addresses the costs of restoring service after Hurricane Ida and prepares itself for the 2022 Atlantic Hurricane Season and beyond.

ENO and LURC (the “Co-Applicants”) provided a general description of the proposed securitization transaction structure in their Application for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief filed February 4, 2022 (the “Securitization Application”) with the Council and in the testimony and exhibits submitted in support thereof. The Securitization Application includes the schedules, attachments and testimony and related exhibits. The proposed transaction structure is consistent with the Act. Certain details of the final transaction structure,

¹ See Council Resolution R-15-193, dated May 14, 2015; Council Resolution R-15-195, dated May 14, 2015.

² § 1227(17).

³ § 1237(B).

such as any overcollateralization requirements to support payment of the storm recovery bonds, and the final terms of the bonds will depend in part upon the requirements of the nationally-recognized credit rating agencies which will rate the storm recovery bonds and, in part, upon the market conditions that exist at the time the storm recovery bonds are taken to the market.

The Council recognizes that the final transaction structure and pricing terms of the storm recovery bonds will affect customer costs. Accordingly, this Financing Order provides for a process by which the Utility Advisors to the Council (“Council Utility Advisors”), and any financial advisor, or any other legal counsel employed by the Council for this transaction (“Council Incremental Financial Advisors”), may review and comment on the bond structure and pricing. This Financing Order also provides for a procedure by which the Council, acting through a Council designee, shall approve (or disapprove, with reasons) the final structure and pricing of the storm recovery bonds without further Council action. The Council determines that the Chair of the Council Utility, Cable, Telecommunications and Technology Committee, or in her/his unavailability the Chief of Staff of the Council Utilities Regulatory Office, should be the Council’s designee under this Financing Order. This participation and approval process proposed by ENO is in the best interest of customers and provides the necessary timeliness and finality to the issuance process.

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I. DISCUSSION AND STATUTORY OVERVIEW

On October 28, 2020, Hurricane Zeta made landfall in Louisiana, and the storm’s eye passed directly over New Orleans. On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana, as a strengthening Category 4 hurricane with sustained winds of 150 miles per hour. Hurricane Ida tied 2020’s Hurricane Laura as the strongest storm to make landfall in Louisiana since the Last Island Hurricane of 1856, and the three storms are tied for the fifth strongest to ever make landfall in the continental United States. Hurricane Ida maintained its catastrophic Category 4 strength for six hours after landfall, inflicting extensive damage well inland. That strength, combined with an eastward shift from its expected track, made for a devastating impact on the metropolitan New Orleans area. ENO met the liquidity needs created by the storm recovery costs by making withdrawals from ENO’s previously-established securitized storm reserve escrow account. But the costs to restore service to homes and businesses in New Orleans after Hurricane Ida were significantly above ENO’s available storm reserves, and ENO currently has no storm recovery reserves.

In May 2006, the Louisiana Legislature established a financing vehicle by which electric utilities can use securitization financing for storm recovery costs through the issuance of “storm recovery bonds.” Under the statute, storm recovery costs may include the costs to fund and finance a storm recovery reserve. Storm recovery bonds must be approved in a financing order. This provision of Louisiana law, the Act, is codified at La. R.S. 45:1226-1240.⁴ In Act 293 of 2021, the Louisiana Legislature enacted La. R.S. 45:1343, granting the Corporation the additional power to participate in financing transactions under the Act.

If storm recovery bonds are approved and issued, the electric customers of ENO must pay the principal of the storm recovery bonds, together with interest and related financing costs, through storm recovery charges. Storm recovery charges, to the extent provided in the Act and this Financing Order, are nonbypassable charges paid by ENO’s electric customers. Storm recovery charges will be collected by ENO or its successor, as initial servicer, as provided for in this Financing Order, as an agent of and on behalf of the Corporation. The Corporation will use

⁴ Unless otherwise indicated, all references to statutory provisions are to the Louisiana Electric Utility Storm Recovery Securitization Act, La. R.S. 45:1226-1240.

the storm recovery charges to pay the loan made by the Issuer to the Corporation of the proceeds of the storm recovery bonds, and the Issuer will pay the principal of the storm recovery bonds, together with interest and certain related ongoing financing costs.

The Act permits the Council to consider whether the proposed structuring, expected pricing, and financing costs of the storm recovery bonds are reasonably expected to result in lower overall costs or would avoid or mitigate rate impacts to customers as compared with traditional methods of financing or recovering storm recovery costs, including the costs to fund and finance storm recovery reserves.⁵ The primary benefits of the proposed securitization financing structure arise from replacing traditional debt and equity of the utility with highly-rated debt, the benefits of which are significant.

The potential savings to customers from securitization financing are significant. ENO's most recently filed before-tax electric weighted average cost of capital ("WACC"), including the equity component set to the return on equity that the Council last authorized, as of the date of ENO's Securitization Application, was 8.57%. In comparison, the weighted average annual interest rate of the securitized bonds was assumed to be 2.63% under a base-case scenario in ENO's Securitization Application. Market conditions for bonds have changed since ENO's Securitization Application was filed in February 2022, and current indicative rates may be significantly higher than 2.63%, but supplemental information filed into the record in Docket No. UD-22-01 indicates that securitization financing of the aggregate principal amount of \$206 million (up from the \$155 million initially proposed in the Securitization Application) still results in savings when comparing the total revenues that would be required to fund a storm recovery reserve using securitization financing versus the total revenues required to pre-fund a storm recovery reserve using conventional utility financing at ENO's most recently filed before-tax electric WACC. Even if interest rates increase to 6% before the issuance of the storm recovery bonds, the savings for customers will remain significant (an estimated \$15.5 million on a net present-value basis). ENO will be required to update the benefit analysis in the Issuance Advice Letter to verify that the final

⁵ §§ 1228(B) and 1227(16).

amount securitized provides savings or avoids or mitigates rate impacts to customers compared to traditional financing methods.

This Financing Order contains terms ensuring that the imposition and collection of storm recovery charges authorized herein shall be from all “customers,” meaning existing and future electric customers receiving electric transmission or distribution service, or both, from ENO or its successors or assignees under rate schedules or any special contracts approved by the Council, except in limited circumstances expressly stated in this Financing Order, even if a customer has chosen to switch to self-generation or co-generation.⁶ These provisions make the storm recovery charges “nonbypassable.”

This Financing Order also includes a mechanism requiring that storm recovery charges be reviewed and adjusted semi-annually (*i.e.*, every six months),⁷ to correct over-collections or under-collections during the preceding collection period and to ensure the projected recovery of amounts sufficient to provide timely payment of debt service on the storm recovery bonds and related financing costs. In addition to the semi-annual reviews, following the scheduled final maturity, quarterly reviews and adjustments may be required in order to assure the payment of debt service on the storm recovery bonds and related financing costs. In addition, interim adjustments to the storm recovery charges may be requested if necessary to assure timely payment of the storm recovery bonds. These provisions will help to ensure that the amount of storm recovery charges paid by customers is neither more nor less than the amount necessary to cover the costs of this financing.

The State of Louisiana has pledged to and agreed with the storm recovery bondholders, the owners of the storm recovery property, and other financing parties that the State will not:

- (1) alter the provisions of the Act which authorize the Council to create a contract right by the issuance of this Financing Order, to create storm recovery property, and to make the storm recovery charges imposed by a financing order irrevocable, binding, and nonbypassable charges;

⁶ As permitted by § 1227(15).

⁷ As provided by § 1228(C)(4).

(2) take or permit any action that impairs or would impair the value of the storm recovery property created pursuant to this Financing Order; or

(3) except for adjustments under any true-up mechanism established by the Council, reduce, alter, or impair storm recovery charges that are to be imposed, collected, and remitted for the benefit of the bondholders and other financing parties, as applicable, until any and all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the storm recovery bonds have been paid and performed in full.⁸

In addition, this Council is pledging and covenanting in this Financing Order that after the earlier of the transfer of storm recovery property to an assignee or the issuance of storm recovery bonds authorized by this Financing Order, this Financing Order is irrevocable until the indefeasible payment in full of the storm recovery bonds and the related financing costs. "Indefeasible" in this context does not refer to the potential defeasance in the future of the storm recovery bonds, but rather that the payment and satisfaction of the bonds and costs are permanent and cannot be revoked or made void. Except in connection with a refinancing or refunding⁹ or to implement the true-up mechanism adopted by the Council, the Council may not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust storm recovery charges approved in this Financing Order.

Furthermore, the Corporation in the financing transaction documents will pledge to, and agree with, the financing parties that until the storm recovery bonds and any ancillary agreements have been paid and performed in full, the Corporation shall not (a) take or permit any action that impairs or would impair the value of storm recovery property, and (b) except as allowed pursuant to this Financing Order and except for adjustments under the true-up mechanism established in this Financing Order, reduce, alter, or impair the storm recovery charges that are to be imposed, collected, and remitted for the benefit of the financing parties, until all principal, interest, premium,

⁸ As permitted in § 1234(B).

⁹ As permitted in § 1228(F).

financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related storm recovery bonds have been paid and performed in full.

Nothing in the State, Council and Corporation agreements described above precludes a limitation or alteration in this Financing Order and the storm recovery property if and when full compensation is made for the full protection of the storm recovery charges collected pursuant to this Financing Order and the full protection of the bondholders and any assignee or financing party.

Storm recovery property constitutes an existing, present contract right susceptible of ownership, sale, assignment, transfer, and security interest, and the property will continue to exist until the storm recovery bonds issued pursuant to this Financing Order are paid in full and all financing costs of the storm recovery bonds have been recovered in full. In addition, the interests of an assignee or secured party in storm recovery property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge, or defense by ENO or any other person or in connection with the bankruptcy of ENO or any other entity. Except to the extent provided in the Act, the creation, attachment, granting, perfection, and priority of security interests in storm recovery property to secure storm recovery bonds is governed solely by the Act and not by the Louisiana Uniform Commercial Code.

The Council may adopt a financing order providing for the retiring and refunding of the storm recovery bonds. ENO and the Corporation have not requested, and this Financing Order does not grant, any authority to refinance storm recovery bonds authorized by this Financing Order. This Financing Order does not preclude ENO and the Corporation from filing a request for a financing order to retire or refund the storm recovery bonds approved in this Financing Order upon a showing that the customers of ENO would benefit and that such a financing is consistent with the terms of the outstanding storm recovery bonds.

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in the Act.

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II. DESCRIPTION OF PROPOSED TRANSACTION

A brief summary of the proposed transaction is provided in this section. A more detailed description is included in Section III.C, titled “Structure of the Proposed Financing,” and in the Securitization Application.

To execute the proposed securitization financing, ENO and LURC propose that the Council, pursuant to the Act, create by this Financing Order the storm recovery property, which includes the right to impose, collect, periodically adjust, and receive storm recovery charges along with the other rights arising pursuant to this Financing Order. Upon the effectiveness of this Financing Order, these rights are storm recovery property, a vested contract right of ENO.

The Issuer will issue storm recovery bonds and will loan the proceeds from the sale of the storm recovery bonds to LURC. LURC will use the net proceeds loaned to it to purchase the storm recovery property from ENO, which will use those proceeds for the purposes authorized by this Financing Order.

The storm recovery bonds will be issued pursuant to an indenture and administered by an indenture trustee. The storm recovery bonds will be secured by and be payable solely out of the storm recovery property created pursuant to this Financing Order and other collateral, described in the testimony accompanying the Securitization Application. That collateral will be pledged by the Corporation to the Issuer to secure its loan. The Issuer will pledge the Corporation’s loan repayment obligation, together with a repledge of the storm recovery property collateral, to the indenture trustee for the benefit of the holders of the storm recovery bonds and to secure payment due with respect to the bonds and certain costs and expenses relating to the bonds.

Pursuant to a servicing agreement, ENO will act as the initial servicer of the storm recovery charges for the Corporation and will collect such charges from the customers of ENO and remit these collections to the indenture trustee on behalf of and for the account of the Corporation and the Issuer. The servicer will be responsible for making any required or allowed true-ups of the storm recovery charges. If the servicer defaults on its obligations under the servicing agreement, the indenture trustee may appoint a replacement servicer subject to the terms of this Financing Order.

Storm recovery charges will be calculated to be sufficient at all times to pay in a timely manner all scheduled debt service and other related financing costs for the storm recovery bonds. The storm recovery charges will be calculated pursuant to the method described in Appendix B to this Financing Order. Semi-annual or, following the scheduled final maturity of the storm recovery bonds, quarterly true-ups will be required and performed to ensure that the amount projected to be collected from storm recovery charges is sufficient to service the storm recovery bonds. The methodology for calculating the storm recovery charges is illustrated in Appendix B and the form of true-up notice letter is attached as Appendix D.

The Council determines that the proposed transaction structure for the storm recovery charges should be utilized. The storm recovery bonds' amortization schedule is designed to provide for substantially level annual debt service and revenue requirements over the expected life of the storm recovery bonds.

The Council has considered what degree of flexibility to afford to ENO and LURC in establishing the terms and conditions of the storm recovery bonds, including but not limited to repayment schedules, interest rates and financing costs. ENO and LURC will be granted flexibility in these matters, subject to the terms of this Financing Order and the Issuance Advice Letter process and the approvals by the Issuer and the State Bond Commission.

In the Securitization Application, filed on February 4, 2022, ENO and LURC requested the authority to securitize and to cause storm recovery bonds to be issued in an aggregate principal amount equal to the sum of approximately: (a) the costs of funding and replenishing its storm recovery reserves in the amount of \$150 million in a restricted escrow account, with the reserves being maintained at that level until needed to fund storm recovery activity after future storms, or disbursed for interim and/or permanent financing of Hurricane Ida costs (subject to Council certification of those costs, including carrying costs); plus (b) upfront financing costs, which were estimated to be \$5 million and are subject to further adjustment and review pursuant to the Issuance Advice Letter; plus (c) the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds, if any.

On August 19, 2022, the Council Utility Advisors filed their Advisor's Report of Their Findings Regarding the Securitization Application in Docket No. UD-22-01 that recommended

increasing the storm recovery bonds' principal amount to be \$200 million (from \$150 million) plus upfront issuance costs.

The Council finds that ENO should be permitted to use securitization financing to replenish and fund its storm recovery reserves in accordance with the terms of this Financing Order. The Council is mindful of the fact that several of the components of the upfront financing costs associated with the securitization process will vary depending upon the size of the final issuance of the storm recovery bonds. Specifically, the Council realizes that the DSRS, the rating agency fees, bond counsel fees, State Bond Commission fees, and underwriters' fees typically are proportional to the amount of storm recovery bonds actually issued. Further, other upfront financing costs, such as ENO and LURC legal and accounting fees and expenses, printing expenses, and indenture trustee costs will not be known until the issuance of the bonds or even thereafter, when final invoices are submitted. Accordingly, in the Issuance Advice Letter, ENO should update the upfront financing costs securitized to reflect any change in the estimates of the DSRS, the rating agency fees, bond counsel fees, State Bond Commission fees, and underwriters' fees, as a result of a change in the size of the bond financing, and should otherwise update the estimates in light of then-current information. The final upfront financing costs will also include the financing costs of the Corporation and the Issuer and their respective counsel incurred pursuant to the issuance of the storm recovery bonds. The upfront financing costs of the Council will be paid by ENO and included as normal operating and maintenance expenses recovered in ENO's base rates. All upfront financing cost amounts are to be revised and updated through the Issuance Advice Letter, at the time of pricing of the storm recovery bonds.

In addition, ENO and LURC have requested that the ongoing financing costs incurred by the Corporation in connection with the servicing of the storm recovery bonds should not be included in the principal amount of the bonds, but instead should be recovered through the storm recovery charges, subject to the periodic true-up of those charges as provided in this Financing Order. ENO presently estimates that these ongoing annual costs (exclusive of debt service on the storm recovery bonds and exclusive of the servicing fee and external accounting costs mentioned below) to be incurred by the Corporation will be approximately \$358,000 for the first year following the issuance of the storm recovery bonds if ENO is the servicer, but many ongoing costs will not be known until they are incurred. The annual servicing fee payable to ENO following the

issuance of the storm recovery bonds will be fixed at \$205,980. In addition to the servicing fee, ENO as initial servicer, will be able to recover its out-of-pocket costs for external accounting and legal services required by the servicing agreement as well as for other items of cost (other than external information technology costs and bank wire fees, which are part of the servicing fee) that will be incurred annually to support and service the storm recovery bonds after issuance. The servicing fee and any expenses incurred by ENO, or by an affiliate of ENO acting as servicer, under the servicing agreement shall be included in any ENO rate case in the manner provided in Ordering Paragraph 40. In the event that a servicer default occurs, the indenture trustee for the storm recovery bonds will be permitted to appoint a replacement servicer with the consent of the Corporation, which shall not be unreasonably withheld. The compensation of the replacement servicer will be what is required to obtain the services and may be up to 0.60% of the initial principal balance of storm recovery bonds without need of further Council approval, or if the Corporation (or the indenture trustee) can reasonably demonstrate to the Council that the services cannot be obtained at that compensation level under the market conditions at that time then at a higher annual servicing fee approved by the Council. The Council finds that ENO, LURC, the Issuer, and the Council should be permitted to recover their ongoing financing costs, as ENO and LURC request, in accordance with the terms of this Financing Order.

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III. FINDINGS OF FACT

A. Identification and Procedure

1. Identification of Applicant and Application

1. ENO is a Texas limited liability company and is an indirect majority owned subsidiary of Entergy Corporation. ENO is an electric and gas utility that currently (as of June 30, 2022) provides retail electric service to approximately 207,974 customers throughout Orleans Parish.
2. Pursuant to La. R.S. 45:1313(A), the Corporation is a public nonprofit corporation and instrumentality of the State of Louisiana and operates to perform the essential government function of financing utilities' restoration costs after storms with low-cost capital. The Corporation is self-funded, and the assets of the Corporation are not considered part of the general fund or any other fund of the State. The Corporation is not an agent of ENO and has a legal existence as a public corporate body separate and distinct from the State of Louisiana. The Corporation is exempt from Louisiana state corporate income taxes and Louisiana state corporate franchise taxes.
3. Pursuant to Act 293 of 2021, the Corporation may participate in financing transactions under the Act.

2. Procedural History

4. On February 4, 2022, ENO and LURC filed the Securitization Application seeking Council approval of a Financing Order allowing ENO to utilize storm recovery bond proceeds issued pursuant to the Act to replenish and fund restricted storm recovery reserves in the amount of \$150 million, with the reserves being held by a non-affiliated escrow agent and maintained at that level until needed to fund storm recovery activity after future storms or disbursed to ENO for interim and/or permanent financing of Hurricane Ida costs (subject to Council certification of those costs).

5. On March 24, 2022, the Council issued Resolution R-22-142, establishing Docket No. UD-22-01 and issuing a procedural schedule to review the Securitization Application.
6. The following parties intervened in the proceeding: The Alliance for Affordable Energy.
7. On August 18, 2022, the Council issued Resolution R-22-371, approving the LCDA (referred to in the resolution as the Louisiana Community Development Authority) as the issuer of storm recovery bonds in connection with the Securitization Application.
8. On August 19, 2022, the Council Utility Advisors filed a Report of their Findings Regarding ENO and LURC’s Securitization Application in Docket No. UD-22-01. In that Report, the Council Utility Advisors recommended increasing the storm recovery bonds’ principal amount to be \$200 million (from \$150 million) plus upfront issuance costs. The Council Utility Advisors also recommended that ENO provide supplemental information and documents in the record in Docket No. UD-22-01, which information and documents were filed by ENO with its Response to the Council Utility Advisors’ Report on September 2, 2022.
9. On _____, 2022, ENO, LURC, and the Council Utility Advisors filed an Agreement in Principle in Docket No. UD-22-01.
10. On _____, 2022, the Council determined that ENO is authorized to replenish and fund storm recovery reserves in the amount of \$200 million, which amounts may be financed through storm recovery bonds authorized by this Financing Order.
[UPDATE]
11. On [DATE], the Council issued this Financing Order.

B. Financing Costs and Amount to be Securitized

1. Storm Recovery Costs Including Reserve

12. Storm recovery costs as defined by Section 1227(16) may include the costs to fund and finance any storm recovery reserves, if the Council deems appropriate.

13. ENO withdrew the remaining balance from its previous securitized storm reserve escrow to fund storm restoration after 2020’s Hurricane Zeta and 2021’s Hurricane Ida. ENO incurred costs significantly above its available storm reserve balances to restore service to homes and businesses in New Orleans after Hurricane Ida, and ENO currently has no storm recovery reserves.
14. The immediate need to restore service following a major storm event places a significant and immediate cash requirement on ENO. Storm restoration is a massive effort that requires ENO to expend large sums very quickly, which can significantly reduce ENO’s liquidity and undermines the financial metrics supporting its current credit ratings, which are regularly examined by the investment community. In turn, those credit ratings directly affect the cost of capital needed for utility investments and operations that benefit customers and drive overall customer rates.
15. The Council determined that the level of storm damage reserves in the amount of \$200 million is appropriate, which is to be financed through storm recovery bonds authorized by this Financing Order. The costs to fund these storm damage reserves constitute storm recovery costs under the Act and are eligible for financing pursuant to this Financing Order.

2. Upfront and Ongoing Financing Costs

16. Upfront financing costs are those that will be incurred in advance of, or in connection with, the issuance of the storm recovery bonds, and those costs will be recovered or reimbursed from storm recovery bond proceeds except as otherwise provided in this Financing Order. Consistent with Section 1227(5)(a) through (e), upfront financing costs include, without limitation, the DSRS, underwriting costs (fees and expenses), rating agency fees, costs of obtaining additional credit enhancements (if any), Louisiana State Bond Commission fees, bond counsel fees, costs of entering into swap and hedge transactions (if any), fees and expenses of ENO’s, LURC’s and the Issuer’s legal advisors, fees and expenses of the financial advisor to ENO, original issue discount, external servicing costs, fees and expenses of the indenture trustee and its counsel (if any), servicer set-up costs, printing and

filing costs, non-legal securitization proceeding costs and expenses of ENO, LURC, and the Issuer, miscellaneous administrative costs, and other possible costs related to issuing (including marketing) the storm recovery bonds.

17. Ongoing financing costs are those that will be incurred annually to support and service the storm recovery bonds after issuance, and those costs will be recovered or paid from storm recovery charges. Consistent with Section 1227(5)(a) through (e), the ongoing financing costs include, among other costs, servicing fees, fees and expenses of the indenture trustee and its counsel (if any), external accountants' fees, external legal fees, ongoing costs of additional credit enhancement (if any), costs of swaps and hedges (if any), ongoing fees of the Issuer (if any), rating agency fees, printing and filing costs, true-up administration fees, costs of maintaining and operating the Corporation and performing its functions, fees and expenses of ENO's, the Corporation's and the Issuer's counsel, any payments made by the Corporation pursuant to indemnities granted to the Issuer, the State Bond Commission, the underwriters or related persons in connection with the issuance of the storm recovery bonds, income taxes (if any) imposed on the LURC's revenues generated from the collection of the storm recovery charges, and other miscellaneous costs. Other than the servicing fee (which will cover servicing costs, excluding costs for external accounting and legal services required by the servicing agreement), the remaining ongoing costs that will be incurred in connection with a financing under the Act are outside the control of ENO, since ENO cannot control the administrative, legal and other fees to be incurred by the Corporation, the Issuer, and other parties on an ongoing basis. All actual ongoing financing costs as incurred will be recoverable through the storm recovery charges.
18. ENO has provided estimates of upfront financing costs totaling approximately \$6 million in Appendix C, plus the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds, if any. ENO has also provided in Appendix C estimates of ongoing financing costs for the first year following the issuance of the storm recovery bonds to be approximately \$558,000 (exclusive of the servicing fee) if ENO is the servicer. ENO shall update the upfront financing costs and ongoing financing costs

prior to the pricing of the storm recovery bonds pursuant to the Issuance Advice Letter. The Issuer's and the Corporation's estimated upfront financing costs, each as specified in the Issuance Advice Letter, shall be disbursed respectively to the Issuer and to the Corporation at delivery of the storm recovery bonds.

19. Within ninety (90) days after the issuance of the storm recovery bonds, ENO as servicer and LURC will submit to the Council a final accounting of the upfront financing costs. If the Corporation's actual upfront financing costs are less than those included in the principal amount financed, the Periodic Billing Requirement for the first semi-annual true-up adjustment shall be reduced by the amount of such unused funds (together with income earned thereon) and such unused funds and the income earned thereon shall be applied to the Corporation's ongoing financing costs. If the Issuer's actual upfront financing costs are less than those estimated, the amount will be recognized as a credit in the true-up adjustment as part of Securitized Storm Cost Recovery Rider SSCRII ("Rider SSCRII"). If the Corporation's or the Issuer's final upfront financing costs are more than the estimated upfront financing costs included in the principal amount financed, adjusted as provided in this Financing Order, the Corporation or the Issuer may recover the remaining excess upfront financing costs through a true-up adjustment as part of Rider SSCRII without reducing the loan or purchase price to be made from the net proceeds of the storm recovery bonds. However, such recovery will be subordinate to the payment of debt service on storm recovery bonds and related financing costs. It is not expected that the Issuer's actual upfront financing costs will be different from the estimated amount because such costs will be a percentage of the bond issuance amount or will otherwise be determinable prior to closing. If ENO's actual upfront financing costs are more than the ENO estimated upfront financing costs included in the principal amount securitized, ENO is authorized to recover the additional upfront financing costs through the Securitized Storm Cost Offset Rider ("Rider SSCOII"). If ENO's actual upfront financing costs are less than those estimated, the difference shall flow to customers through the periodic true-ups of the storm recovery charges.

3. Amount to be Securitized

20. LURC should be authorized to cause storm recovery bonds to be issued by the Issuer in an aggregate principal amount of approximately \$206 million, equal to the sum of: (a) replenishing and funding ENO's storm recovery reserves in the amount of \$200 million in a restricted escrow account, plus (b) upfront financing costs, which are estimated at \$5,980,000 but are subject to adjustment pursuant to the Issuance Advice Letter as provided in Findings of Fact Paragraph 18 and also to further review as provided in Findings of Fact Paragraph 19, plus the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds, if any. The total principal amount of the storm recovery bonds so issued will be fixed in the Issuance Advice Letter process, consistent with this Financing Order.

4. Designee Appointment; Issuance Advice Letter Approval Process

21. Because the actual structure and pricing of the storm recovery bonds and the precise amounts of upfront and ongoing financing costs will not be known at the time that this Financing Order is issued, ENO and LURC have proposed a process by which the terms of the storm recovery bonds can be reviewed by the Council Utility Advisors and the Council designee as they are developed and finalized and by which the final financing terms and costs can be approved.
22. ENO and LURC have requested that the Council appoint a designee (the "Designee") who is authorized to approve, by concurrence described in Findings of Fact Paragraph 29, the final terms, structuring and pricing of the transaction as set forth in the final Issuance Advice Letter. The Designee's review of and concurrence with the Issuance Advice Letter, based upon advice of the Council's Utility Advisors and Council Incremental Financial Advisors, shall be limited to determining that (i) the final structuring, terms and pricing of the storm recovery bonds in the Issuance Advice Letter are consistent with the criteria established in this Financing Order, and (ii) the mathematical calculations are accurate. The Designee shall approve the final Issuance Advice Letter if the Designee determines that those two standards are met and such approval will be final, irrevocable and

incontestable without need of further action by the Council. The Council finds that the appointment of a Designee is a reasonable method to protect customers and to assure ENO and the investing public that all approvals in connection with the issuance of the storm recovery bonds have been obtained. The Chair of the Council Utility, Cable, Telecommunications and Technology Committee, or in her/his absence or incapacity, the Chief of Staff of the Council Utilities Regulatory Office, is appointed as Designee.

23. Following the determination of the final terms and structure of the storm recovery bonds and prior to the issuance of such bonds, the Corporation and ENO, as servicer, must file with the Council an Issuance Advice Letter no later than two business days after pricing of the storm recovery bonds. The Issuance Advice Letter will include the estimated total upfront financing costs of the storm recovery bonds, the estimated ongoing financing costs of paying and servicing the storm recovery bonds, the required principal amount of the bonds, as well as the bond structure (maturities and tranches) and the interest rates and other terms on the storm recovery bonds. The Issuance Advice Letter will be completed to report the actual dollar amount of the initial storm recovery charges and other information specific to the storm recovery bonds to be issued. The filed Issuance Advice Letter shall be substantially in the form of Appendix A to this Financing Order.
24. The Corporation and ENO, as servicer, will provide a draft Issuance Advice Letter to the Council Utility Advisors for review no later than two weeks prior to the expected date of initial marketing of the storm recovery bonds, or such other date agreed to by LURC, ENO and the Council Designee. Within one week after receipt of the draft Issuance Advice Letter, the Council Utility Advisors will provide to the Corporation and ENO (as servicer) any comments that the Council Utility Advisors may have regarding the adequacy of the information provided, in comparison to the required elements of the Issuance Advice Letter.
25. A second draft Issuance Advice Letter shall be provided to the Council Utility Advisors within the two business days preceding the scheduled pricing date of the

storm recovery bonds, or such other date agreed to by LURC, ENO, and the Council Designee.

26. A final Issuance Advice Letter shall be filed with the Council Designee within the two business days after the completion of the pricing of the storm recovery bonds, which shall contain certificates from the Co-Applicants and the bookrunning underwriters that include certification that the structuring and pricing of the bonds complies with the terms of this Financing Order.
27. The Council Utility Advisors and the Designee shall provide prompt input to the Corporation and ENO as servicer on Issuance Advice Letter filings so that any potential objections or issues regarding the information provided, including but not limited to the structuring and pricing of the storm recovery bonds, can be addressed as soon as practicable. The Council acknowledges that the rejection of any pricing of the bonds after an underwriting agreement is executed could have adverse consequences to the Issuer, the Corporation, and ENO in their respective future financing activities.
28. The completion and filing of an Issuance Advice Letter, substantially in the form of the Issuance Advice Letter attached as Appendix A, is necessary to ensure that any securitization financing actually undertaken by the Corporation and the Issuer complies with the terms of this Financing Order.
29. Within one business day after receipt of the final Issuance Advice Letter, the Designee shall either (a) approve the transaction by executing and filing a concurrence statement (the "Concurrence") and delivering a copy to the Corporation and ENO or (b) reject the Issuance Advice Letter and state the reasons therefore. The Designee's review of the Issuance Advice Letter shall be limited to the matters specified in Findings of Fact Paragraph 22. The Designee shall approve the transaction using the form of Concurrence attached as Attachment 6 to the Issuance Advice Letter. A change in market conditions between the date and time of the actual pricing of the storm recovery bonds and that of the Designee's review of the Issuance Advice Letter shall not constitute grounds for rejecting the Issuance Advice Letter.

30. The Designee's approval of the Issuance Advice Letter through the Concurrence shall be final, irrevocable, and incontestable without need of further action by the Council and shall establish and evidence the binding approval by the Council of the structuring, terms and pricing of the storm recovery bonds and all related documents as being consistent with this Financing Order. The Designee's approval of the Issuance Advice Letter shall, pursuant to the Council's authority under this Financing Order and without the need for further action by the Council, constitute the affirmative and conclusive authorization for the Corporation to cause the issuance of the storm recovery bonds by the Issuer on the terms set forth in the Issuance Advice Letter.

5. Customer Benefits

31. The Act permits the Council to consider whether the proposed structuring, expected pricing, and financing costs of the storm recovery bonds are reasonably expected to result in lower overall costs or would avoid or mitigate rate impacts to customers as compared with traditional utility methods of financing or recovering storm recovery costs. The primary benefits of the proposed structure arise from replacing traditional debt and equity of the utility with highly rated lower interest rate debt. The benefits to customers from the establishment of the storm recovery reserves also include mitigation of negative action by rating agencies, additional assurance to power and fuel suppliers, mutual aid companies and contractors, and mitigation of customer exposure to carrying costs following future storms. In addition, the use of LURC in the transaction structure allows the storm recovery bonds' debt to be "off-balance sheet" for ENO, thereby aiding ENO's credit metrics and ratings. In this proceeding, ENO's financial analysis and testimony shows that the financing as proposed by ENO will produce a significant benefit to customers on a net present value basis as compared to traditional methods of financing or recovering utility storm recovery costs. Although market conditions for bonds have changed since ENO's Securitization Application was filed in February 2022, even if interest rates increase to 6% before the issuance of the storm recovery bonds (from the base-case assumption of 2.63% in ENO's Securitization Application), the savings for customers will remain significant (an estimated \$15.5 million on a net present-value

basis), in addition to the harder to quantify (and qualitative) benefits. Considering the supplemental information filed into the record in Docket No. UD-22-01 supporting increasing the storm recovery bonds’ principal amount to an aggregate principal amount of \$206 million (up from \$155 million), the Council finds the benefits of the proposed financing are reasonably expected to result in lower overall costs or would mitigate rate impacts to customers as compared to traditional methods of utility financing or recovering storm recovery costs so long as the weighted average interest rate on all of the tranches of the storm recovery bonds is not greater than 7.00%. Again, ENO will be required to update the benefit analysis in the Issuance Advice Letter to verify that the final amount securitized provides savings or avoids or mitigates rate impacts to customers compared to traditional financing methods.

32. The Act and the Council each recognizes that this securitization financing is a valid public purpose. The Council acknowledges that the lower interest rate obtainable on the storm recovery bonds requires that the Council’s obligations under this Financing Order be direct, irrevocable, unconditional and legally enforceable against the Council.

C. Structure of the Proposed Financing

1. The Corporation

33. The Corporation was incorporated on July 31, 2007. The Corporation is subject to regulation by the Louisiana Public Service Commission (the “LPSC”) pursuant to La. R.S. 45:1317, but any financing order pertaining to a utility furnishing utility service within the City of New Orleans shall be issued by the Council. The Corporation is subject to examination by the legislative auditor.
34. Pursuant to La. R.S. 45:1313(A), the Corporation is a public nonprofit corporation and instrumentality of the State of Louisiana and operates to perform the essential government function of financing utilities’ restoration costs after storms with low-cost capital. The Corporation is self-funded, and the assets of the Corporation are not considered part of the general fund or any other fund of the State. The Corporation is not an agent of ENO and has a legal existence as a public corporate

body separate and distinct from the State of Louisiana. The Corporation is exempt from Louisiana corporate income taxes and Louisiana corporate franchise taxes.

35. The Corporation may retain such professionals, financial advisors and accountants as it may deem necessary to carry out its duties and may determine their duties and compensation, subject to the approval of the LPSC. Operating costs of the Corporation are included in the ongoing financing costs and are recoverable through storm recovery charges.
36. The Corporation is not permitted to engage in any business activities other than those relating to financing utilities' restoration costs (under the Act or the Restoration Law) and will have no assets other than multiple series of property created under financing orders (issued by the LPSC or the Council) and related assets to support its corresponding obligations under a multiple series of loan agreements and related corresponding multiple bonds. Obligations relating to various storm recovery bonds (or similar system restoration bonds) are and will be the Corporation's only significant liabilities. The Corporation will not, and the loan agreement referred to in Findings of Fact Paragraph 38 will require the Corporation not to, enter into additional loan agreements or otherwise participate in the issuance of additional storm recovery bonds if any such loan agreement or bond issuance would adversely affect the ratings on the storm recovery bonds authorized to be issued pursuant to this Financing Order.
37. Prior to the date that is two years and one day after which the Corporation no longer has any payment obligation to any issuer of any storm recovery bonds outstanding, the Corporation is prohibited by Section 1237(D) from filing and shall have no authority to file a voluntary petition under the Federal Bankruptcy Code. In addition, the Council will waive any rights it may have to rescind this Financing Order under La. R.S. 12:262.1(F) if the Corporation becomes delinquent in filing its annual report required under the Louisiana Non-profit Corporation Law.
38. The storm recovery property will be created in favor of ENO and purchased by the Corporation. The Corporation will enter into a loan agreement with the Issuer, under which the Issuer will lend the proceeds of the storm recovery bonds to the

Corporation and in exchange the Corporation will pledge to the Issuer the storm recovery property, including the Corporation's rights under the servicing agreement with the servicer. The Issuer will repledge this collateral to the indenture trustee.

39. Immediately upon the deposit to the Corporation's accounts of the loan proceeds of the storm recovery bonds, the Corporation shall use the net proceeds pursuant to Sections 1237(C) and 1239(A) to purchase the storm recovery property from ENO. Upon receipt of the purchase proceeds, ENO shall set aside in a restricted storm reserve escrow account, in an amount and manner required by the Council, those monies (net of upfront financing costs) to fund ENO's storm damage reserve.
40. The use and structure of the Corporation and the limitations related to its organization and management are necessary to obtain off-balance sheet treatment of the securitization debt for ENO, to minimize risks related to the proposed financing transaction, and to minimize the storm recovery charges. Therefore, the use and structure of and limitations upon the Corporation should be approved.

2. The Issuer

41. The Issuer (the Louisiana Local Government Environmental Facilities and Community Development Authority) was created under the authority of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and under other constitutional and statutory powers, and is authorized to issue bonds for its authorized purpose. The Council approves the Corporation's selection of this Issuer.

3. Structure and Documents

42. The Issuer will issue storm recovery bonds consisting of one or more tranches as described in this Financing Order in an aggregate amount not to exceed the principal amount approved pursuant to this Financing Order.
43. The Issuer will (i) pledge to the indenture trustee, as collateral for payment of the storm recovery bonds, the loan agreement with the Corporation and the promissory note by the Corporation, and (ii) repledge the storm recovery property, including

the Issuer's right (as pledgee) to receive the storm recovery charges as and when collected, and other collateral specified under the indenture.

44. Concurrent with the issuance of any of the storm recovery bonds, ENO will transfer to the Corporation all of ENO's rights under this Financing Order, including without limitation, the rights to impose, collect, and receive storm recovery charges approved in this Financing Order, but excluding ENO's right to recover remaining upfront financing costs through Rider SSCOII under Ordering Paragraph 3 and ENO's right to the servicing fee (the "ENO Retained Rights"). This transfer will be structured so that it will qualify as a true sale within the meaning of Section 1230(1). By virtue of the transfer, the Corporation will acquire all of the right, title, and interest of ENO in the storm recovery property arising under this Financing Order.
45. The payments of the storm recovery charges authorized by this Financing Order, and the loan repayments made by the Corporation to the Issuer, will be at all times sufficient to pay the scheduled principal of and interest on the storm recovery bonds, together with related financing costs. As security to make these loan repayments, the Corporation will pledge its interest in the storm recovery property created by this Financing Order and certain other collateral, including the Corporation's rights under the servicing agreement. The storm recovery bonds will be issued pursuant to the indenture administered by the indenture trustee. The indenture will include provisions for a collection account and subaccounts for the collection and administration of the storm recovery charges and payment or funding of the principal and interest on the storm recovery bonds and other financing costs in connection with the storm recovery bonds, as described in the Securitization Application. Any storm recovery charge revenues not required for the current payment of principal and interest due on the bonds, together with related financing costs, including but not limited to the funding of any overcollateralization or reserve account, will be available to pay such amounts in a future period.
46. ENO and the Corporation will prepare a proposed form of an indenture, a loan agreement (including a form of promissory note), a purchase and sale agreement,

and a servicing agreement, which will set out in substantial detail certain terms and conditions relating to the transaction and security structure. Each of these documents will be provided to and reviewed and approved by the Corporation, the Issuer and (if and as appropriate) the State Bond Commission. Drafts of each of these documents will be provided within ten business days from the issuance of the Financing Order to the Council Designee for review and comment by the Council Utility Advisors consistent with the Issuance Advice Letter process. ENO will also provide to the Council Designee and its Advisors any workpapers supporting the transaction documents in their native electronic form (i.e. Excel files with formulas intact).

47. ENO will also prepare a proposed form of preliminary official statement or other offering documents to be used in connection with the offering and sale of the storm recovery bonds. These offering materials will be subject to review and comment by Council Utility Advisors consistent with the Issuance Advice Letter process.

4. **Credit Enhancement and Arrangements to Enhance Marketability**

48. In the Securitization Application, the Corporation and ENO have not requested approval of floating rate bonds or any hedges or swaps that might be used in connection therewith.
49. In current market conditions, it is uncertain whether the benefits of an interest-rate swap within the storm recovery bond structure will outweigh the costs of researching and preparing the swap and result in lower storm recovery charges.
50. An interest-rate swap within the storm recovery bond structure could expose customers to higher risks in relation to the storm recovery charges and the ability of the swap counterparty to meet its obligations.
51. The Council concurs that the use of floating rate debt and the associated swaps or hedges is not advantageous or cost effective for customers.
52. As described in witness Patrick J. Collins's testimony, credit enhancements (beyond those proposed in the Securitization Application) are not anticipated to be necessary. Nonetheless, to ensure that the storm recovery bonds are issued under

the most advantageous terms available, in the Securitization Application the Corporation and ENO propose to use additional forms of credit enhancement (including letters of credit, overcollateralization accounts, reserve or other subaccounts, surety bonds, or guarantees) and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds if such arrangements are reasonably expected to result in net benefits to customers. It may not be known until the storm recovery bonds are about to be issued whether the use of credit enhancements will be necessary. That decision therefore is appropriate to be made as part of the Issuance Advice Letter process. The Corporation and ENO also asked in the Securitization Application that the costs of any credit enhancements as well as the costs of arrangements to enhance marketability be included in the amount of upfront financing costs to be financed. ENO, the Corporation or the Issuer (as the case may be) should be permitted to recover the upfront financing and ongoing financing costs of credit enhancements and arrangements to enhance marketability, provided that the Council's Designee, the Corporation, and ENO agree in advance through the Issuance Advice Letter process that such enhancements and arrangements provide tangible and intangible benefits greater than their tangible and intangible costs. If the use of credit enhancements or other arrangements is proposed by ENO and the Corporation, ENO and the Corporation shall provide the Council's Designee with copies of cost/benefit analyses, if any, performed by or for ENO or the Corporation that support the request to use such arrangements. This finding does not apply to the collection account, or its subaccounts, including any reserve account, which are approved elsewhere in this Financing Order.

53. The Corporation's and ENO's proposed use of credit enhancements and arrangements to enhance marketability is reasonable and should be approved if the Council Designee determines, based on the advice of the Council's Incremental Financial Advisors, that the enhancements or arrangements provide benefits greater than their costs. An overcollateralization subaccount should be included and funded only if either required by the rating agencies to achieve the highest credit

rating or if the Council Utility Advisors concur that the benefits are expected to outweigh the costs.

5. Storm Recovery Property

54. Pursuant to Section 1227(17), the storm recovery property consists of the following:

- (1) the rights and interests of ENO or the successor or assignee of ENO under this Financing Order, including the right to impose, bill, charge, collect, and receive storm recovery charges authorized in this Financing Order and to obtain periodic adjustments to such charges as are provided in this Financing Order, except for the ENO Retained Rights, and
- (2) all revenues, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in the subsection (1) of this Findings of Fact Paragraph 54, regardless of whether such revenues, collections, claims, rights to payments, payments, money, or proceeds are imposed, billed, received, collected, or maintained together with or commingled with other revenues, collections, rights to payment, payments, money, or proceeds.

The storm recovery property does not include ENO's Retained Rights and obligations under the storm recovery bonds transaction documents, such as the servicing agreement.

55. As of the effective date of this Financing Order, there is created and established, for the benefit of ENO (and its assignees), storm recovery property, which, pursuant to Section 1230(3) is incorporeal movable property in the form of a vested contract right and is a contractual obligation of irrevocability by the Council in favor of ENO, the Corporation, the Issuer, the Issuer's transferees and other financing parties.

56. Pursuant to Section 1229(B), the storm recovery property created by this Financing Order will continue to exist until the storm recovery bonds issued pursuant to this Financing Order are paid in full and all financing costs of the bonds have been recovered in full.
57. Storm recovery property and all other collateral will be held (in pledge) and administered by the indenture trustee pursuant to the indenture, as described in the Securitization Application. This proposal will help ensure the desired highest credit ratings and therefore lower storm recovery charges and should be approved.

6. Servicer and the Servicing Agreement

58. ENO will execute a servicing agreement with the Corporation, which will then be pledged to the Issuer, and the Issuer will in turn assign and pledge the servicing agreement to the indenture trustee for the benefit and security of bondholders. The servicing agreement may be amended, renewed or replaced by another servicing agreement, so long as any such amendment, renewal or replacement will not cause any of the then current credit ratings of the storm recovery bonds to be suspended, withdrawn, or downgraded. ENO will be the initial servicer but may be replaced as servicer by another entity under certain circumstances detailed in the servicing agreement. Pursuant to the servicing agreement, the servicer is required, among other things, to impose and collect the applicable storm recovery charges for the benefit and account of the Corporation or its pledgees, to make the periodic true-up adjustments of storm recovery charges required or allowed by this Financing Order, and to account for and remit the applicable storm recovery charges to or for the account of the Corporation or its pledgees in accordance with the remittance procedures contained in the servicing agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the servicing agreement). Under the terms of the servicing agreement, if any servicer fails to perform its servicing obligations in any material respect, the indenture trustee acting under the indenture to be entered into in connection with the issuance of the storm recovery bonds, or the indenture trustee's designee, may, or, upon the instruction of the requisite percentage of holders of the outstanding amount of storm

recovery bonds, shall appoint an alternate party to replace the defaulting servicer, with the Corporation's prior written consent (not to be unreasonably withheld), in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed are more fully described in the servicing agreement and Ordering Paragraph 41. The rights of the Corporation under the servicing agreement will be included in the collateral pledged by the Issuer to the indenture trustee under the indenture for the benefit of holders of the storm recovery bonds. In the event that there is more than one outstanding issuance of storm recovery bonds related to ENO, then ENO may act as initial servicer under a servicing agreement with each assignee.

59. The servicer shall remit storm recovery charges to the indenture trustee each servicer business day according to the methodology described in the servicing agreement.
60. The servicer will be entitled to an annual servicing fee fixed at \$205,980.00. In addition to the servicing fee, ENO, as initial servicer, will be able to recover its out-of-pocket costs for external accounting and legal services required by the servicing agreement as well as for other items of cost (other than external information technology costs and bank wire fees, which are part of the servicing fee) that will be incurred annually to support and service the storm recovery bonds after issuance and costs incurred by ENO or LURC under the sale agreement for the storm recovery property. The Council approves the servicing fee and ongoing financing costs as described herein. The Council also approves, in the event of a default by the initial servicer resulting in the appointment of a successor servicer, a higher annual servicing fee of up to 0.60% of the initial principal balance of the storm recovery bonds. An annual servicing fee exceeding that rate can be approved by the Council if the Corporation (or the indenture trustee) can reasonably demonstrate to the Council that the services cannot be obtained at that compensation level under the market conditions at that time. The servicing fee and any expenses incurred by ENO, or by an affiliate of ENO acting as servicer, under the servicing agreement

shall be included in any ENO rate case in the manner provided in Ordering Paragraph 40.

61. The obligations to continue to provide service and to collect and account for storm recovery charges will be binding upon ENO and any other entity that provides transmission and distribution electric services or, in the event that transmission and distribution electric services are not provided by a single entity, any other entity providing electric distribution services to ENO's customers. The Council will enforce the obligations imposed by this Financing Order, its applicable substantive rules, and statutory provisions.
62. When any interest in the storm recovery property created by this Financing Order is sold and transferred to the Corporation as an assignee, ENO will enter into a contract with that assignee that will require ENO (or its successor under such contract) to continue to operate ENO's electric transmission and distribution system providing service to ENO's customers (or, if by law, ENO or its successor is no longer required to own and/or operate both the transmission and distribution systems, then ENO's distribution system).
63. No provision of this order shall prohibit ENO from selling, assigning or otherwise divesting any of its transmission or distribution system or any facilities providing service to ENO's customers, by any method whatsoever, including those specified in Ordering Paragraph 60 pursuant to which an entity becomes a successor, so long as the entities acquiring such system or portion thereof agree to continue operating the facilities to provide service to customers.
64. The servicing agreement described in Findings of Fact Paragraphs 58 through 63 is reasonable, will reduce risk associated with the proposed financing and should, therefore, result in lower storm recovery charges and greater benefits to customers and should be approved.

7. Storm Recovery Bonds

65. The scheduled final maturity date of any tranche of storm recovery bonds is not to exceed 15 years from the date of issuance of such tranche. The legal final maturity

date of any tranche of storm recovery bonds will not be more than two years after the scheduled final maturity date. The scheduled and legal final maturity date of each tranche and amounts in each tranche will be finally determined by the Corporation and approved by the Issuer and ENO, consistent with market conditions and indications of the rating agencies, at the time the storm recovery bonds are priced, but subject to the Corporation's and ENO's compliance with the Issuance Advice Letter process. Pursuant to Section 1228(E), but subject to the limitations set forth in this Financing Order including Ordering Paragraph 56, ENO will retain discretion regarding whether or when to assign, sell, or otherwise transfer any rights arising under this Financing Order, or to cause the issuance of any storm recovery bonds authorized in this Financing Order, subject to consultation with the Council Utility Advisors and the Corporation as part of the Issuance Advice Letter process. The Corporation will cause the storm recovery bonds to be issued no earlier than the third business day after pricing of the storm recovery bonds.

66. The Council finds that the proposed transaction structure, subject to rating agency requirements and to further modification in accordance with the true-up mechanism approved in this Financing Order, is in the public interest and should be used. The storm recovery bonds' amortization schedule is designed to provide for substantially level annual debt service and revenue requirements each year over the expected life of the storm recovery bonds.

8. Security for Storm Recovery Bonds

67. The payments of the storm recovery bonds and related charges authorized by this Financing Order are to be secured by the storm recovery property created by this Financing Order and by certain other collateral as described in the testimony accompanying the Securitization Application. The storm recovery bonds will be issued pursuant to the indenture administered by the indenture trustee. The indenture will include provisions for a collection account and subaccounts for the collection and administration of the storm recovery charges and payment or funding of the principal and interest on the storm recovery bonds and other costs, including

fees and expenses, in connection with the storm recovery bonds, as described in the testimony accompanying the Securitization Application. Pursuant to the indenture, the indenture trustee will establish a collection account as a trust account to be held by the indenture trustee as collateral to ensure the payment of the scheduled principal, interest, and other financing costs approved in this Financing Order related to the storm recovery bonds in full and on a timely basis. The collection account will include the general subaccount, the DSRS, and the excess funds subaccount, and may include other subaccounts. A form of the indenture will be provided to the Council Designee, as described in Findings of Fact Paragraph 46.

68. The indenture trustee will deposit the storm recovery charge remittances that the servicer remits to the indenture trustee for the account of the Corporation and the Issuer into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply monies in this subaccount to pay expenses of the Issuer and the Corporation, to pay principal and interest on the storm recovery bonds, and to meet the funding requirements of the other subaccounts. The expenses of the Corporation, including its professional and consulting fees and other vendor expenses, shall be paid in accordance with the provisions of the indenture. The funds in the general subaccount will be invested by the indenture trustee as provided in the indenture, and such funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal and interest on the storm recovery bonds and all other components of the Periodic Payment Requirement ("PPR") (as calculated as set forth in Findings of Fact Paragraph 85), and otherwise in accordance with the terms of the indenture.
69. When a series of storm recovery bonds is issued, the upfront financing costs will include a deposit into the DSRS. The amount of the deposit is estimated at 0.50% of the original principal amount of each series of storm recovery bonds. The exact amount will be determined based upon rating agency input, and established through the Issuance Advice Letter process. The DSRS will serve as collateral to ensure timely payment of scheduled principal and interest on the storm recovery bonds and all other components of the PPR. The funds in this subaccount will be invested

by the indenture trustee as provided in the indenture. Any amounts in the DSRS will be available to be used by the indenture trustee to pay principal and interest on the storm recovery bonds and all other components of the PPR if necessary due to a shortfall in storm recovery charge collections. Any funds drawn from the DSRS to pay these amounts due to a shortfall in the storm recovery charge collections will be replenished through future storm recovery charge remittances using the true-up process. Funds in the DSRS will be applied to the final payment of principal on the storm recovery bonds.

70. The excess funds subaccount will have an initial and target balance of zero and hold any storm recovery charge remittances and investment earnings on the collection account in excess of the amounts needed to pay current principal and interest on the storm recovery bonds and to pay other PPRs (including, but not limited to, replenishing the DSRS). Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be subtracted from the Periodic Billing Requirement ("PBR") (as described in Findings of Fact Paragraph 85) for purposes of the true-up adjustment. The money in this subaccount will be invested by the indenture trustee as provided in the indenture, and such money (including investment earnings thereon) will be used by the indenture trustee to pay principal and interest on the storm recovery bonds and other PPRs.
71. Other credit enhancements in the form of subaccounts may be utilized for the transaction if such enhancements provide benefits greater than their tangible and intangible costs and are approved pursuant to the Issuance Advice Letter process as provided in Findings of Fact Paragraph 52.

9. General Provisions

72. The collection account and the subaccounts described above are intended to provide for full and timely payment of scheduled principal and interest on the storm recovery bonds and all other components of the PPR. If the amount of storm recovery charges remitted to the general subaccount is insufficient to make all scheduled payments of principal and interest on the storm recovery bonds and to make payment on all of the other components of the PPR, then the excess funds

subaccount and the DSRS will be drawn down, in that order, to make those payments. Any reduction or deficiency in the DSRS due to such withdrawals must be replenished to the DSRS on a periodic basis through the true-up process. In addition to the foregoing, there may be such additional accounts and subaccounts as are necessary to segregate amounts received from various sources, or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the payment of all storm recovery bonds and the discharge of all obligations, including all financing costs in respect thereof, remaining amounts in the collection account will be paid and distributed by the Corporation as provided in a Council Order consistent with Ordering Paragraph 32.

73. The use of a collection account and its subaccounts in the manner proposed by the Co-Applicants is reasonable, will lower risks associated with the securitization financing and thus lower the costs to customers, and should, therefore, be approved.

10. Storm Recovery Charges—Imposition and Collection and Nonbypassability

74. The Co-Applicants seek authorization for ENO to impose on and to collect from all its electric customers on behalf of LURC as ENO's assignee, except as expressly excluded in Findings of Fact Paragraph 77, storm recovery charges in an amount sufficient to provide for the timely recovery of its costs approved in this Financing Order (including payment of scheduled principal and interest on the storm recovery bonds and financing costs related to the storm recovery bonds on a timely basis). ENO seeks to impose, bill, and collect as servicer on behalf of the Corporation and its pledgees, the storm recovery charges until the storm recovery bonds issued pursuant to this Financing Order are paid in full and all financing costs of the bonds have been recovered in full. The term of the storm recovery bonds will be consistent with Findings of Fact Paragraph 65.
75. Storm recovery charges collected pursuant to Rider SSCRII and the Rider SSCOII offsets to revenue will be combined and the combined amount will be included on customers' bills in a line item identified for storm securitization cost riders. The calculation of the SSCOII offset will in no way affect the calculation and collection

of the SSCRII charge. The servicer shall send a written statement at least annually to all customers as provided in Ordering Paragraph 21. ENO will work with the Council Utility Advisors to develop the appropriate language for and timing of these annual bill inserts.

76. If any customer does not pay the full amount of any bill to ENO, the amount paid by the customer will be applied in chronological order of billing and, within a billing date, in the following order of priority: first, to any amounts due with respect to customer deposits; second, to all service charges of ENO on the bill (which does not include storm recovery charges); third, to all storm recovery charges collected by ENO under prior Financing Order(s) of this Council; fourth, to all storm recovery charges collected by ENO under this or future orders of this Council (on a *pari passu* basis); and fifth, to voluntary charitable and additional pledges billed to the customer. If the Issuer issues multiple series of storm recovery bonds under the Financing Order, such partial collections representing storm recovery charges shall be allocated among such series of storm recovery bonds, pro-rata based upon the amounts billed with respect to each series of storm recovery bonds, provided that late fees and charges may be allocated to the servicer as provided in the tariff. The foregoing allocations will facilitate a proper balance between the competing claims to this source of revenue in an equitable manner.
77. ENO, acting as servicer, and any subsequent servicer, will collect storm recovery charges from all customers, except as follows. ENO has proposed that storm recovery charges shall not apply to: (a) customers who completely discontinue all service from ENO and who do not (i) initiate new self-generation projects after February 28, 2022, unless such self-generation is net metered, or (ii) otherwise purchase or acquire power from a third party, including but not limited to an affiliate of the customer, unless customer takes net metering service; (b) customer load reductions for reasons other than self-generation or the purchase or acquisition of power from a third party, including but not limited to an affiliate of the customer; (c) load served by self-generation projects for which the customer had made a clear, substantial and irrevocable financial commitment prior to February 28, 2022, to install such self-generation unless such self-generation is net metered; (d) that

portion of new load that comes on-line after February 28, 2022 due to a plant expansion project(s) and that is served by new self-generation unless such self-generation is net metered; and (e) that portion of new load created after February 28, 2022, by new plant(s) constructed in Louisiana that is served by new self-generation unless such self-generation is net metered. Storm recovery charges shall be nonbypassable for customers who initiate new self-generation projects after February 28, 2022, regardless of type of generation, to serve load that is being served by ENO as of such date. Storm recovery charges for any such customer who had not made a clear, substantial and irrevocable financial commitment prior to February 28, 2022, to proceed with installing self-generation unless such self-generation is net metered shall be based on the customer's billing determinants for the twelve months ending three months prior to the commercial in-service date of the new self-generation facility ("the base period"). In such event, the storm recovery charges shall not apply to that portion of stand-by or maintenance power obtained for the load served by the new self-generation unless such self-generation is net metered; however, storm recovery charges shall apply to all stand-by or maintenance power obtained for load served by new self-generation pursuant to sections (c), (d) and (e) above. Storm recovery charges will be applied to customers with self-generation that is net metered excluding any portion of customer's monthly usage that is met with self-generation that is not otherwise reflected on the net meter. The Council finds that such nonbypassability provisions are appropriate to ensure an equitable allocation of storm recovery costs among customers and to secure the desired highest possible bond credit rating for the storm recovery bonds.

78. Pursuant to Section 1227(15) and other legal authority, the Council herein provides that, in the event that there is a fundamental change in the manner of regulation of public utilities, including without limitation a restructuring of retail sales and distribution of electricity in Louisiana that allows customers to choose to receive their supply from another provider, such change will not allow customers to bypass the storm recovery charges. All customers must pay the storm recovery charges for and with regard to all electric load directly or indirectly connected to the electric facilities of ENO or its successors or assignees, except as expressly provided in

Findings of Fact Paragraph 77. In the event such restructuring allows third parties other than the servicer to bill and collect storm recovery charges, the storm recovery charge shall be billed, collected and remitted to the servicer in a manner that will not cause any of the then current credit ratings of the storm recovery bonds to be suspended, withdrawn or downgraded.

79. ENO's proposal related to imposition and collection of storm recovery charges as servicer on behalf of the Corporation, is reasonable and consistent with Section 1227(15) and is necessary to ensure collection of storm recovery charges sufficient to support recovery of the costs approved in this Financing Order and should be approved. It is reasonable to approve the forms of Rider SSCRII and Rider SSCOII attached in Appendix B to this Financing Order and require that these tariff provisions be filed before any storm recovery bonds are issued pursuant to this Financing Order. The storm recovery charges imposed by this Financing Order are irrevocable, binding and nonbypassable charges (to the extent provided in the Act and this Financing Order).

11. Periodic Payment Requirements

80. The Periodic Payment Requirement ("PPR") is the required periodic payment for a given period under the storm recovery bonds. As to be more fully specified in the bond documents, each PPR includes: (a) the principal amortization of the storm recovery bonds in accordance with the expected amortization schedule (including deficiencies of previously-scheduled principal for any reason); (b) periodic interest on the storm recovery bonds (including any accrued and unpaid interest); and (c) ongoing financing costs consisting of, without limitation, any necessary replenishment of the DSRS, the servicing fee, rating agencies' fees, indenture trustee fees, legal fees, accounting and auditing fees, annual fees and ongoing expenses of the Issuer, if any, any payments made by the Corporation pursuant to indemnities granted to the Issuer, the Louisiana State Bond Commission, the underwriters or related persons in connection with the issuance of the storm recovery bonds, other ongoing fees and expenses, and the costs, if any, of maintaining any credit enhancements. The initial PPR for the storm recovery bonds

issued pursuant to this Financing Order should be updated in the Issuance Advice Letter.

81. The Periodic Billing Requirement ("PBR") represents the aggregate dollar amount of storm recovery charges that must be billed during a given period so that the storm recovery charge collections will be sufficient to meet the PPR for that period based upon: (i) forecast usage data and base rate revenues for the period; (ii) forecast uncollectibles for the period; (iii) forecast lags in collection of billed storm recovery charges for the period; and (iv) projected collections of storm recovery charges pending the implementation of the true-up adjustment.
82. ENO's proposed allocation methodology, as described in the testimony of witness Scott M. Celino, is appropriate and should be approved.

12. Calculation and True-Up of Storm Recovery Charges

83. Consistent with Section 1228(C)(4), the servicer of the storm recovery bonds will make mandatory semi-annual adjustments (*i.e.*, every six months, except for the first true-up adjustment period, which may be longer or shorter than six months, but in any event no more than nine months) to the storm recovery charges to:
 - (a) correct any under-collections or over-collections (both actual and projected), for any reason, during the period preceding the next true-up adjustment date; and
 - (b) to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal of and interest on the storm recovery bonds and all other financing costs (including any necessary replenishment of the DSRS) during the subsequent 12-month period (or in the case of quarterly true-up adjustments described below, the period ending the next bond payment date).

However, to the extent any storm recovery bonds remain outstanding after the scheduled maturity date of the last bond tranche, mandatory true-up adjustments shall be made quarterly until all bonds and associated financing costs are paid in full. The Council Utility Advisors will have 15 days after the date of the true-up

filing in which to confirm the mathematical accuracy of the servicer's adjustment, after which the charge will become effective. The form of true-up notice is attached as Appendix D to this Financing Order.

84. True-up filings will be based upon the cumulative differences, regardless of the reason, between the PPR (including scheduled principal and interest payments on the storm recovery bonds and ongoing financing costs) and the amount of storm recovery charge remittances to the indenture trustee. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet on a timely basis the PPR over the scheduled life of the storm recovery bonds. In order to assure adequate storm recovery charge revenues to fund the PPR and to avoid large over-collections and under-collections over time, the servicer will reconcile the storm recovery charges using ENO's most recent forecast of usage, demand and base rate revenues and estimates of ongoing financing costs. The calculation of the storm recovery charges will also reflect both a forecast of uncollectible storm recovery charges and a projection of payment collection lags between the billing and collection of storm recovery charges based upon the servicer's most recent experience regarding collection of storm recovery charges.
85. The servicer will calculate the initial storm recovery charges and will make true-up adjustments in the following manner:

The forecasted base rate revenue will be determined for the upcoming SSCRII Revenue Period by projecting the total forecasted kWh, based upon the most recent calendar year of actual customer information, and converting the forecasted kWh to base rate revenues for the next SSCRII Revenue Period.

Five months prior to each PPR due date, the servicer will make reconciliation true-up adjustments in the following manner:

- (a) determine the SSCRII Charges from the current SSCRII Period to date;
- (b) subtract the result from step (a) from the current PPR to determine the SSCRII Charges that will be collected for the remainder of the SSCRII Revenue Period;

- (c) add any under-collections or over-collections from the previous SSCRII Period to the result in step (b) and then adjust the result for uncollectibles to develop the PBR;
- (d) divide the PBR amount calculated in step (c) by the forecasted base rate revenue for the remaining months in the SSCRII Revenue Period to determine the first SSCRII Rate;
- (e) add the amount calculated in step (a), the SSCRII Charges from the current SSCRII Period to date, to the remaining estimated SSCRII Charges for the current SSCRII Period and the estimated SSCRII Charges for the next SSCRII Revenue Period;
- (f) add the current PPR to the next PPR, and take that sum and subtract (e), the estimated SSCRII Charges for both PBR Periods, from that sum;
- (g) add the result from step (f) to the next PPR, and add any under-collections or over-collections from the previous SSCRII Period to the PPR (this is the total amount to be collected to meet the next two PPRs);
- (h) adjust the result in step (g) for uncollectibles to develop the PBR;
- (i) divide the PBR amount calculated in step (h) by the forecasted base rate revenue from the next SSCRII Revenue Period to determine the second SSCRII Rate;
- (j) compare the SSCRII Rate from step (i) to the SSCRII Rate from step (d) and select the highest rate to create the SSCRII Rate; and
- (k) file this adjusted SSCRII Rate with the Council not less than 15 days prior to the proposed effective date.

Definitions:

- SSCRII – Securitized Storm Cost Recovery.
- SSCRII Rate – SSCRII Rate is expressed in the form of a percent applied to base rate revenue, as set forth in the applicable tariff. The SSCRII Rate is applied to the base rate revenue of all end-use customers served under

- rate schedules and/or rider schedules or Special Contract Rates approved by the Council, to collect the Periodic Billing Requirement.
- SSRII Charge(s) – Amounts billed to a customer by ENO. It is calculated by multiplying the applicable SSRII Rate by the base rate revenues to collect the charges related to the storm recovery bonds issued pursuant to this Financing Order.
 - SSRII Period – Time period during which the current SSRII Rate is in effect.
 - SSRII Revenue Period – Time period of revenue used to calculate the SSRII Rate. (Each to last nine months, except possibly the first and except in interim true-ups)
 - PBR Period – The time period to recover a PBR. (Each to be six months, except possibly the first and except in interim true-ups)
86. The method for calculating the storm recovery charges is **illustrated in Appendix B**. This method includes, with respect to the amount of the storm recovery charge, each customer paying the same proportion of that customer's projected base rate revenues (as determined by the Council in connection with ENO's most recent base rate proceeding) for the applicable billing period, as described in the testimony of witness Scott M. Celino.
87. The servicer may also make interim true-up adjustments more frequently at any time during the term of the storm recovery bonds: (i) if the servicer forecasts that storm recovery charge collections will be insufficient to make on a timely basis all scheduled payments of principal, interest and other financing costs in respect of the storm recovery bonds during the current or next succeeding payment period and/or (ii) to replenish any draws upon the DSRS. Each such interim true-up shall use the methodology identified in Findings of Fact Paragraphs 83 to 86 applicable to the semi-annual true-up.
88. Semi-annual and quarterly true-up adjustments, if necessary, shall be filed not less than 15 days prior to the first billing cycle of the month in which the revised storm recovery charges will be in effect.

13. Additional True-Up Provisions

89. The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the storm recovery charges. The Council Utility Advisors will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment, after which the charge will become effective without any requirement of further Council action. Any true-up adjustment filed with the Council will be effective on its proposed effective date, which shall be not less than 15 days after filing. If the Council Utility Advisors inform the servicer of a mathematical error in the calculation, the servicer will correct its error and supplement its filing with the corrected calculation. If such correction is filed within the 15 days after initial filing then the confirmed corrected numbers shall take effect; otherwise any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future true-up adjustment filings. No error by the servicer shall affect the validity of any true-up adjustment.
90. The true-up mechanism described in this Financing Order and contemplated by Appendix D to this Financing Order is reasonable and will reduce risks related to the storm recovery bonds, resulting in lower storm recovery charges and greater benefits to customers and should be approved.
91. The servicer shall request Council approval of an amendment to the true-up mechanism described herein, to make a non-standard true-up (under such procedures as shall be proposed by the servicer and approved by the Council at the time), that it deems necessary or appropriate to address any material deviations between storm recovery charge collections and the PPR. No such change shall cause any of the then-current credit ratings of the storm recovery bonds to be suspended, withdrawn or downgraded.

14. Council Participation and Designee

92. The Council's Designee, the Council Utility Advisors, and Council Incremental Financial Advisors must be allowed to see and have input roles in the documentary process; participation in the selection of underwriters and their counsel and the

indenture trustee and its counsel; participation in the rating agency process; and participation in the transactional aspects relating to the structuring, marketing and pricing of the storm recovery bonds, including advance planning and strategy sessions, road-shows, and marketing presentations. In order to facilitate this involvement, ENO and the Corporation shall agree to provide for the timely flow of information and updates, hold periodic update meetings and/or conference calls, provide periodic reports from underwriters, and answer requests for confirmatory information and data. The Council Utility Advisors will cooperate with the Issuer, the Corporation, and ENO and their respective advisors and counsel to assure that the Council's actions are consistent with all applicable federal securities laws.

15. Storm Recovery Bond Transaction Structure

93. The Co-Applicants have proposed a transaction structure that is expected to include (but is not limited to):
- (a) the creation of storm recovery property in favor of ENO;
 - (b) the issuance of storm recovery bonds by the Issuer;
 - (c) the loan by the Issuer to the Corporation of the proceeds of storm recovery bonds;
 - (d) the purchase from ENO by the Corporation of the storm recovery property using all the net proceeds received by the Corporation from the issuance of the storm recovery bonds (net of the estimated upfront financing costs of the Issuer and the Corporation);
 - (e) the collection on behalf of the Corporation of nonbypassable storm recovery charges by ENO or its successors as collection agent and servicer, which will be responsible for billing and collecting to storm recovery charges from ENO's customers;
 - (f) the true-up of the storm recovery charges at least semi-annually, and more frequently under certain circumstances, in order to ensure projected recovery of amounts sufficient to provide timely payment of the storm recovery bonds and all financing costs;

- (g) the pledges by (i) the Corporation to the Issuer, as security for the loan to the Corporation by the Issuer, of the storm recovery property and (ii) the Issuer to the indenture trustee, as security for the storm recovery bonds, of the Corporation's loan payment obligation, together with a repledge by the Issuer of the storm recovery property;
- (h) additional collateral in the form of a collection account, which includes a DSRS funded in cash in an amount equal to not less than 0.50% of the original principal amount of the storm recovery bonds, and other subaccounts resulting in greater certainty of payment of interest and principal to investors;
- (i) protection of the holders of storm recovery bonds against potential defaults by any servicer that is responsible for billing and collecting the storm recovery charges from existing or future customers;
- (j) the use of the Corporation, rather than a special purpose entity affiliated with ENO, to participate as the assignee, allowing the securitization debt under the storm recovery bonds to be "off-balance sheet" for ENO, thereby aiding ENO's credit metrics and ratings;
- (k) the marketing of storm recovery bonds using proven underwriting and marketing processes, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities, interest rate prices and other aspects of the structuring and pricing will be determined, evaluated and factored into the structuring and pricing of the storm recovery bonds;
- (l) a scheduled final maturity of the last tranche of storm recovery bonds that is not to exceed 15 years from the date of issuance of the storm recovery bonds (although the legal final maturity of the storm recovery bonds may extend to 17 years from the date of issuance of the storm recovery bonds);
- (m) substantially level total annual payment requirements, assuming various assumptions and forecasts are realized, subject to rating agency requirements and the operation of the true-up mechanism; and

(n) participation of Council Utility Advisors and Council Incremental Financial Advisors in review of all related financing documents and the structuring, marketing and pricing of the storm recovery bonds.

94. ENO's proposed transaction structure is consistent with the Act and necessary to enable the storm recovery bonds to obtain the highest possible bond credit rating and lower costs to customers.

D. Use of Proceeds

95. Upon the issuance of storm recovery bonds, the Issuer will loan the proceeds from the sale of the bonds to the Corporation.
96. The Corporation will use the net loan proceeds (after payment of upfront financing costs) to pay to ENO the purchase price of ENO's rights under this Financing Order (except the ENO Retained Rights), which are storm recovery property.
97. ENO will use the net proceeds from the sale of the storm recovery property (after payment of upfront financing costs) to replenish and fund storm recovery reserves in the amount of at least \$200 million, with the reserves being held by a non-affiliated escrow agent in a restricted escrow account. ENO will have access to the funds in the escrow account pursuant to an escrow agreement, allowing disbursements for ENO to recover (on an interim and/or permanent basis) Hurricane Ida storm recovery costs (subject to Council certification of those costs, including carrying costs) and to fund storm recovery activity after future storms. The escrow agreement is attached hereto as Appendix E.
98. The use of proceeds from the sale of the bonds in violation of this Financing Order shall subject ENO to proceedings pursuant to applicable law, orders and the rules and regulations of the Council but shall not be grounds to rescind, alter, modify or amend this Financing Order and shall not affect the validity, finality and irrevocability of this Financing Order or the storm recovery property irrevocably created hereby or the approvals of the transactions by the Designee granted by authority of this Financing Order.

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IV. CONCLUSIONS OF LAW

A. Jurisdiction

1. ENO is an electric utility as defined in La. R.S. 45:1227(4).
2. The Co-Applicants are entitled to file, and the Securitization Application constitutes, an application for a financing order pursuant to Sections 1228(A), 1237(A), and 1238(B) of the Act and La. R.S. 45:1343.
3. The Council has jurisdiction and authority over the Securitization Application pursuant to Section 3-130 of the Home Rule Charter of the City of New Orleans, as authorized and permitted under Article IV, Section 21(C) and Article VI, Sections 4 through 6 of the Constitution of the State of Louisiana, Sections 1227(3), 1228(B) and 1236 of the Act, and other applicable law.
4. The Council has authority to approve this Financing Order under Section 1228(B) and the Council's plenary power and exclusive regulatory and rate making authority over ENO under the Home Rule Charter and the Constitution of the State of Louisiana.

B. Statutory Requirements

5. Notice of the Securitization Application was provided in compliance with the Code of Ordinances for the City of New Orleans, Part II, Ch. 158, Art. II, Div. 2 Section 158-92.
6. The proposed financing and its transaction structure is consistent with the Act.
7. The proceeds of the storm recovery bonds approved in this Financing Order will be loaned by the Issuer to LURC and then the net proceeds transferred by LURC to ENO as the purchase price of the storm recovery property, and then used by ENO to fund the Council-approved storm recovery reserve for the purpose of recovering storm recovery costs (for Hurricane Ida and future storms, as directed by the Council), and to pay or reimburse financing costs, pursuant to Section 1227(5), (14), and (16) and Section 1239(A). Pursuant to Section 1228(A) and Section 1237(C), the proceeds may not be used for any other purpose. The use of proceeds from the sale of the bonds in violation of this Financing Order shall subject ENO to proceedings pursuant to applicable statutes, orders and the rules and regulations of the Council but shall not be grounds to rescind, alter, modify or amend this Financing Order and shall not affect the validity, finality and irrevocability of this

Financing Order, the storm recovery property irrevocably created hereby or the approvals of the transactions by the Designee granted by authority of this Financing Order.

8. This Financing Order meets the requirements for a financing order under the Act.
9. Pursuant to Section 1228(C)(8), this Financing Order will remain in full force and effect and unabated notwithstanding the reorganization, bankruptcy or other insolvency proceedings, or merger or sale of ENO, its successors or assignees.

C. Storm Recovery Costs and Financing Costs

10. The amount of \$200 million to replenish and fund a storm recovery reserve constitute storm recovery costs under the Act and are eligible for recovery.
11. The upfront financing costs described in the testimony and this Financing Order, including as estimated in Appendix C, plus the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds, if any, are reasonable and eligible for recovery under this Financing Order.
12. The ongoing financing costs described in the testimony and estimated in Appendix C are reasonable and eligible for recovery under this Financing Order.
13. The Corporation will be an assignee as defined by Section 1227(2) when storm recovery property is transferred to the Corporation pursuant to Section 1237(A) and (C).
14. The holders of storm recovery bonds, the indenture trustee, and any collateral agent will each be a “financing party” as defined in Section 1227(7).

D. Sale of Storm Recovery Property

15. The transfer of the storm recovery property to the Corporation by ENO complies with Section 1228(C)(3).
16. If and when ENO transfers its rights under this Financing Order (other than the Retained Rights) to the Corporation under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of Section 1230, then, pursuant to that statutory provision, that transfer shall be a true sale of an interest in storm recovery property and not a security interest in the transferor’s right, title, and interest in, to, and under the storm recovery property. As provided by Section 1230, this

true sale shall apply regardless of whether, and without limitation, the purchaser has any recourse against the seller,¹⁰ or any other term of the parties' agreement, including the seller's retention of a partial or residual interest in the storm recovery property, ENO's role as the collector of storm recovery charges relating to the storm recovery property, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.

17. As provided in Section 1230(6), the priority of a sale of storm recovery property under the Act is not impaired by any later modification of the Financing Order or storm recovery property or by the commingling of funds arising from storm recovery property with other funds. Further, storm recovery property that has been transferred to an assignee or financing party, and any proceeds of that property, will be held for and delivered to the assignee or financing party by ENO or any other servicer as a mandatory and fiduciary.

E. Storm Recovery Bonds

18. The Issuer may issue storm recovery bonds in accordance with this Financing Order.
19. The bonds issued pursuant to this Financing Order will be "storm recovery bonds" within the meaning of Section 1227(14), and the storm recovery bonds and holders thereof will be entitled to all of the protections provided under the Act.
20. Pursuant to Section 1239(C), the issuance of the storm recovery bonds authorized by this Financing Order must be approved by the State Bond Commission.
21. As provided in Section 1229(F), if ENO defaults on any required payment of charges arising from storm recovery property specified in a financing order, the district court of the domicile of this Council, upon application by an interested party, and without limiting any other remedies available to the applying party, shall order the sequestration and payment of the revenues arising from the storm recovery property to the financing parties or their representatives. Any such order shall remain in full force and effect notwithstanding any reorganization, bankruptcy, or other insolvency proceedings with respect to the electric utility or its successors or assignees.

¹⁰ Except, pursuant to Section 1230(2)(c), that no recourse against the transferor shall result from the inability or failure of customers to timely pay the storm recovery charges.

22. As provided in Section 1233, storm recovery bonds are not a debt or a general obligation of the state or any of its political subdivisions or agencies and are not a charge on their full faith and credit. An issue of storm recovery bonds does not, directly or indirectly or contingently, obligate the state or any agency, political subdivision, or instrumentality of the state to levy any tax or make any appropriation for payment of the bonds, other than for paying storm recovery charges in their capacity as electric customers of ENO.
23. As provided in Section 1227(14), the storm recovery bonds shall be nonrecourse to the credit or any assets of ENO other than the storm recovery property as specified in this Financing Order and any rights under any ancillary agreement.

F. Storm Recovery Property

24. The storm recovery property created by this Financing Order is “storm recovery property” within the meaning of Section 1227(17). As provided in Section 1229(A), the storm recovery property created by this Financing Order constitutes an existing, present contract right constituting an individualized, separate incorporeal movable susceptible of ownership, sale, assignment, transfer, and security interest, including without limitation for purposes of contracts concerning the sale of property and security interests in property, notwithstanding that the value of the property and the imposition and collection of storm recovery charges depends on future acts such as ENO performing its servicing functions relating to the collection of storm recovery charges and on future electricity consumption. Such property shall exist whether or not the revenues or proceeds arising from the property have been billed, have accrued, or have been collected, and notwithstanding the fact that the value or amount of the property is or may be dependent on the future provision of service to customers by ENO or its successors or assignees and the future consumption by customers of electricity.
25. As provided in Section 1229(D), the description of this storm recovery property in any contract is only sufficient if such description refers to this Financing Order and such contract states that it covers all or part of the storm recovery property described in this Financing Order.

26. All revenues and collections resulting from the storm recovery charges will constitute proceeds only of the storm recovery property arising from this Financing Order, in accordance with Section 1231(A).
27. Pursuant to Section 1230(3), the storm recovery property created by this Financing Order as of this Financing Order’s effective date is incorporeal movable property in the form of a vested contract right and a contractual obligation of irrevocability by the Council.
28. The rights and interests of ENO or its successor, transferred to the Corporation in the Storm Recovery Property Purchase and Sale Agreement and the related Bill of Sale, including the right to impose, bill, and collect storm recovery charges, is storm recovery property.
29. As provided in Section 1229(G), the interest of the Corporation as an assignee or of a secured party including the indenture trustee in storm recovery property is not subject to setoff, counterclaim, surcharge, or defense by ENO or any other person or in connection with the reorganization, bankruptcy or other insolvency of ENO or any other entity.

G. Storm Recovery Charges

30. Amounts that are required to be paid to the servicer as storm recovery charges under this Financing Order or the tariffs approved hereby are “storm recovery charges” as defined in Section 1227(15), whether or not such charges are set out as a separate line item on the customer’s bill. The storm recovery charges under this Financing Order are irrevocable, binding and nonbypassable charges.
31. The specification of the time period over which charges may be imposed and collected in Findings of Fact Paragraph 74 and the specification of the maximum legal final maturity for the storm recovery bonds in Ordering Paragraph 36 satisfies Section 1228(C)(1).
32. Any payment of storm recovery charges by a customer to ENO, as servicer, or to another entity responsible for collecting storm recovery charges from customers under this Financing Order or the tariffs approved hereunder, will discharge the customer’s obligations in respect of that payment.
33. The allocation of partial payments proposed in Findings of Fact Paragraph 76 satisfies Section 1228(C)(6).

34. ENO, as servicer, will collect the storm recovery charges associated with the storm recovery property only for the benefit of the Corporation and any pledgees, including the indenture trustee and the holders of the storm recovery bonds, in accordance with the servicing agreement.

H. Security Interest in Storm Recovery Property

35. Pursuant to Section 1229(C), the storm recovery property may be encumbered by a security interest to secure storm recovery bonds issued pursuant to this Financing Order.
36. As provided in Section 1231(C), a valid and enforceable security interest in favor of the bondholders or a trustee on their behalf attaches after: (1) this Financing Order is issued, (2) a security agreement with a financing party in connection with the issuance of storm recovery bonds is executed and delivered, and (3) value for the storm recovery bonds is received.
37. As provided in Sections 1231(D) and 1237(F), a security interest in storm recovery property is perfected only if it has attached and a financing statement indicating the storm recovery property collateral covered thereby has been filed in accordance with the Louisiana Uniform Commercial Code. The filing of such a financing statement shall be the only method of perfecting a lien or security interest on storm recovery property.
38. The priority of a security interest perfected under the Act is not defeated or impaired by any later modification of the Financing Order or storm recovery property or by the commingling of funds arising from storm recovery property with other funds.
39. The Corporation's pledge of the storm recovery property to the Issuer is in accordance with the Act.
40. The Issuer's pledge to the indenture trustee of the loan agreement and the promissory note, together with the Issuer's repledge to the indenture trustee of all rights of the Corporation pledged to the Issuer in the storm recovery property, is in accordance with the Act.
41. The Corporation and the Issuer shall make such pledges and any related security interest filings pursuant to the procedures of the Act including Section 1237(E) and also any other laws of Louisiana or of other state(s) as deemed advisable by respective counsel to the Servicer, the Issuer, and the Corporation.

42. For purposes of the Act, the Corporation is deemed to be a public entity under La. R.S. 39:1421(2) and a government unit under La. R.S. 10:9-102(a).

I. True-Up of Storm Recovery Charges

43. The methodology approved in this Financing Order (including without limitation as described in Findings of Fact Paragraphs 83 through 91 and contemplated by Appendix D to calculate and adjust the storm recovery charges constitutes a true-up mechanism which satisfies Section 1228(C)(4).
44. The allocation methodology approved in this Financing Order and appended in Appendix B is appropriate.
45. The true-up mechanism, and all other obligations of the State of Louisiana and the Council set forth in this Financing Order, are direct, explicit, irrevocable and unconditional upon issuance of the storm recovery bonds and are legally enforceable against the State of Louisiana and the Council.

J. Irrevocability and State, Corporation and Council Pledges

46. Pursuant to Section 1234 of the Act, the State of Louisiana has pledged to and agreed with the bondholders, the owners of the storm recovery property, and other financing parties that the State will not:
- (1) alter the provisions of the Act which authorize the Council to create a contract right by the issuance of this Financing Order, to create storm recovery property, and to make the storm recovery charges imposed by a financing order irrevocable, binding, and nonbypassable charges;
 - (2) take or permit any action that impairs or would impair the value of the storm recovery property created pursuant to this financing order;
or
 - (3) except for adjustments under any true-up mechanism established by the Council, reduce, alter, or impair storm recovery charges that are to be imposed, collected, and remitted for the benefit of the bondholders and other financing parties, as applicable, until any and

all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the storm recovery bonds have been paid and performed in full. Nothing in this paragraph shall preclude limitation or alteration if and when full compensation is made by law for the full protection of the storm recovery charges collected pursuant to this Financing Order and full protection of the bondholders and any assignee or financing party.

47. Pursuant to Section 1237(E) of the Act, in the loan agreement, the Corporation will pledge to, and agree with, the financing parties that until the storm recovery bonds and any ancillary agreements have been paid and performed in full, the Corporation shall not (a) take or permit any action that impairs or would impair the value of storm recovery property, or (b) except as allowed below pursuant to this Paragraph and except for adjustments under the true-up mechanism established by the Council in this Financing Order, reduce, alter, or impair storm recovery charges that are to be imposed, collected, and remitted for the benefit of the financing parties, until all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related storm recovery bonds have been paid and performed in full. Nothing in this Paragraph shall preclude limitation or alteration if and when full compensation is made by law for the full protection of the storm recovery charges collected pursuant to this Financing Order and full protection of the holders of storm recovery bonds and any assignee or financing party.
48. Pursuant to Section 1228(C)(5), the Council provides and pledges that after the earlier of the transfer of storm recovery property to an assignee or the issuance of storm recovery bonds authorized by this Financing Order, this Financing Order is irrevocable until the indefeasible (*i.e.*, not voidable) payment in full of the storm recovery bonds and the financing costs. Except in connection with a refinancing or refunding as described in Section 1228(F), or to implement any true-up mechanism adopted by the Council as described in Section 1228(C)(4), the Council may not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust the storm recovery charges approved in this Financing Order, provided

that nothing shall preclude limitation or alteration if and when full compensation is made for the full protection of the storm recovery charges collected pursuant to this Financing Order and the full protection of the bondholders and any assignee or financing party.

49. The Corporation has the continuing irrevocable right to cause, at the request of ENO, the issuance of storm recovery bonds consisting of one or more tranches in accordance with this Financing Order for an effective period commencing with the date of this Financing Order and extending 24 months following the latest of (i) the date on which this Financing Order becomes final and not appealable or (ii) the date on which any other regulatory approvals necessary to issue the storm recovery bonds are obtained and not appealable.

K. Indemnities

50. Any indemnity payments by the Corporation to the Issuer, the State Bond Commission, the underwriters or related persons pursuant to agreements entered into in connection with the sale of the storm recovery bonds will be payments under ancillary agreements and will be financing costs recoverable pursuant to the Act.

L. Regulatory Approvals

51. All matters required to be addressed by the Council’s Home Rule Charter have been satisfied. Further, all regulatory approvals within the jurisdiction of the Council that are necessary for the financing of the storm recovery charges associated with the costs that are the subject of the Securitization Application, and all related transactions contemplated in the Securitization Application, have been granted.
52. Pursuant to Section 1240, ENO is permitted to finance through this Financing Order storm recovery costs (including storm recovery reserves) pertaining in part to storms that occurred prior to the effective date of Act 293 of 2021.

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V. ORDERING PARAGRAPHS

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein, and for the reasons stated above, this Council orders:

A. Approval

1. **Approval of Securitization Application.** The Securitization Application of the Co-Applicants for the issuance of a financing order under the Act is approved, as provided in this Financing Order. The Corporation shall arrange for the issuance of storm recovery bonds as specified in the Financing Order by the Issuer selected by the Corporation and approved by the Council, specifically the Louisiana Local Government Environmental Facilities and Community Development Authority. The Corporation shall enter into a loan agreement with the Issuer and then transfer the proceeds received by the Corporation of such storm recovery bonds (net of the Issuer's and the Corporation's estimated upfront financing costs) to purchase the storm recovery property from ENO, which shall use those purchase proceeds from that sale as provided in Ordering Paragraph 46.
2. **Authority to Finance and Issue Storm Recovery Bonds.** ENO is authorized to request the Corporation to cause the Issuer to issue storm recovery bonds with an aggregate principal amount of approximately \$205,980,000.00, being equal to the sum of: (a) the costs of replenishing and funding storm recovery reserves in the amount of \$200 million in a restricted escrow account, plus (b) upfront financing costs, which are estimated will be approximately \$5,980,000.00 but will be set in the Issuance Advice Letter for purposes of calculating the aggregate principal amount (and which also will be reviewed later in accordance with Ordering Paragraph 3), plus the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds. The final total principal amount of the storm recovery bonds shall be established as provided in Ordering Paragraphs 22 and 26.
3. **Authority to Adjust for Upfront Financing Costs.** The Issuer's and the Corporation's estimated upfront financing costs, each as specified in the Issuance Advice Letter, shall be disbursed respectively to the Issuer and the Corporation at delivery of the storm recovery bonds. Within 90 days after the issuance of the storm recovery bonds, the Corporation and

ENO will submit to the Council a final accounting of the upfront financing costs including the Issuer's upfront financing costs. If the Corporation's actual upfront financing costs are less than those included in the principal amount financed, the Periodic Billing Requirement for the first semi-annual true-up adjustment shall be reduced by the amount of such unused funds (together with income earned thereon) and such unused funds and the income earned thereon shall be applied to the Corporation's ongoing financing costs. If the Issuer's actual upfront financing costs are less than those estimated, the amount will be recognized as a credit in the true-up adjustment as part of Rider SSCRII. If the Corporation's or the Issuer's final upfront financing costs are more than the estimated upfront financing costs included in the principal amount financed, adjusted as provided in this Financing Order, the Corporation or the Issuer may recover the remaining excess upfront financing costs through a true-up adjustment as part of Rider SSCRII, without reducing the loan or purchase price to be made from the net proceeds of the storm recovery bonds. However, such recovery will be subordinate to the payment of debt service on storm recovery bonds and related financing costs. It is not expected that the Issuer's actual upfront financing costs will be different from the estimated amount because such costs will be a percentage of the bond issuance amount or will otherwise be determinable prior to closing. If ENO's actual upfront financing costs are more than the ENO estimated upfront financing costs included in the principal amount securitized, ENO is authorized to recover the additional upfront financing costs through Rider SSCOII. If ENO's actual upfront financing costs are less than those estimated, the difference shall flow through to customers through the periodic true-ups of the storm recovery charges.

4. **Recovery of Storm Recovery Charges.** ENO shall impose the storm recovery charges on, and the servicer shall collect the storm recovery charges on behalf of LURC as ENO's assignee from, all customers (except to the limited extent expressly provided in Findings of Fact Paragraph 77 and Ordering Paragraph 15), even if the customer elects to purchase electricity from an alternative supplier including as a result of a fundamental change in the manner of regulation of public utilities in Louisiana. In the event that there is a fundamental change in the manner of regulation of public utilities, including without limitation allowing retail access, or if parties other than the servicer are authorized to bill and collect the storm recovery charges, the storm recovery charges shall be billed, collected

and remitted to the servicer in a manner that will not cause any of the then current credit ratings of the storm recovery bonds to be suspended, withdrawn or downgraded.

5. **Recovery Period for Storm Recovery Charges.** The storm recovery charges shall become effective as provided in Ordering Paragraph 9 and thereafter shall be imposed and collected until the storm recovery bonds issued pursuant to this Financing Order and all financing costs have been paid in full (which period of imposition and collection if necessary may extend beyond the legal final maturity dates of the storm recovery bonds). The term of the storm recovery bonds will be consistent with Ordering Paragraph 36.
6. **Issuance Advice Letter.** The Corporation and ENO as servicer shall provide a draft Issuance Advice Letter to the Council and the Council Utility Advisors, substantially in the form of Appendix A to this Financing Order, for review no later than two weeks prior to the expected date of the initial marketing of the storm recovery bonds. Within one week after receipt of the draft Issuance Advice Letter, the Council Utility Advisors shall provide the Corporation and ENO comments and recommendations regarding the adequacy of the information provided. Within the two business days preceding the scheduled pricing date of the storm recovery bonds, the Corporation and ENO shall provide an updated draft Issuance Advice Letter, substantially in the form of Appendix A to this Financing Order, reflecting then current information and calculations. Within the two business days after pricing of the storm recovery bonds and prior to issuance of the storm recovery bonds, the Corporation and ENO shall file with the Council a final Issuance Advice Letter substantially in the form of Appendix A to this Financing Order. As part of the Issuance Advice Letter, ENO, through an officer of ENO, shall provide a certification in the form provided in the Issuance Advice Letter approved by the Council, and the bookrunning underwriter shall provide a certification in the form of Attachment 5 to the Issuance Advice Letter. The Issuance Advice Letter shall be completed and evidence the actual dollar amount of the initial storm recovery charges and other information specific to the storm recovery bonds to be issued, as set forth in Appendix A.
7. **Designee Approval of Issuance Advice Letter.** Within one business day after receipt after the final Issuance Advice Letter, the Designee shall either (a) approve the transaction by executing and filing a Concurrence and delivering a copy to the Corporation and ENO,

or (b) reject the Issuance Advice Letter and state the reasons therefore. The Designee's review of and concurrence with the Issuance Advice Letter shall be limited to determining that (i) the final structuring, terms and pricing of the storm recovery bonds in the Issuance Advice Letter are consistent with the criteria established in this Financing Order and (ii) the mathematical calculations are accurate. The Designee shall approve the final Issuance Advice Letter if the Designee determines that those two standards are met and such approval shall be final, irrevocable, and incontestable without need of further action by the Council. The Designee shall approve the transaction using the form of Concurrence attached as Attachment 6 to the Issuance Advice Letter. The Designee's approval through the Concurrence shall establish and evidence the binding approval by the Council of the structuring, terms and pricing of the storm recovery bonds and all related documents and security as consistent with the criteria establish in the Financing Order. The Designee's approval of the transaction shall, pursuant to the Council's authority in this Financing Order and without need of further action by the Council, constitute affirmative and conclusive authorization for ENO and the Corporation to execute the issuance of the storm recovery bonds and the transactions on the term set forth in the Issuance Advice Letter. A change in market conditions between the date and time of the actual pricing of the storm recovery bonds and that of the Designee's review of the Issuance Advice Letter shall not constitute grounds for rejecting the Issuance Advice Letter.

8. **Council Designee.** The Council determines that the Chair of the Council Utility, Cable, Telecommunications and Technology Committee, or in her/his unavailability, the Chief of Staff of the Council Utilities Regulatory Office, should be the Council's Designee under this Financing Order. In the event of their absence or incapacity, the Council President shall designate in writing a substitute Designee. The Designee shall act in accordance with the terms of this Financing Order.
9. **Approval of Initial Storm Recovery Charges.** The initial storm recovery charges, as set forth in the Issuance Advice Letter, shall be billed beginning on the first day of the billing cycle of the next ENO revenue month following the date of issuance of the storm recovery bonds (which date of issuance shall not occur prior to the third business day after pricing of the storm recovery bonds).

10. **Approval of Tariff.** The Forms of Tariffs (Rider SSCRII and Rider SSCOII) attached in Appendix B to this order are approved. Prior to the issuance of any storm recovery bonds under this Financing Order, ENO shall file tariffs that conform to the forms in Appendix B attached to this Financing Order. Rider SSCRII shall be applicable to all customers except those expressly excluded by Findings of Fact Paragraph 77 and Ordering Paragraph 15.
11. **Creation of Storm Recovery Property.** Subject to Ordering Paragraph 56, storm recovery property within the meaning of Section 1227(17) is hereby created in favor of ENO as described in Conclusions of Law Paragraph 24, Findings of Fact Paragraphs 54 to 57, and elsewhere in this Financing Order. This storm recovery property includes without limitation the irrevocable right to impose, bill, charge, collect, and receive the storm recovery charges authorized by this Financing Order and to obtain periodic adjustments to such charges as provided in this Financing Order, but excludes the ENO Retained Rights.

B. Storm Recovery Charges

12. **Imposition and Collection.** ENO is authorized to impose on, and the servicer is authorized to collect from, all customers (except to the limited extent expressly provided in Ordering Paragraph 15) storm recovery charges in an amount sufficient at all times to provide for the recovery of the aggregate Periodic Payment Requirements (including payment of scheduled principal and interest on the storm recovery bonds), as approved in this Financing Order. The initial amount of such storm recovery charges shall be as set forth in the Issuance Advice Letter, calculated in the manner required by this Financing Order. Thereafter, the amount of such storm recovery charges shall be periodically corrected or "trued-up," as required or permitted by this Financing Order. The storm recovery charges related to storm recovery bonds shall be imposed and collected until all storm recovery bonds and all financing costs have been paid in full.
13. **Allocation of Payment Responsibility.** The method of allocating the payment requirements for the storm recovery bonds and financing costs is approved as detailed in Appendix B and referenced in Findings of Fact Paragraph 86.
14. **Bondholder's Rights and Remedies.** Upon the transfer of the storm recovery property by ENO to the Corporation and the Corporation's pledge to the Issuer, and the Issuer's pledge of the loan agreement and the promissory note, together with its repledge of such

storm recovery property to the indenture trustee, the bondholders shall have as collateral all of the rights of the Corporation and the Issuer with respect to the loan agreement and the promissory note, and such storm recovery property pledged under such documents, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right, subject to the terms of the servicing agreement, to assess and collect any amounts payable by any customer in respect of the storm recovery property.

15. **Nonbypassability.** ENO and any other entity providing electric transmission or distribution services are required to collect and must remit, consistent with this Financing Order, the storm recovery charges from all customers, except as provided in the next sentence. Storm recovery charges shall not apply to: (a) customers who completely discontinue all service from ENO and who do not (i) initiate new self-generation projects after February 28, 2022, unless such self-generation is net metered, or (ii) otherwise purchase or acquire power from a third party, including but not limited to an affiliate of the customer, unless customer takes net metering service; (b) customer load reductions for reasons other than self-generation or the purchase or acquisition of power from a third party, including but not limited to an affiliate of the customer; (c) load served by self-generation projects for which the customer had made a clear, substantial and irrevocable financial commitment prior to February 28, 2022, to install such self-generation unless such self-generation is net metered; (d) that portion of new load that comes on-line after February 28, 2022, due to a plant expansion project(s) and that is served by new self-generation unless such self-generation is net metered; and (e) that portion of new load created after February 28, 2022, by new plant(s) constructed in Louisiana that is served by new self-generation unless such self-generation is net metered. Storm recovery charges shall be nonbypassable for customers who initiate new self-generation projects after February 28, 2022, regardless of type of generation, to serve load that is being served by ENO as of such date. Storm recovery charges for any such customer who had not made a clear, substantial and irrevocable financial commitment prior to February 28, 2022, to proceed with installing self-generation unless such self-generation is net metered shall be based on the customer's billing determinants for the twelve months ending three months prior to the commercial in-service date of the new self-generation

facility ("the base period"). In such event, the storm recovery charges shall not apply to that portion of stand-by or maintenance power obtained for the load served by the new self-generation unless such self-generation is net metered; however, storm recovery charges shall apply to all stand-by or maintenance power obtained for load served by new self-generation pursuant to sections (c), (d) and (e) above. Storm recovery charges will be applied to customers with self-generation that is net metered excluding any portion of customer's monthly usage that is met with self-generation that is not otherwise reflected on the net meter. The Council finds that such nonbypassability provisions are appropriate to ensure an equitable allocation of storm recovery costs among customers and to secure the desired highest rating for the storm recovery bonds.

16. **True-Ups.** True-ups of the storm recovery charges shall be undertaken and conducted as described in this Financing Order. True-up letter notice filings shall be made substantially in the form of Appendix D to this Financing Order in Council Docket No. UD-22-01, and will be served on the Clerk of Council, Council Utility Advisors, and all intervenors and parties to Docket No. UD-22-01. The servicer shall file the true-up adjustments in a compliance filing and shall give notice of the filing to all parties in this docket. The Council covenants and agrees that it will act to ensure that the true-up mechanism is used in order to ensure the projected recovery of amounts sufficient to provide timely payment of scheduled principal amounts and all financing costs. No error by the servicer, or the failure of any party to receive notice of such true-up (other than the Clerk of Council), shall affect the validity of any true-up adjustment.
17. **Remittances.** The storm recovery charges shall be remitted to the Corporation or the indenture trustee as described in this Financing Order every servicer business day.
18. **Partial Payments.** If any customer does not pay the full amount of any bill to ENO, the amount paid by the customer will be applied in chronological order of billing and, within a billing date, in the following order of priority: first, to any amounts due with respect to customer deposits; second, to all service charges of ENO on the bill (which does not include storm recovery charges); third, to all storm recovery charges collected by ENO under prior Financing Order(s) of this Council; fourth, to all storm recovery charges collected by ENO under this or future orders of this Council (on a pari passu basis); and

fifth, to voluntary charitable and additional pledges billed to the customer. If the Issuer issues multiple series of storm recovery bonds under this Financing Order, such partial collections representing storm recovery charges shall be allocated among such series of storm recovery bonds, pro-rata based upon the amounts billed with respect to each series of storm recovery bonds, provided that late fees and charges may be allocated to the servicer as provided in the tariff.

19. **Line Item.** Storm recovery charges collected pursuant to Rider SSCRII and the Rider SSCOII offsets to revenue will be combined, and the combined amount will be identified on customers' bills in a line item identified for storm securitization cost riders. The servicer shall send a written statement at least annually to all customers as provided in Ordering Paragraph 21. ENO will work with the Council Utility Advisors to develop the appropriate language for and timing of these annual bill inserts.
20. **No Setoff.** As provided in Section 1229(G), the interest of the Corporation or another assignee or a secured party in storm recovery property shall not be subject to setoff, counterclaim, surcharge, or defense by ENO or any other person or in connection with the reorganization, bankruptcy or other insolvency of ENO or any other entity.
21. **Ownership Notification.** If storm recovery charges are not separately identified on customers' bills and the ownership of the storm recovery charges clearly noted (by footnote or otherwise) on bills, then any entity that bills storm recovery charges to customers must include a written statement, at least annually, to the effect that the Corporation (or its assignee or pledgee) is the owner of the rights to the storm recovery charge, and that ENO is merely the collection agent for the Corporation (or its assignee or pledgee). Any failure of ENO to comply with this paragraph shall not invalidate, impair, or affect this Financing Order, or any storm recovery property, storm recovery charge, or storm recovery bonds.

C. Storm Recovery Bonds

22. **Issuance.** The Issuer is authorized to issue storm recovery bonds as specified in this Financing Order. The principal amount of the bonds shall be as set forth in the Issuance Advice Letter, filed with the Council and approved by its Designee in compliance with this Financing Order (including Ordering Paragraph 26).

23. **Sale of Storm Recovery Property.** ENO shall transfer the storm recovery property to the Corporation in accordance with Sections 1230, 1237(A), 1238(A), and 1239(A).
24. **Pledge of Collateral.** The Corporation shall pledge to the Issuer the storm recovery property, and the Issuer shall repledge such collateral to the indenture trustee as security for the storm recovery bonds.
25. **Council Participation in Bond Issuance.** To ensure that the pricing and structuring of the storm recovery bonds will produce maximum benefits for customers, including the pricing of the storm recovery bonds consistent with market conditions at the date and time of pricing and the terms of this Financing Order, the Council has determined that the Council Utility Advisors will participate with the Issuer, the Corporation, and ENO in the structuring, documenting, marketing and pricing of the storm recovery bonds, through the process described in Findings of Fact Paragraph 92, Ordering Paragraph 58, as well as through the Issuance Advice Letter process. The Designee's submission of the Concurrence shall be sufficient evidence for all purposes of the whole and complete compliance by ENO with the requirements of this Paragraph.
26. **Final Principal Amount.** The final principal amount of the storm recovery bonds shall be an amount as authorized by Ordering Paragraph 2, including the upfront financing costs which are subject to adjustment through the Issuance Advice Letter process as described in Findings of Fact Paragraphs 20 through 30. The Issuance Advice Letter shall thereby establish the final aggregate authorized securitization principal amount.
27. **Ongoing Financing Costs.** The ongoing financing costs as described in Findings of Fact Paragraph 17 and/or as set forth in Appendix C to this Financing Order and/or the final Issuance Advice Letter shall be recovered on a current basis through the storm recovery charges. The initial amount of the ongoing financing costs shall be revised and updated in the Issuance Advice Letter to reflect any change in the expected principal amount of the storm recovery bonds and other relevant information available at the time of pricing the bonds. As provided in Findings of Fact Paragraph 60, in the event that ENO is replaced as initial servicer, pursuant to the terms of the servicing agreement, the servicing fee shall be an amount that the indenture trustee finds reasonably necessary to pay in order to engage a utility or other qualified unrelated third party to undertake such duties as servicer,

whether or not it has any other commercial relationship to the customers to whom the storm recovery charges must be billed. The Council approves, in the event of a default by the initial servicer ENO resulting in an appointment of a successor servicer not affiliated with ENO, a higher annual servicing fee not to exceed 0.60% of the initial principal amount of the storm recovery bonds. An annual servicing fee exceeding that rate can be approved by the Council if the Corporation (or the indenture trustee) can reasonably demonstrate to the Council that the services cannot be obtained at that compensation level under the market conditions at that time. Any changes to the initial estimated ongoing financing costs shall be revised and updated on a timely basis, by the servicer, in connection with the true-up process authorized in this Financing Order. The compensation to be paid to ENO as servicer shall be fixed at \$205,980 per year. In addition to the servicing fee, ENO will be able to recover its out-of-pocket costs for external accounting and legal services required by the servicing agreement as well as for other items of cost (other than external information technology costs and bank wire fees, which are part of the servicing fee) that will be incurred annually to support and service the storm recovery bonds after issuance and costs incurred by ENO or LURC under the sale agreement for the storm recovery property. The servicing fee and any expenses incurred by ENO, or by an affiliate of ENO acting as servicer, under the servicing agreement shall be included in any ENO rate case in the manner provided in Ordering Paragraph 40.

28. **Transaction Structure.** The financing and transaction structure as described in this Financing Order is approved. The forms of documents described in Findings of Fact Paragraphs 46 and 47 will be reviewed and approved by the Council Utility Advisors consistent with the Issuance Advice Letter approval process and Ordering Paragraph 25.
29. **Not an Obligation of the State.** The storm recovery bonds must contain on their face pursuant to Section 1233 the following statement: "Neither the full faith and credit nor the taxing power of the State of Louisiana or the City of New Orleans is pledged to the payment of the principal of, or interest on, this bond."
30. **Refinancing.** ENO and the Corporation may jointly apply for a subsequent financing order to refund storm recovery bonds issued under this Financing Order pursuant to Sections 1228(F) and 1238(B).

31. **Collateral.** All storm recovery property and other collateral shall be held in pledge and administered by the indenture trustee pursuant to the indenture as described in the Securitization Application. The Issuer shall establish a collection account with the indenture trustee as described in the Securitization Application and Findings of Fact Paragraphs 67 through 73.
32. **Distribution Following Repayment.** Upon payment of the principal amount of all storm recovery bonds authorized in this Financing Order and the discharge of all financing costs and other obligations in respect thereof, all amounts in the collection account, including investment earnings, shall be released by the indenture trustee to the Corporation. The Corporation shall notify the Council within 30 days after the date that these funds are eligible to be released of the amount of such funds available for crediting to the benefit of ENO's customers, and such amount shall be disbursed and credited to ENO's customers in the manner to be prescribed then by the Council.
33. **Funding of Debt Service Reserve Subaccount.** The initial deposit into the DSRS shall, with respect to each series of storm recovery bonds, be funded initially from the proceeds of such bonds.
34. **Original Issue Discount.** The Corporation, ENO, and the Issuer may determine to provide for original issue discount on the storm recovery bonds through the Issuance Advice Letter process.
35. **Credit Enhancement.** The Corporation may provide for various forms of credit enhancement including letters of credit, an overcollateralization subaccount or other reserve accounts, and surety bonds, and other mechanisms designed to promote the credit quality or marketability of the storm recovery bonds. The Issuer may not issue variable rate bonds or enter into an interest-rate swap or hedge arrangement in connection therewith. The Corporation may include the costs of credit enhancements or other arrangements to promote credit quality or marketability as financing costs provided that the Council Utility Advisors and Council Incremental Financial Advisors and ENO agree in advance that such enhancements and arrangements provide tangible and intangible benefits greater than their tangible and intangible costs. If the use of credit enhancements or other arrangements is proposed by ENO, then ENO shall perform or obtain and provide the Corporation and the

Council Utility Advisors and Council Financial Advisors copies of cost/benefit analyses, if any, performed by or for ENO that support the request to use such arrangements. An overcollateralization subaccount should be included and funded only if either required by the rating agencies to achieve the highest credit rating or if the Council Utility Advisors and Council Incremental Financial Advisors concur that the benefits are expected to outweigh the costs. Neither the Corporation nor ENO shall be required to enter any arrangements to promote credit quality or marketability unless all related costs and liabilities can be included in financing costs recoverable as upfront financing costs or through Rider SSCRII. This Ordering Paragraph does not apply to the collection account or its subaccounts (other than the overcollateralization subaccount) approved in this Financing Order.

36. **Life of Bonds.** The scheduled final maturity of any tranche of the storm recovery bonds authorized by this Financing Order is not to exceed 15 years from the date of issuance of the storm recovery bonds. The legal final maturity of any tranche of the bonds shall not exceed 17 years from the date of issuance of the storm recovery bonds.
37. **Amortization Schedule.** The Council approves, and the storm recovery bonds shall be structured to provide, substantially level debt service requirements and projected corresponding aggregate storm recovery charges that are substantially level over the period of recovery, if the actual year-to-year changes in customer delivery load match the changes forecast at the time the storm recovery bonds are priced and other assumptions are realized, subject to rating agency requirements and to further modification in accordance with the true-up mechanism approved in this Financing Order.

D. Council Incremental Financial Advisors

38. **Council Incremental Financial Advisors.** This Council will have the sole authority to select and retain a financial advisor and/or any outside legal counsel and regulatory consultants for approval of the bond issuance. The costs of Council Incremental Financial Advisors will be recovered in ENO's base rates.

E. Servicing

39. **Servicing Agreement.** ENO shall act as initial servicer as described in this Financing

Order and shall enter into the servicing agreement with the Corporation and perform the servicing duties approved in this Financing Order.

40. **Servicing Fees.** The servicer shall be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that the annual servicing fee payable to ENO while it is serving as servicer (or to any other servicer affiliated with ENO) shall be \$205,980.00, plus reimbursement for its out-of-pocket costs for external accounting services and external legal services consistent with Findings of Fact Paragraph 60 and Ordering Paragraph 27. The annual servicing fee payable to any other servicer not affiliated with ENO shall not at any time exceed 0.60% of the original principal amount of the storm recovery bonds unless such higher rate is approved by the Council pursuant to Ordering Paragraph 27. The revenues collected by ENO, or by any affiliate of ENO acting as the servicer, under the servicing agreement shall be included as an identified revenue credit and reduce revenue requirements for the benefit of the customers of ENO in its next rate case following collection of said revenues. (These customers will receive 100% of the benefits of these servicing fee revenues regardless of whether a sharing mechanism contained in a formula rate plan is in place.) The expenses of acting as the servicer shall likewise be included as a cost of service in any such ENO rate case.
41. **Replacement of ENO as Servicer.** Upon the occurrence of an event of default under the servicing agreement relating to the servicer's performance of its servicing functions with respect to the storm recovery charges, the financing parties may replace ENO as the servicer in accordance with the terms of the servicing agreement. If the servicing fee of the replacement servicer will exceed the applicable maximum servicing fee specified in Ordering Paragraph 40, the replacement servicer shall not begin providing service until (i) the date the Council approves the appointment of such replacement servicer or unless (ii) the Council does not act to either approve or disapprove the appointment within 45 days after notice of appointment of the replacement servicer is provided to the Council. No entity may replace ENO as the servicer in any of its servicing functions with respect to the storm recovery charges and the storm recovery property authorized by this Financing Order if the replacement would cause any of the then current credit ratings of the storm recovery bonds to be suspended, withdrawn, or downgraded. If a successor servicer is appointed due to the negligence, malfeasance, intentional misconduct, or other fault of

ENO as initial servicer, any additional servicer cost incurred as a result will be absorbed by ENO and not recovered from customers.

42. **Amendment of Agreements.** The parties to the servicing agreement, indenture, sale agreement, and loan agreement may amend the terms of such agreements, but no amendment to any such agreement that would increase the ongoing financing costs shall be permitted without the prior approval of the Council. Any amendment that does not increase the ongoing financing costs shall be effective without prior Council authorization. Any amendment to any such agreement that may have the effect of increasing ongoing financing costs shall be provided by the Corporation to the Council along with a statement as to the possible effect of the amendment on the ongoing financing costs. The amendment shall become effective on the later of (i) the date proposed by the parties to the amendment, or (ii) 31 days after such submission to the Council unless the Council issues an order disapproving the amendment within a 30-day period.
43. **Collection Terms.** The servicer shall remit collections of the storm recovery charges to the Corporation, or to the indenture trustee for the Issuer's account, in accordance with the terms of the servicing agreement.
44. **Contract to Provide Service.** As a part of the sale agreement with the Corporation, and pursuant to Section 1228(C)(9), ENO shall undertake that, in consideration of the Corporation's purchase of ENO's rights under the Financing Order (other than the ENO Retained Rights), ENO will continue to operate its system to provide transmission and distribution delivery service to its customers; and, to the extent that any interest in storm recovery property created by this Financing Order is assigned, sold or transferred to another assignee or successor, ENO shall enter into a contract with that assignee or successor that requires ENO to continue to operate its transmission and delivery system to provide service to ENO's customers; provided, however, that this provision shall not prohibit ENO from selling, assigning, or otherwise divesting its transmission or distribution system or any part providing service to ENO's customers, by any method whatsoever, including those specified in Ordering Paragraph 60 pursuant to which an entity becomes a successor, so long as the entities acquiring such system or portion thereof agree to continue operating the facilities to provide service to customers.

F. Use of Proceeds; Application of Post Financing Order Insurance Proceeds, Grants and Income Tax Effects

45. **Use of Proceeds.** The Issuer will loan the proceeds of the storm recovery bonds to the Corporation. The Corporation will use the net proceeds from the loan (after payment of upfront financing costs) to pay to ENO the purchase price of the storm recovery property. Such net proceeds (after payment of upfront financing costs) will be used by ENO solely to replenish and fund storm recovery reserves.
46. **Storm Damage Reserve.** The Council directs ENO to set aside at least \$200 million of the funds received by ENO for the re-establishment of the storm damage reserve in a restricted storm reserve escrow account to be managed by the storm reserve escrow agent, an unaffiliated financial institution. ENO shall use the storm damage reserve funds for the purposes of recovering storm recovery costs (on an interim and/or permanent basis) for Hurricane Ida (subject to Council certification of those costs, including carrying costs) and to fund storm recovery activity after future storms. ENO will have access to the funds in the account under circumstances set out in the storm reserve escrow agreement, the terms of which are hereby approved by this Financing Order. The form of the escrow agreement for this securitized storm reserve fund is attached in Appendix E. The payment to ENO of costs associated with establishing and administering the storm damage reserve is also approved.
47. **Use Limitation.** This use of proceeds is approved and the proceeds may not be used for any other purpose. The use of proceeds from the sale of the bonds in violation of this Financing Order shall subject ENO to proceedings pursuant to applicable law, orders and the rules and regulations of the Council but shall not be grounds to rescind, alter, modify or amend this Financing Order and shall not affect the validity, finality and irrevocability of this Financing Order or the storm recovery property irrevocably created hereby or the approvals of the transactions by the Designee granted by authority of this Financing Order.
48. **Post-Financing Order Insurance, Grant Proceeds, and Income Tax Effects.** To the extent ENO receives insurance proceeds after the date of this Financing Order that represent permanent recovery of storm recovery costs for which ENO received a disbursement from its storm recovery reserves and the Council approved as storm recovery

costs, ENO shall flow the benefit of any such amount through SSCOII to customers. To the extent ENO receives grants of aid of any kind or reimbursement from the State of Louisiana or the government of the United States of America (including without limitation Community Development Block Grants) after the date of this Financing Order, the purpose of which is to provide for the recovery of storm recovery costs covered by this Financing Order and/or previously recovered from the storm damage reserves replenished and funded through this Financing Order, ENO shall credit such amounts to customers through a rider or other method under terms and conditions approved by the Council by a future resolution. Upon the Council's certifying storm recovery costs incurred by ENO in undertaking storm recovery activity (including restoration of service after Hurricane Ida in 2021), ENO is authorized to reflect in Rider SSCOII the benefits to customers relating to the accumulated deferred income tax effects from the incurrence of those certified costs.

G. Council and Corporation Pledges

49. **Irrevocable.** After the earlier of the transfer of the storm recovery property to an assignee or issuance of the storm recovery bonds authorized by this Financing Order, this Financing Order is irrevocable until the indefeasible payment in full of such bonds and the related financing costs. The Council covenants, pledges and agrees it thereafter shall not amend, modify, or terminate this Financing Order by any subsequent action, or reduce, impair, postpone, terminate, or otherwise adjust the storm recovery charges approved in this Financing Order, or in any way reduce or impair the value of the storm recovery property created by this Financing Order, except as may be contemplated by a refinancing authorized under the Act or the periodic true-up adjustments authorized by this Financing Order, until the indefeasible payment in full of the storm recovery bonds and the related financing costs.
50. **Duration.** This Financing Order and the charges authorized hereby shall remain in effect until the storm recovery bonds and all financing costs associated with servicing and administering the bonds have been indefeasibly paid or recovered in full. This Financing Order shall remain in effect and unabated notwithstanding the reorganization, bankruptcy, or other insolvency proceedings of ENO or its successors or assignees. Pursuant to Section 1229(H), any successor to ENO, whether pursuant to any reorganization, bankruptcy, or

other insolvency proceeding or whether pursuant to any merger or acquisition, sale, or other business combination, or transfer by operation of law, as a result of electric utility restructuring or otherwise, shall perform and satisfy all obligations of, and have the same rights under this Financing Order as, ENO in the same manner and to the same extent as ENO, including collecting and paying to the person entitled to receive the revenues, collections, payments, or proceeds of the storm recovery property.

51. **Contract.** The Council acknowledges that the storm recovery bonds approved by this Financing Order will be issued and purchased in express reliance upon this Financing Order and the Council's covenant and pledge herein of irrevocability and the vested contract right created hereby. The provisions of this Financing Order shall create a contractual obligation of irrevocability by the Council in favor of the owners from time to time of the storm recovery bonds, and any such bondholders may by suit or other proceedings enforce and compel the performance of this Financing Order against the Council. It is expressly provided that such remedy as to individual councilmembers is strictly limited to a claim solely for prospective declaratory and/or injunctive relief; there shall be no other cause or right of action for damages or otherwise against the individual councilmembers. The purchase of the bonds, which reference in their related documentation the covenant and pledge provided in this Financing Order, is acknowledged by the Council to be adequate consideration by the owners of the bonds for the Council's covenant of irrevocability contained in this Financing Order. The Council acknowledges that it would be unreasonable, arbitrary and capricious for the Council to take any action contrary to the covenant and pledge set forth in this Financing Order after the issuance of the storm recovery bonds. The Council further acknowledges that any future actions it undertakes pursuant to the Financing Order are ministerial in nature.
52. **Corporation Pledge.** The Corporation shall pledge to and agree with the Issuer, for the benefit of the Issuer, the storm recovery bondholders and other financing parties, that until the storm recovery bonds and any ancillary agreements have been paid and performed in full, the Corporation will not: (1) take or permit any action that impairs or would impair the value of storm recovery property; or (2) except as provide in Ordering Paragraph 53 or for adjustments under any true up mechanism established by the Council, reduce, alter, or impair storm recovery charges that are to be imposed, collected, and remitted for the

benefit of the Issuer, the bondholders and other financing parties, as applicable, until any and all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related storm recovery bonds have been fully paid and discharged.

53. **Full Compensation.** Nothing in this Financing Order shall preclude limitation or alteration of this Financing Order if and when full compensation is made for the full protection of the storm recovery charges approved pursuant to this Financing Order and the full protection of the holders of storm recovery bonds and any assignee or financing party.
54. **Inclusion of Pledges.** The Issuer, as issuer of the storm recovery bonds, is authorized, pursuant to Sections 1234(C) and 1237(E) of the Act and this Financing Order, to include the State of Louisiana pledge contained in Section 1234 of the Act, the Council pledge contained in Ordering Paragraph 49, and the Corporation pledge mandated by Section 1237(E) with respect to the storm recovery property and storm recovery charges in the bonds and related bond documentation. The Financing Order is subject to the State pledge.

H. Miscellaneous Provisions

55. **Additional Issuances.** The Corporation may not cause the issuance of additional series of storm recovery bonds if such future issuance would cause any of the then-current credit ratings of any outstanding storm recovery bonds authorized by this Financing Order or any then-outstanding storm recovery bonds issued pursuant to another financing order of the Council authorizing the issuance of storm recovery bonds by the Corporation on behalf of ENO to be suspended, withdrawn, or downgraded.
56. **Continuing Issuance Right.** The Corporation has the continuing irrevocable right to cause, at the request of ENO, the issuance of storm recovery bonds consisting of one or more tranches in accordance with this Financing Order for an effective period commencing with the date of this Financing Order and extending 24 months following the latest of (i) the date on which this Financing Order becomes final and not appealable or (ii) the date on which any other regulatory approvals necessary to issue the storm recovery bonds are obtained and not appealable. If the storm recovery bonds authorized by this Financing

Order are not issued during the effective period, the storm recovery property created by this Financing Order shall cease to exist. If at any time during the effective period of this Financing Order there is a severe disruption in the financial markets of the United States, the effective period shall automatically be extended to a date that is not less than 90 days after the date such disruption ends. Pursuant to Section 1228(E), and consistent with Findings of Fact Paragraph 65, nothing in this Financing Order compels ENO to cause the issuance of storm recovery bonds.

57. **Option.** The Corporation is granted the right, upon request of ENO, to have the Issuer postpone or cancel the proposed issuance of the storm recovery bonds consistent with the issuance period allowed in Ordering Paragraph 56.
58. **Flexibility.** Subject to compliance with the requirements of this Financing Order, the Corporation, ENO, as servicer, and the Issuer shall be afforded flexibility in establishing the terms and conditions of the storm recovery bonds, including repayment schedules, term, payment dates, required debt service, interest rates, use of original issue discount, indices, reserves, collateral, credit enhancement, and other financing costs, and in when the Corporation will request the Issuer to cause one or more series of storm recovery bonds to be issued. In addition, although it is currently assumed that the storm recovery bonds will be issued through a negotiated offering, if ENO, the Corporation, and the Council Utility Advisors and Council Incremental Financial Advisors all jointly determine that the sale of the storm recovery bonds through a competitive bid process may enhance marketability, and the sale through competitive bidding provides benefits greater than the tangible and intangible costs, the storm recovery bonds may be sold through competitive bidding. Satisfaction of the requirements of this paragraph shall be evidenced as provided in Ordering Paragraph 25.
59. **Internal Revenue Service Private Letter or Other Rulings.** ENO is not required by this Financing Order to obtain a ruling from the IRS.
60. **Binding on Successors.** This Financing Order, together with the storm recovery charges authorized in it, shall be binding on the Corporation and ENO and any successor to ENO

that provides electric transmission and distribution service to ENO’s customers,¹¹ provided that if, by law, ENO or its successor is no longer required to own and/or operate both the transmission and distribution systems, then any entity that provides distribution service to ENO’s customers shall be bound by this Financing Order. This Financing Order is also binding on any other entity responsible for billing and collecting storm recovery charges on behalf of the Corporation and on any successor to the Council. In this paragraph, a “successor” means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor or transferor, including by way of bankruptcy, reorganization or other insolvency proceeding, merger, acquisition, division, consolidation or other business combination, conversion, assignment, sale, transfer, lease, management contract, pledge or other security, by operation of law, as a result of electric utility restructuring or otherwise.

61. **Effectiveness of Order.** This Financing Order is effective immediately upon issuance.
62. **Waiver.** The Council waives any rights it may have to rescind this Financing Order under La. R.S. 12:262.1(F) if the Corporation becomes delinquent in filing its annual report(s).
63. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Council that are necessary for the financing of the storm recovery charges associated with the costs that are the subject of the Securitization Application, and all related transactions contemplated in the Securitization Application, are granted (including without limitation any necessary suspension and/or waiver of the minimum filing requirements set forth in Section 158-41, *et seq.*, of the Code of the City of New Orleans).
64. **Effect.** This Financing Order constitutes a legal financing order for ENO under the Act. The Council finds this Financing Order complies with the provisions of the Act. A financing order gives rise to rights, interests, obligations and duties as expressed in the Act. It is the Council’s express intent to give rise to those rights, interests, obligations and duties by issuing this Financing Order. The Corporation and ENO each is directed to take all

¹¹ Any such successor shall perform and satisfy all obligations of, and have the same rights under this Financing Order as, ENO, including collecting and paying to the person entitled to receive them the revenues, collections, payments, or proceeds of the storm recovery property created by this Financing Order.

actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order.

65. **Further Council Action.** The Council will act pursuant to this Financing Order as expressly authorized by the Act to ensure that expected storm recovery charge revenues are sufficient to pay at all times the scheduled principal of and interest on the storm recovery bonds issued pursuant to this Financing Order and all other financing costs in connection with the storm recovery bonds.
66. **Future Sales Not Approved.** Nothing in this Financing Order approves ENO selling, assigning, or otherwise divesting of any of its transmission or distribution system or any facility providing service to ENO’s customers, by any method whatsoever, including that method specified in this Financing Order pursuant to which an entity becomes a successor. Any approval required for any such sale, assignment or divestiture prior to the adoption of this Financing Order will be required after the effective date of this Financing Order.
67. **Actions Required.** ENO is directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order. The Corporation, the Council Utility Advisors, and the Council Designee are directed to take all actions required by this Financing Order.
68. **All Other Motions, etc., Denied.** All motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief not expressly granted herein are denied for want of merit.

FORM OF ISSUANCE ADVICE LETTER

_____ day, _____, 2022

COUNCIL OF THE CITY OF NEW ORLEANS

SUBJECT: ISSUANCE ADVICE LETTER FOR STORM RECOVERY BONDS

Pursuant to the Financing Order adopted on the _____ day of _____, 2022 in *Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief, Docket No. UD-22-01* (the "Financing Order"), LOUISIANA UTILITIES RESTORATION CORPORATION ("Corporation") and ENTERGY NEW ORLEANS, LLC ("ENO" or the "Company" and together with the Corporation, the "Co-Applicants") hereby submit, no later than two business days after the pricing of the Storm Recovery Bonds, the information referenced below. This Issuance Advice Letter is for the Storm Recovery Bonds, tranches _____. Any capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order or the Louisiana Electric Utility Storm Recovery Securitization Act, La. R.S. §§ 45:1226-1240.

PURPOSE

This filing establishes the following:

- (1) the total amount to be financed;
- (2) confirmation that customers will experience savings or that rate impacts to customers will be avoided or mitigated relative to traditional methods of financing;
- (3) confirmation that the structuring, terms and the pricing of the Storm Recovery Bonds are consistent with the terms of the Financing Order;
- (4) confirmation that the pricing of the Storm Recovery Bonds is consistent with market conditions at the time of pricing;
- (5) the actual terms and structure of the Storm Recovery Bonds being issued; and
- (6) the initial Storm Recovery Charges.

The concurrence by the Council's Designee to this filing will establish the Council's approval of the final forms of the indenture, the loan agreement (including the form of promissory note), the servicing agreement, and the storm recovery reserve escrow agreement.

COMPLIANCE WITH FINANCING ORDER

The Co-Applicants hereby confirm, pursuant to the Financing Order, the following:

1. COSTS BEING SECURITIZED

The total amount of storm recovery costs, including storm recovery reserves, and issuance costs being financed (the “Authorized Securitization Amount”) is presented in Attachment 1.

2. BENEFIT ANALYSIS

The weighted average interest rate of the Storm Recovery Bonds is less than [_____]%, accordingly, the proposed structuring, expected pricing, and financing costs of the storm recovery bonds are reasonably expected to result in lower overall costs and/or will avoid or mitigate rate impacts to customers as compared to traditional methods of financing or recovering storm recovery costs. The benefits of securitization of the storm recovery costs, including storm recovery reserves, compared to the funding of a storm recovery reserve using conventional utility financing are demonstrated in Attachment 2, Schedule C.

3. CONFIRMATION OF STRUCTURE AND PRICES

The Storm Recovery Bonds will be issued in one issuance consisting of one or more tranches having scheduled final maturities of approximately ___ years and legal final maturities not exceeding __ years from the date of issuance (See “Actual Terms of Issuance”). The structuring and pricing of the Storm Recovery Bonds are consistent with the terms set out in the Financing Order (see “Actual Terms of Issuance” and Attachments 2 and 4).

4. CONFIRMATION OF PRICES WITH MARKET

The structuring and pricing of the Storm Recovery Bonds resulted in the lowest storm recovery charges consistent with market conditions on the date and time of such pricing (see Attachments 4 and 5).

5. ACTUAL TERMS OF ISSUANCE

Storm Recovery Bond Series: _____

Storm Recovery Bond Issuer: _____

Trustee: _____

Closing Date: _____, 2022

Bond Ratings: [_____]¹

Amount Issued: \$ _____

Estimated Up-front Financing Costs: See Attachment 1, Schedule B.

Estimated Ongoing Financing Costs: See Attachment 2, Schedule B.

Tranche	Coupon Rate	Scheduled Final	Legal Final Maturity

¹ The Company anticipates receiving ratings from at least two of the three major ratings agencies

		Maturity Date	
A-1	%	/ /	/ /
A-2	%	/ /	/ /
A-3	%	/ /	/ /

Weighted Average Effective Annual Interest Rate of the Storm Recovery Bonds:	_____ %
Life of Bonds:	_____ years
Weighted Average Life of Series:	_____ years
Call provisions (including premium, if any):	
Amortization Schedule:	Attachment 2, Schedule A
Scheduled Final Maturity Dates:	Attachment 2, Schedule A
Legal Final Maturity Dates:	See Table Above
Payments to Investors:	Semiannually Beginning _____
Amount of initial annual Servicing Fee and as a percent of original Storm Recovery Bond principal balance:	[\$], [%]
Weighted Average Coupon Rate ² :	
Annualized Weighted Average Yield ³ :	

6. INITIAL STORM RECOVERY CHARGE

Table I below shows the current assumptions for each of the variables used in the calculation of the initial Storm Recovery Charges.

TABLE I	
Input Values For Initial Storm Recovery Charges	
Applicable period: from _____, ____ to _____, ____	
Forecasted base revenue sales for the applicable period:	See Appendix B to the Financing Order
Storm Recovery Bond debt service for the applicable period:	\$ _____
Charge-off rate for each investment cost recovery group:	See Appendix B to the Financing Order
Forecasted % of Billings Paid in the Applicable Period:	_____ %
Forecasted annual ongoing financing costs (excluding Storm Recovery Bond principal and interest):	\$ _____
Current Storm Recovery Bond outstanding balance:	\$ _____

² Weighted by modified duration and principal amount.

³ Weighted by modified duration and principal amount.

Target Storm Recovery Bond outstanding balance as of __ / __ / __:	\$ _____
Total Periodic Billing Requirement for applicable period:	\$ _____

Based on the foregoing, the initial Storm Recovery Charges are detailed in Attachment 3.

EFFECTIVE DATE

In accordance with the Financing Order, the Storm Recovery Charge shall be billed beginning on [DATE], *i.e.*, the first day of the first billing cycle of the next revenue month following the date of issuance of the Storm Recovery Bonds.

NOTICE

Copies of this filing are being furnished to the parties on the service list in this docket. Notice to the public is hereby given by filing and keeping this filing open for public inspection at the Company's corporate headquarters.

APPROVAL:

[_____], the duly designated Designee under the Financing Order, shall notify the Co-Applicants and the Council, no later than one business day after receipt of this Issuance Advice Letter via email, and using the form of letter attached hereto as Attachment 6, in the case of acceptance and approval of the Issuance Advice Letter by the Designee.

AUTHORIZED OFFICER

The undersigned are officers of Co-Applicants and authorized to deliver this Issuance Advice Letter on behalf of Co-Applicants.

Respectfully submitted,

LOUISIANA UTILITIES
RESTORATION CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

ENTERGY NEW ORLEANS, LLC

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT 1
SCHEDULE A
CALCULATION OF AUTHORIZED SECURITIZATION AMOUNT⁴

A.	Costs of replenishing and funding storm recovery reserves	
B.	Estimated up-front financing costs of issuing the Storm Recovery Bonds (Attachment 1, Schedule B)	
C.	Any adjustments to carrying costs	
TOTAL AUTHORIZED SECURITIZATION AMOUNT		

⁴ Refer to the attached workpapers.

ATTACHMENT 1
SCHEDULE B
ESTIMATED UP-FRONT FINANCING COSTS

Non-Company Upfront Financing Costs	
Underwriters' Fees & Expenses	\$
Underwriters' Counsel Legal Fees & Expenses	\$
Issuer Legal & Advisory Fees	\$
Issuer Financing Acceptance Fee	\$
State Bond Commission Fees	\$
Bond Counsel Fees	\$
Rating Agency Fees	\$
Printing	\$
Trustee's/Trustee Counsel's Fees & Expenses	\$
LURC Legal and Advisory Fees	\$
LURC Financial Advisor	\$
Original Issue Discount	\$
Cost of Swaps & Hedges	\$
Other Credit Enhancements (Overcollateralization Subaccount)	\$ _____
Rounding/Contingency	\$
Debt Service Reserve Subaccount (DSRS)	\$
Subtotal Non-Company Up-front Financing Costs	\$
Company Upfront Financing Costs	
Company's Financial Advisor Fees & Expenses	\$
Company's Internal and External Advisors, including Legal Fees & Expenses	\$ _____
Company's Non-legal Securitization Proceeding Costs & Expenses	\$ _____
Company's Miscellaneous Administrative Costs	\$
Servicer's Set-Up Costs	\$
External Servicing Costs (Accountant's)	\$
Subtotal Company Up-front Financing Costs	\$
TOTAL ESTIMATED UP-FRONT FINANCING COSTS TO BE SECURITIZED	\$

Note: Any difference between the Estimated Up-front Financing Costs financed for, and the actual Up-front Financing Costs incurred by, the Corporation, the Issuer and ENO will be resolved, if estimates are more or less than actual, through Rider SSCRII or pursuant to the Council Order issued in this proceeding, as applicable.

ATTACHMENT 2
SCHEDULE B
ESTIMATED ONGOING FINANCING COSTS

	ANNUAL AMOUNT
True-Up Administration Fees^	\$
Issuer Administration Fees^	\$
Issuer Legal Fees^	\$
LURC Administration Fees^	\$
LURC Legal Fees & Expenses^	\$
LURC Accounting Fees^	\$
Trustee's/Trustee's Counsel Fees & Expenses ^	\$
Rating Agency Fees^	\$
Miscellaneous ^	\$ _____
Costs of Swaps & Hedges^	\$ _____
Other Credit Enhancements^	\$ _____
Subtotal Non-Company External Annual Ongoing Financing Costs	\$ _____
Company Annual Ongoing Financing Costs	
Ongoing Servicer Fees (ENO as Servicer)	\$
Accounting Costs (External) ^	\$
Subtotal Company Annual Ongoing Financing Costs	\$
Total (ENO as Servicer) Estimated Annual Ongoing Financing Costs	\$ _____
Ongoing Servicer Fees (Third-Party as Servicer – 0.60% of principal)	\$ _____
Other External Ongoing Fees (total of lines marked with a ^ mark above)	\$ _____
Total (Third-Party As Servicer) Estimated Ongoing Financing Costs	\$ _____

Note: The amounts shown for each category of ongoing financing costs on this attachment are the expected expenses for the first year of the storm recovery bonds. Storm recovery charges will be adjusted at least semi-annually to reflect the actual Ongoing Financing Costs through the true-up process described in the Financing Order, except that the servicing fee is fixed as long as ENO is servicer.

ATTACHMENT 2
SCHEDULE C
BENEFITS VERSUS CONVENTIONAL FINANCING

Storm Recovery Reserves

	Conventional Financing	Securitization Financing	Savings/(Cost) of Securitization Financing
Present Value	\$	\$	\$

Discussion of Benefits

[INSERT DISCUSSION]

ATTACHMENT 3
INITIAL ALLOCATION OF COSTS

ATTACHMENT 4
APPLICANT'S CERTIFICATION
[ENO Letterhead]

Date: _____, 20__

Council of the City of New Orleans
City Hall, Room 1E09
1300 Perdido Street
New Orleans, Louisiana 70112

Re: Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief, Docket No. UD-22-01

Dear _____:

Entergy New Orleans, LLC (the "Applicant") submits this Certification pursuant to Ordering Paragraph [6] of the Financing Order in *Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief, Docket No. UD-22-01* (the "Financing Order"). All capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order or the Louisiana Electric Utility Storm Recovery Securitization Act, La. R.S. §§ 45:1226-1240.

The Issuance Advice Letter dated _____, 20__, sets forth the following particulars of the Storm Recovery Bonds:

The proposed terms of pricing and issuance of the Storm Recovery Bonds are as follows:

Name of the Storm Recovery Bonds: _____

Name of Trustee: _____

Closing Date: _____, 20__

Principal Amount of Storm Recovery Bonds: _____

Bond Ratings: _____

Scheduled and Legal Final Maturities: _____

Amount of Upfront Financing Costs securitized: See Attachment 1 Schedule B to Issuance Advice Letter

Estimated Ongoing Financing Costs: See Attachment 2, Schedule B.

Tranche	Coupon Rate	Scheduled Final Maturity Date	Legal Final Maturity
A-1	%	/ /	/ /
A-2	%	/ /	/ /
A-3	%	/ /	/ /

Weighted Average Effective Annual Interest Rate of the Storm Recovery Bonds: _____%

Life of Bonds: _____ years

Weighted Average Life of Series: _____ years

Call provisions (including premium, if any):

Amortization Schedule: Attachment 2, Schedule A

Scheduled Final Maturity Dates: Attachment 2, Schedule A

Legal Final Maturity Dates: See Table Above

Payments to Investors: Semiannually Beginning _____, 20__

Amount of initial annual Servicing Fee and as a percent of original Storm Recovery: Bond principal balance: [\$], [%]

Weighted Average Interest Rate⁵: _____

Weighted Average Effective Annual Interest Rate⁶: _____

Initial Balance of Capital Subaccount: _____

The following actions were taken in connection with the design, structuring and pricing of the bonds:

- [Included credit enhancement in the form of the true-up mechanism and an equity contribution of 0.50% of the original principal amount.]
- [Did not utilize the overcollateralization account.]
- [Achieved [_____] from at least two of the three major rating agencies.]
- [Selection of underwriters that have relevant experience and execution capabilities was affirmed by the Company's Financial Advisor, the Council Utility Advisors and the Council's Financial Advisor.]

⁵ Weighted by modified duration and principal amount.

⁶ Annualized and weighted by modified duration and principal amount giving effect to compounding and including up-front costs.

- [The marketing presentations were developed to emphasize the unique credit quality and security related to these bonds, and provide comparative analysis to other competing securities.]
- [Provided the termsheet and [preliminary prospectus/offering memorandum] by e-mail to prospective investors.]
- [Allowed sufficient time for investors to review the termsheet and preliminary offering memorandum and to ask questions regarding the transaction.]
- [Held one-on-one and group conference calls with investors, along with meetings with potential investors to describe the legislative, political and regulatory framework and the bond structure with a focus on [corporate/agency/other crossover buyers] specifically targeted to achieve the transaction objectives.]
- [Arranged issuance of rating agency pre-sale reports during the marketing period.]
- [During the period that the bonds were marketed, held daily market update discussions with the underwriting team to develop recommendations for pricing.]
- [Had multiple conversations with all of the members of the underwriting team during the marketing phase in which we stressed the requirements of the Financing Order.]
- [Developed and implemented a marketing plan designed to incent each of the underwriters to aggressively market the bonds to their customers and to reach out to a broad base of potential investors, including investors who have not previously purchased this type of security.]
- [Provided potential investors with access to an internet roadshow for viewing on repeated occasions at investors' convenience. Similar roadshow information was also presented in one-on-one and group meetings with investors.]
- [Adapted the storm recovery bond offering to market conditions and investor demand at the time of pricing. Variables impacting the final structure of the transaction were evaluated including the length of average lives and maturity of the bonds and interest rate requirements at the time of pricing so that the structure of the transaction would correspond to investor preferences and rating agency requirements for favorable ratings.]
- [Worked with the Council's Financial Advisor to develop bond allocations, underwriter compensation and preliminary price guidance designed to achieve lowest storm recovery rates.]

Based upon information reasonably available to its officers, agents, and employees of the Applicant, the Applicant hereby certifies that the structuring and pricing of the Storm Recovery Bonds will result in the lowest Storm Recovery Charges consistent with market conditions at the time of pricing and the terms of the Financing Order.

Respectfully submitted,
ENTERGY NEW ORLEANS, LLC

By: _____
Name: _____
Title: _____

ATTACHMENT 5

PRICING ADVICE CERTIFICATE

ATTACHMENT 6

[COUNCIL DESIGNEE'S CONCURRENCE]

[Letterhead]

Date: _____, 20__

Council of the City of New Orleans
City Hall, Room 1E09
1300 Perdido Street
New Orleans, Louisiana 70112

Pursuant to the Financing Order of the Council of the City of New Orleans ("Council") dated _____, 20__, Council Docket No. UD-22-01

I, _____, (the "Designee"), in accordance with the Louisiana Electric Utility Storm Recovery Securitization Act, codified at La. R.S. 45:1226-1240, and the Financing Order, for the purpose of (a) establishing that the structuring and pricing of the Storm Recovery Bonds will result in the lowest Storm Recovery Charges consistent with market conditions and the terms of the Financing Order and (b) approving at the time of pricing of the Storm Recovery Bonds, the terms and conditions of the Storm Recovery Bonds, servicing fees with respect to the collection of such Storm Recovery Charges and the pledging, assignment and sale of the Storm Recovery Bonds in connection with the initial Storm Recovery Charge, HEREBY CONCUR as follows:

1. I have received and reviewed in accordance with Financing Order a copy of the Applicant's Certification, a copy of which is attached hereto, and find that such certificate is in proper form as evidenced by such Financing Order. I have also reviewed other information as I have deemed necessary to provide this Concurrence. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order or the Louisiana Electric Utility Storm Recovery Securitization Act.
2. The following are the terms of the Storm Recovery Bonds:

Name of Storm Recovery Bonds: _____
Closing Date: _____
Amount Issued: _____
Interest Rates and Expected Amortization Schedule: See Issuance Advice Letter
Distributions to Investors (quarterly or semi-annually): _____
Weighted Average Coupon Rate: See Issuance Advice Letter
Annualized Weighted Average Yield: See Issuance Advice Letter
Initial Balance of Capital Subaccount: _____

3. The final structuring, terms and pricing of the storm recovery bonds in the Issuance Advice Letter are consistent with the criteria established in the Financing Order, and the mathematical calculations are accurate. Accordingly, the terms and conditions of the Storm Recovery Bonds and the schedule of payments of principal and interest on the Storm Recovery Bonds as well as the initial storm recovery charge are approved.

4. The final forms (subject to completion of final numbers and information) of the indenture, the loan agreement (including the form of promissory note), the servicing agreement, and the storm recovery reserve escrow agreement have been reviewed by the Council Utility Advisors and are approved.

Respectfully submitted,

Designee

By: _____
Name: _____
Title: _____

ATTACHMENT 7
SCHEDULE A
EXPECTED AMORTIZATION SCHEDULE

(with coupons, prices, classes, if any, expected amortization schedule and stated maturities, and call features requirements)

A. General Terms

<u>Class</u>	<u>Price</u>	<u>Coupon</u>	<u>Fixed/Floating</u>	<u>Avg. Life</u>	<u>Stated Maturity</u>	<u>Legal Final Maturity</u>

B. Scheduled Amortization Requirement

<u>Date</u>	<u>[Class]</u>	<u>[Class]</u>	<u>[Class]</u>

Allocation Methodology, Rider SSCRII and Rider SSCOII

Entergy New Orleans, LLC
 Docket No. UD-22-01
 Securitized Storm Cost Calculation - Initial Payment

Line No.	Rate Class	7 months Forecasted Base Revenue (1/2023 - 7/2023) [1]	Required PBR	Uncollectible Rate [2]	PBR Adjusted for Uncollectibles	Securitized Storm Cost Rate
1	All	\$ 228,435,878	\$ 11,410,263	0.4210%	\$ 11,458,304	5.0160%

	PBR Calculation
2 Sept 2023 PPR	\$ 11,410,263
3 Actual Collections - month 1	\$ -
4 Collections, month 2	\$ -
5 Excess Funds Subaccount Balance	\$ -
Initial PBR	<u>\$ 11,410,263</u>

Notes:

[1] Excludes schedules AFC, AMO, BRAR, DTK, EAC, EECR, EFRP, EVCI, FAC, GPO, IRAR-E, MES, MISO, PPCR, PPS, R-3, R-8, RPCEA, SMS, SSCO, SSCO II and SSCR.

[2] Uncollectible factor based on 5 years ending 2021

ENTERGY NEW ORLEANS, LLC
ELECTRIC SERVICE

RIDER SSCRII

Effective Date:

Filed Date:

Supersedes: New Schedule

Schedule Consists of: One
Page and

Attachment A

SECURITIZED STORM COST RECOVERY RIDER SSCRII

I. APPLICABILITY

This rider is applicable under the regular terms and conditions of Entergy New Orleans, LLC to all customers served under any retail electric rate schedule* and/or rider schedule* or Special Contract Rates pursuant to Council of the City of New Orleans (the "Council") orders in Docket No._____. The initial SSCRII rate shall be billed beginning on the first day of the first billing cycle of the next revenue month following the date of issuance of the storm recovery bonds.

II. NET MONTHLY RATE

There shall be added to each monthly bill an adjustment, in the form of a new and separate charge, for the replenishment of the storm reserve and up front financing costs as approved by the Council. Customer charges, energy charges, load or demand charges, lamp charges or access charges on any monthly bill shall be adjusted by the appropriate rate shown in Attachment A.

III. TRUE-UP

The SSCRII Rate Adjustment shall be subject to true-up in accordance with the schedule prescribed in the Council's financing order and shall be performed at least semi-annually.

Attachment A
Page 1 of 1
Effective: XX/XX/2022

ENTERGY NEW ORLEANS, LLC
SECURITIZED STORM COST RECOVERY RIDER SSCRII
SSCRII RATE

All Rate Classes X.XXXX%

*Excluding Schedules AFC, AMO, BRAR, DTK, EAC, EECR, EFRP,
EVCI, FAC, GPO, IRAR-E, MES, MISO, PPCR, PPS, R-3, R-8,
RPCEA, SMS, SSCO, SSCOII and SSCR.

ENTERGY NEW ORLEANS, LLC
ELECTRIC SERVICE

RIDER SSC0II

Effective Date:
Filed Date:
Supersedes: New Schedule
Schedule Consists of: One Page and
Attachment A

SECURITIZED STORM COST OFFSET RIDER – SSC0II

I. APPLICABILITY

This rider is applicable under the regular terms and conditions of Entergy New Orleans, LLC to all customers served under any retail electric rate schedule* and/or rider schedule* or Special Contract Rates pursuant to the Council of the City of New Orleans (the "Council") orders in Docket No. _____.

II. NET MONTHLY RATE

There shall be added to each monthly bill for electric service an adjustment as approved by the Council. Each Net Monthly Bill shall be adjusted by the appropriate rate shown in Attachment A.

III. ANNUAL REVIEW AND FILING

Beginning in 2022 and concurrent with the filing for the first adjustment to Rider SSCRII, ENOL shall file a revised Attachment A containing a revised Rate Adjustment. The revised Rate Adjustment shall become effective for bills rendered on and after the first billing cycle of the next revenue month until changed pursuant to the provisions of this Rider.

Attachment A
Page 1 of 1
Effective Date: XX/XX/2022

ENTERGY NEW ORLEANS, LLC
SECURITIZED STORM COST OFFSET RIDER SSCOII

SSCOII RATE

All Rate Classes -X.XXXX%

*Excluding Schedules AFC, AMO, BRAR, DTK, EAC, EECR, EFRP, EVCI, FAC, GPO, IRAR-E, MES, MISO, PPCR, PPS, R-3, R-8, RPCEA, SMS, SSCO, SSCR and SSCRII.

Estimated Up-Front and Ongoing Financing Costs
Entergy New Orleans, LLC
\$205,980,000 Securitization
Projected Up-Front & Ongoing Financing Costs

Estimated Deal Size
205,980,000

		<u>Issuance Costs</u>
Non-Company Upfront Financing Costs		
Item 1	Underwriters' Fees & Expenses	\$ 1,279,900
Item 2	Underwriters' Counsel Legal Fees & Expenses	\$ 500,000
Item 3	Issuer Legal & Advisory Fees	\$ 25,000
Item 4	Issuer Financing Acceptance Fee	\$ 102,990
Item 5	State Bond Commission Fees	\$ 78,868
Item 6	Bond Counsel Fees	\$ 150,000
Item 7	Rating Agency Fee	\$ 410,000
Item 8	Printing	\$ 15,000
Item 9	Trustee's/Trustee Counsel's Fees & Expenses	\$ 50,000
Item 10	LURC Legal and Advisory Fees	\$ 300,000
Item 11	LURC Financial Advisor	\$ 200,000
Item 12	Original Issuance Discount	\$ -
Item 13	Cost of Swaps & Hedges	\$ -
Item 14	Other Credit Enhancements (Overcollateralization Subaccount)	\$ -
Item 17	Rounding/Contingency	\$ (213)
Item 18	Debt Service Reserve Subaccount (DSRS)	\$ 1,029,900
Subtotal Non-Company Upfront Financing Costs		\$ 4,141,445

Company Upfront Financing Costs		
Item 19	Company's Financial Advisor Fees & Expenses	\$ 183,555
Item 20	Company's Internal and External Advisors, including Legal Fees & Expenses	\$ 1,240,000
Item 21	Company's Non-legal Securitization Proceeding Costs & Expenses	\$ 15,000
Item 22	Company's Miscellaneous Administrative Costs	\$ 50,000
Item 23	Servicer's Set-Up Costs	\$ 50,000
Item 24	External Servicing Costs (Accountant's)	\$ 300,000
Subtotal Company Upfront Financing Costs		\$ 1,838,555

Total Estimated Company and Non-Company Upfront Financing Costs **\$ 5,980,000**

		<u>Itemized Annual Ongoing Financing Costs</u>
Non-Company External Annual Ongoing Financing Costs		
Item 25	True-Up Administration Fees ^	\$ -
Item 26	Issuer Administration Fees ^	\$ -
Item 27	Issuer Legal Fees ^	\$ -
Item 28	LURC Administration Fees ^	\$ 80,000
Item 29	LURC Legal Fees & Expenses ^	\$ 90,000
Item 30	LURC Accounting Fees ^	\$ 80,000
Item 31	Trustee's/Trustee's Counsel Fees & Expenses ^	\$ 10,000
Item 32	Rating Agency Fees^	\$ 48,000
Item 33	Miscellaneous ^	\$ 50,000
Item 34	Cost of Swaps & Hedges ^	\$ -
Item 35	Other Credit Enhancements ^	\$ -
Subtotal Non-Company External Annual Ongoing Financing Costs		\$ 358,000

Company Annual Ongoing Financing Costs		
Item 36	Ongoing Servicer Fees (Company as Servicer) ^	\$ 205,980
Item 37	Accounting Costs (External) ^	\$ 200,000
Subtotal Company Annual Ongoing Financing Costs		\$ 405,980

Total (Company as Servicer) Estimated Annual Ongoing Financing Costs **\$ 763,980**

Ongoing Servicer Fees (Third-Party as Servicer - 0.60% of principal)	\$ 1,235,880
Other External Ongoing Fees (total of lines marked with a ^ mark above)	\$ 558,000
Total (Third-Party as Servicer) Estimated Ongoing Financing Costs	\$ 1,793,880

FORM OF TRUE-UP LETTER
[ENO Letterhead]

Date: _____, 20__

Council of the City of New Orleans
City Hall, Room 1E09
1300 Perdido Street
New Orleans, Louisiana 70112

Re: Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief, Docket No. UD-22-01

Dear _____:

Pursuant to the Financing Order adopted on the _____ day of _____, 20__ in *Application of Entergy New Orleans, LLC and the Louisiana Utilities Restoration Corporation for Authority to Fund and Finance Storm Recovery Reserves, and Related Relief*, Docket No. UD-22-01 (the "Financing Order"), Entergy New Orleans, LLC ("ENO") as Servicer of the Storm Recovery Bonds or any successor Servicer on behalf of the trustee as assignee of the Louisiana Utilities Restoration Corporation shall apply semi-annually for a mandatory periodic adjustment to the Storm Recovery Charge. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order or Louisiana Electric Utility Storm Recovery Securitization Act, codified at La. R.S. 45:1226-1240.

Each semi-annual true-up adjustment shall be filed with the Council not less than 15 days prior to the first billing cycle of the month in which the revised storm recovery charges will be in effect. The Council Utility Advisors will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment, after which the charge will become effective. However, any mathematical correction not made prior to the effective date of the storm recovery charge will be made in future true-up adjustment filings and will not delay the effectiveness of the storm recovery charge.

Using the formula approved by the Council in the Financing Order, this filing modifies the variables used in the Storm Recovery Charge calculation and provides the resulting modified Storm Recovery Charge. Attachments 1 and 2 show the resulting Storm Recovery Charge expressed as a percentage of base rate revenues and calculated in accordance with the Financing Order. The assumptions underlying the current Storm Recovery Charge were filed by ENO in an Issuance Advice/True-Up Letter dated _____. [NOTE: only first true-up letter refers to IAL.]

Respectfully submitted,

ENTERGY NEW ORLEANS, LLC

By: _____

Name: _____

Title: _____

Date: _____

Attachments

ATTACHMENT 1
CALCULATION OF STORM RECOVERY CHARGES

[INSERT TABLE]

ATTACHMENT 2
STORM RECOVERY CHARGE

Rate Class _____	Storm Recovery Charge

STORM RECOVERY RESERVE ESCROW AGREEMENT

THIS STORM RECOVERY RESERVE ESCROW AGREEMENT (this "Escrow Agreement"), effective as of _____, 2022, is by and between Entergy New Orleans, LLC ("ENO"), a Texas limited liability company, and _____, as escrow agent (the "Escrow Agent").

WHEREAS, on _____, 2022, the Council of the City of New Orleans (the "Council"), in its capacity as the governmental body having the power of supervision, regulation and control over public utilities providing service within the City of New Orleans, issued in its Docket No. UD-22-01 an order ("Financing Order," a copy of which is attached hereto as Exhibit A) by which ENO is directed to cause to be deposited [S_____] million ("Storm Recovery Reserve Amount") for the funding of storm recovery reserves for ENO's service territory in a restricted escrow account ("Escrow Account") to be managed by an unaffiliated financial institution; and

WHEREAS, ENO and Escrow Agent desire to establish an agreement with respect to the Escrow Account.

NOW THEREFORE, ENO and Escrow Agent agree as follows:

1. Appointment of Escrow Agent. ENO designates and appoints the bank named above as Escrow Agent, to serve in accordance with the terms, conditions and provisions of this Escrow Agreement, and said bank agrees to act as Escrow Agent under the terms, conditions and provisions of this Escrow Agreement.

2. Deposit of Storm Recovery Reserve Amount.

(a) Pursuant to the Financing Order, ENO shall cause the Storm Recovery Reserve Amount to be deposited with the Escrow Agent, to be held in a special, identified and segregated account that is separate and apart from the assets of the Escrow Agent. The assets of the Escrow Account (which shall include the Storm Recovery Reserve Amount and any investments, gains or losses, or interest earnings of the Escrow Account) shall be referred to herein collectively as the "Escrowed Property." The Escrow Agent agrees to hold and distribute as provided herein the amounts held in the Escrow Account. The Escrow Agent agrees that it will not commingle the Escrowed Property with its own assets.

(b) The Escrow Agent represents that this Escrow Agreement creates a bailment, and not a debtor-creditor relationship between the parties, and furthermore represents that the Escrowed Property shall not constitute assets of the Escrow Agent.

(c) The Escrow Agent agrees not to take any action, or fail to take any action, if such action or failure to take any action could cause the Escrowed Property to be deemed to be assets of the Escrow Agent, or be deemed to be available to satisfy the claims of creditors of the Escrow Agent, or, in the event a conservator or receiver were appointed for the Escrow Agent, to be part of the Escrow Agent's conservatorship or receivership estate.

(d) The Escrow Agent waives any right in or claim to the Escrowed Property, including any right or claim arising out of a banker's lien or similar rights.

3. Investment of Escrowed Property. Escrow Agent shall invest the Escrowed Property pursuant to written directions from the Vice President and Treasurer or any Assistant Treasurer of ENO the identity of whom is set forth in Exhibit E hereto (as supplemented from time to time). Escrow Agent shall not be liable or responsible in any manner for any loss resulting from an investment made pursuant to such direction. Interest and other earnings on investments ("Escrow Interest") shall, immediately upon receipt by the Escrow Agent, be credited to the Escrow Account as part of the Escrowed Property.

4. Disbursements from Escrow Account.

(a) Except as provided in Section 14, Escrow Agent shall disburse funds from the Escrow Account only upon receipt of a certificate signed by two Authorized Officers of ENO, as described in subsection (b) of this Section 4, or upon receipt of an order of the Council or of a court of competent jurisdiction, as described in subsection (c) of this Section 4. The term "Authorized Officer" as used herein shall refer to each such individual then serving as President and Chief Executive Officer, Vice President and Treasurer, or any Assistant Treasurer of ENO and shall be identified as indicated on Exhibit E.

(b) (1) ENO may effect a disbursement of Escrowed Property by delivering a certificate to the Escrow Agent, via regular mail, electronic mail or facsimile, signed by two Authorized Officers of ENO in the form of Exhibit B attached hereto, (i) certifying that a Triggering Weather Event (as defined below) has occurred; (ii) specifying the amount of the requested disbursement; (iii) certifying that ENO has given a written notice to the Council Designee (as defined below) of ENO's intent to withdraw such funds that describes the Triggering Weather Event (including the amount of costs or estimated costs that permit the intended withdrawal); and (iv) certifying that either (1) the Council Designee issued an approval letter or failed to timely respond, or (2) the Council Designee issued a deficiency letter, and this withdrawal matter has been resolved either by ENO and the Council Designee or by the Council. For the avoidance of doubt, disbursements may be made for interim or permanent recovery of storm recovery costs for Hurricane Ida (subject to Council certification of those costs).

(2) A Triggering Weather Event is defined as:

(i) Hurricane Ida in 2021 or a "named" hurricane or tropical storm named by the National Weather Service (or successor agency); or

(ii) A storm or weather event in any portion of ENO's service territory for which either (1) the President of the United States issues an emergency or major disaster declaration, declares a "Federal Disaster Area," or makes a similar declaration or (2) the Mayor of New Orleans or the Governor of Louisiana issues a disaster or emergency declaration, declares a "State of Emergency," or makes a similar declaration; and (*i.e.*, in addition to either condition (i) or condition (ii))

(iii) The storm or weather/weather-related events cause or are projected to cause ENO to incur at least \$3 million of costs to repair damage caused by that event or events

and/or otherwise to restore electric service and/or replace and/or remove tangible assets in ENO's service territory in the aftermath of such event or events.

(iv) A Triggering Weather Event also shall be established if a series of storms or weather events that each satisfies either condition (i) or condition (ii) above occur within a single calendar year and together cause or are projected to cause ENO to incur at least \$3 million of costs. Further, if either condition (i) or condition (ii) is satisfied, but the \$3 million threshold is not, a Triggering Weather Event shall be established upon written agreement by ENO and the Council Designee.

(3) The Council Designee for purposes of this Escrow Agreement shall be the Chair of the Council Utility, Cable, Telecommunications and Technology Committee, or in her/his unavailability the Chief of Staff of the Council Utilities Regulatory Office. Within five business days of a written notice of ENO's intent to withdraw funds from the Escrow Account, the Council Designee shall determine whether a Triggering Weather Event has occurred that permits the intended withdrawal and, based on that determination, shall issue either an approval letter or a deficiency letter. If a deficiency letter is issued, ENO and the Council Designee will work to resolve promptly the claimed deficiencies, and, if no resolution is reached, the matter may be taken up by the Council.

(c) Upon receipt by the Escrow Agent of a certified copy of an Order of the Council or a certified copy of an Order of a court of competent jurisdiction authorizing or directing ENO or the Escrow Agent to close the Escrow Account, the Escrow Agent shall disburse to ENO all Escrowed Property, less any currently outstanding charges authorized herein, and, upon said disbursement to ENO, this Agreement shall automatically terminate.

(d) Escrow Agent agrees to make disbursements to ENO:

(1) within 24 hours or the next business day following receipt of the certificate requesting said disbursement, in the case of a disbursement required under Paragraph (b) of this Section 4; and

(2) within 30 business days of receipt of an Order described in Paragraph (c) of this Section 4.

(e) Each request for disbursement presented by ENO shall include disbursement instructions. Disbursements from the Escrow Account shall be made by the Escrow Agent only to the account and only in the manner specified in the disbursement instructions.

(f) In the event that there are insufficient funds in the Escrow Account to satisfy a request for disbursement that meets the requirements of Paragraph b(1) in this Section 4, at the time that such request is made, the Escrow Agent shall only make a disbursement from the Escrow Account to the extent that funds are available in the Escrow Account. The Escrow Agent shall make no disbursement that would cause an overdraft of the Escrow Account.

(g) Security Procedure For Funds Transfers. The Escrow Agent shall confirm each funds transfer instruction received in the name of ENO by means of the security procedure selected by ENO and communicated to the Escrow Agent through a signed certificate in the form of

Exhibit E attached hereto, which upon receipt by the Escrow Agent shall become a part of this Escrow Agreement. Once delivered to the Escrow Agent, Exhibit E may be revised or rescinded only by a writing signed by an authorized representative of ENO. Such revisions or rescissions shall be effective only after actual receipt and following two (2) business days. If a revised Exhibit E or a rescission of an existing Exhibit E is delivered to the Escrow Agent by an entity that is a successor-in-interest to ENO, such document shall be accompanied by additional documentation satisfactory to the Escrow Agent showing that such entity has succeeded to the rights and responsibilities of ENO under this Escrow Agreement. ENO understands that the Escrow Agent's inability to receive or confirm funds transfer instructions pursuant to the security procedure selected by ENO may result in a delay in accomplishing such funds transfer, and agrees that the Escrow Agent shall not be liable for any loss caused by any such delay.

5. Review of Disbursements. Any disbursement from the Escrow Account approved by the Council Designee does not impair the Council's ability to review the prudence of the costs incurred that prompted such withdrawal. In the event that ENO as the result of such review is required to repay an amount to the Escrow Account, the Escrow Agent shall accept said amount for re-deposit into the Escrow Account.

6. No Diversion Permitted. Except as provided in Sections 4(c) and 14, the Escrowed Property shall be used only to pay amounts that become due pursuant to Section 4(b). Escrowed Property shall not be included in the estate of ENO for bankruptcy purposes or used to satisfy creditors of ENO for purposes inconsistent with those described herein. In no event shall the Escrowed Property be available to satisfy liabilities of ENO other than those set forth herein. Upon a merger or sale of ENO, or surrender of either or both of ENO's franchises, the assets of the Escrow Account shall continue to be available in accordance with the terms hereof until such time as a final non-appealable order of the Council providing for the disposition of the balance of the Escrowed Property is obtained, upon timely application by ENO.

7. Information Provided by Escrow Agent. The Escrow Agent shall deliver monthly account statements detailing all deposits to and disbursements from the Escrow Account, including all Escrow Interest. In addition, the Escrow Agent shall provide daily on-line access to balances and activity in the Escrow Account. Account statements shall be delivered and on-line access shall be available to the person(s) identified from time to time in writing by ENO's Vice President and Treasurer or any Assistant Treasurer.

8. Instructions from ENO to Escrow Agent. Except as otherwise provided herein, any instructions, certifications, demands, or other communications from ENO to the Escrow Agent may be made by any of the persons then serving as ENO's President and Chief Executive Officer, Vice President and Treasurer, or any Assistant Treasurer.

9. Responsibilities of the Escrow Agent. The Escrow Agent shall have no duties or responsibilities except those expressly set forth in this Escrow Agreement. The Escrow Agent shall have no responsibility for the validity of any agreements referred to in this Escrow Agreement, or for the performance of any such agreements by any party, or for interpretation of any of the provisions of any such agreements. The Escrow Agent shall be protected in acting upon any certificate, notice or other instrument whatsoever received by the Escrow Agent under this Escrow Agreement, not only as to its due execution and the validity and effectiveness of its

provisions, but also as to the truth and accuracy of any information therein contained, which the Escrow Agent in good faith believes to be genuine and to have been signed or presented by a proper person or persons. The Escrow Agent shall have no responsibility as to the validity, collectability or value of the Escrowed Property. In the event that the Escrow Agent shall be uncertain as to its duties or rights or shall receive instructions with respect to any Escrowed Property which, in the opinion of the Escrow Agent, are in conflict with any of the provisions of this Escrow Agreement, the Escrow Agent shall be entitled to refrain from taking any action until it shall be directed otherwise in writing by ENO or by order of a court of competent jurisdiction. The Escrow Agent shall be deemed to have no notice of, or duties with respect to, any agreement or agreements with respect to any property held by it in escrow pursuant to this Escrow Agreement other than this Escrow Agreement or except as otherwise provided herein. This Escrow Agreement sets forth the entire agreement between ENO and the Escrow Agent with respect to the escrow of the Storm Recovery Reserve Amount. **The Escrow Agent shall at all times maintain an investment-grade rating of not less than "A" on LT Local Issuer Credit by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or "A2" on Senior Unsecured Debt by Moody's Investors Service, Inc., and at least ten billion dollars in assets.** Within ten (10) business days of any rating change, the Escrow Agent shall notify ENO of such change and provide a copy of each rating agency release announcing such a change.

10. Nature of the Escrow. The Escrow Agent shall have no interest in the Escrowed Property except as provided in this Escrow Agreement. The Escrowed Property shall be held separate from the assets of the Escrow Agent. The Escrow Agent shall have custody of the Escrowed Property solely as custodian for ENO and its successors and assigns.

11. Amendment and Cancellation. The Escrow Agent shall not be bound by any cancellation, waiver, modification or amendment of this Escrow Agreement, including the transfer of any interest hereunder, unless such cancellation, waiver, modification or amendment is in writing and signed by ENO, and a copy is provided to the Escrow Agent and, if the duties of the Escrow Agent hereunder are affected in any way, unless such waiver, modification or amendment is accepted in writing by the Escrow Agent. Acceptance of such waiver, modification or amendment by the Escrow Agent shall not, however, be a precondition to its obligation to comply with a direction received under Section 4(c), Section 13, an order referred to in Section 19, or a similar action, and the Escrow Agent shall be bound to comply upon its receipt of any such direction or order from ENO.

12. Legal Counsel. The Escrow Agent may consult with and obtain advice from legal counsel in the event of any question as to any of the provisions hereof or its duties under this Escrow Agreement, and it shall incur no liability and shall be fully protected in acting in good faith in accordance with the opinion and instructions of such counsel. The reasonable cost of such services, should they be required, shall be added to and be a part of the Escrow Agent's expenses and reimbursed in accordance with Section 14 hereof.

13. Resignation or Removal. The Escrow Agent shall have the right, in its discretion, to resign as the Escrow Agent at any time, by giving at least thirty (30) days prior written notice of such resignation to ENO. ENO shall have the right to remove Escrow Agent, with or without cause, upon thirty (30) days prior written notice to the Escrow Agent. In the event of a removal or resignation, ENO shall promptly select as successor Escrow Agent a bank meeting the

requirements of Section 9. The Escrow Agent shall be entitled to unpaid fees and expenses for its services hereunder, as described in Section 14, and shall cooperate with the successor Escrow Agent to effect the transfer of the Escrowed Property. An Escrow Agent shall be discharged from all further duties upon acceptance by a successor Escrow Agent of its duties and upon transfer and delivery of the funds in the Escrow Account to such successor, or upon the order of any court of competent jurisdiction. Upon delivery to ENO of an Escrow Agent's final statement of receipts and disbursements, the Escrow Agent shall be relieved of all further liability unless ENO files a written objection with it within thirty (30) days of receipt.

14. Fees and Expenses. The Escrow Agent shall be entitled to be paid a fee for its services pursuant to the Escrow Fee Schedule (attached as Exhibit C) and to be reimbursed for its reasonable out-of-pocket fees and expenses hereunder. The Escrow Agent shall submit an invoice for such fees and expenses to ENO. The Escrow Agent shall deduct its fees and expenses from the Escrow Account no sooner than thirty (30) days after the date of the invoice. The Escrow Agent shall make no disbursement that would cause an overdraft of the Escrow Account.

15. Notices. All notices, invoices, requests, demands, claims, and other communications relating to this Escrow Agreement shall be in writing and shall be deemed to have been given (a) on the date of personal delivery; (b) on the fourth (4th) day after deposit in the U.S. Mail if mailed by registered or certified mail, postage prepaid and return receipt requested; (c) when receipt is electronically confirmed, if faxed (with hard copy to follow via first class mail, postage prepaid); or (d) one day after deposit with a reputable overnight courier service company:

If to the Escrow Agent:

Attention: _____
Phone: _____
Fax: _____

If to ENO:

Entergy New Orleans, LLC
1600 Perdido Street
New Orleans, Louisiana 70112
Attention: President

with a copy (which shall not constitute notice): to the Vice President and Treasurer (639 Loyola Avenue, New Orleans, Louisiana 70113; Fax: 504-576-4455) and to any other person(s) identified in writing by ENO's President and Chief Executive Officer, Vice President and Treasurer, or any Assistant Treasurer.

ENO or Escrow Agent may change the address and/or facsimile number to which notices, requests, demands, claims, and other communications are to be delivered by giving the other party notice in the manner set forth in this Section 15.

16. Indemnification of Escrow Agent. ENO agrees to hold the Escrow Agent harmless and to indemnify the Escrow Agent against any loss, liability, claim or demand arising out of or in connection with the performance of its obligations in accordance with the provisions of this Escrow Agreement; provided, however, that said indemnification shall not cover losses, claims and demands arising out of the gross negligence, willful misconduct or bad faith of the Escrow Agent or any of its employees or agents. The Escrow Agent shall not be responsible for any losses resulting from an act of God, that is, an overwhelming, unpreventable event caused by a force of nature, such as earthquake, flood or tornado, if the losses could not be prevented or avoided by the exercise of due care. The Escrow Agent shall reimburse ENO for payments made by ENO pursuant to this Section 16 to the extent of any proceeds, net of all expenses of collection, actually received by the Escrow Agent from any insurance with respect to the loss sustained. The Escrow Agent may, but shall not have the duty to, claim any such insurance proceeds and, to the extent of any such claim, the Escrow Agent shall assign its rights to such proceeds, to the extent of such required reimbursement, to ENO. The indemnification set forth in this Section 16 shall survive termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

17. Disagreements. In the event of a dispute between the parties hereto sufficient in the discretion of the Escrow Agent to justify its doing so, the Escrow Agent shall be entitled to tender the Escrowed Property into the registry or custody of any court of competent jurisdiction, to initiate such legal proceedings as it deems appropriate, and thereupon to be discharged from all further duties and liabilities under this Escrow Agreement. Any such legal action may be brought in any such court in Louisiana as the Escrow Agent shall determine to have jurisdiction over the Escrowed Property. The filing of any such legal proceedings shall not deprive the Escrow Agent of its compensation hereunder earned prior to such filing.

18. Litigation: Agents. If the Escrow Agent becomes involved in litigation on account of this Escrow Agreement, it shall have the right to retain counsel and shall have a first lien on the Escrowed Property for any and all costs, attorneys' fees, charges, disbursements, and expenses in connection with such litigation; and shall be entitled to reimbursement therefor out of the Escrowed Property in accordance with Section 14, and if such reimbursement is unavailable due to insufficient funds in the Escrow Account, ENO agrees to pay to the Escrow Agent, within thirty (30) days of demand, its reasonable charges, counsel and attorneys' fees, disbursements, and expenses in connection with such litigation, except for any litigation that results in a finding of gross negligence or willful misconduct of the Escrow Agent or any of its employees or agents. The Escrow Agent shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees.

19. Court Orders. In the event that any of the Escrowed Property shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court of competent jurisdiction, or any order, judgment or decree shall be made or entered by any order of a court of competent jurisdiction affecting the Escrowed Property, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding

upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree, it shall not be liable to any of the parties hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

20. Governing Law. This Escrow Agreement shall be governed by, and construed in accordance with, the laws of the State of Louisiana applicable to contracts executed in and to be performed entirely within that state, without reference to its conflict of laws principles.

21. Severability. Whenever possible, each provision of this Escrow Agreement shall be interpreted in such manner as to be effective and valid under Louisiana law, but if any provision shall be prohibited by or be invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Escrow Agreement.

22. Entire Agreement: Binding Effect. This Escrow Agreement contains the entire understanding by and between the parties hereto with respect to the matters contained herein and shall be binding upon and shall inure to the benefit of (a) the parties hereto, (b) any "successor" to ENO (i) that provides electric transmission and distribution service to ENO's customers that are subject to the jurisdiction of the Council or (ii) that provides distribution service to ENO's customers that are subject to the jurisdiction of the Council if, by law, ENO or its successor is no longer required to own and/or operate both the transmission and distribution systems, and (c) any successor or assign of the Escrow Agent (to the extent permitted hereunder). For purposes of clause (b) of this Section 22, a "successor" means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor or transferor (a "Successor Transaction"), including by way of bankruptcy, reorganization or other insolvency proceeding, merger, acquisition, division, consolidation or other business combination, conversion, assignment, sale, transfer, lease, management contract, pledge or other security, by operation of law, as a result of electric utility restructuring or otherwise.

23. Counterparts. This Escrow Agreement may be executed in counterparts, all of which taken together shall constitute one instrument.

24. LIMITATION OF LIABILITY. THE ESCROW AGENT SHALL NOT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (I) DAMAGES, LOSSES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES, LOSSES OR EXPENSES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE DIRECTLY RESULTED FROM THE ESCROW AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; OR (II) SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

[Remainder of Page Intentionally Blank; Signature Page Follows]

Each party has caused this agreement to be executed in multiple originals by its duly authorized officer effective as of the date first written above.

Entergy New Orleans, LLC

By: _____
Name: _____
Title: _____

_____ [bank]

By: _____
Name: _____
Title: _____

Exhibit A

Financing Order
(Separately Attached)

Exhibit B

Entergy New Orleans, LLC Request for Disbursement for Storm Costs

This is a request for disbursement from the Escrow Account established by Entergy New Orleans, LLC ("ENO") pursuant to that certain Storm Recovery Reserve Escrow Agreement dated _____, 20__ ("Escrow Agreement") by and between ENO and _____. This request is made pursuant to Section 4(b) of the Escrow Agreement. Capitalized terms used and not defined herein shall have the meanings set forth in the Escrow Agreement.

The undersigned Authorized Officers of ENO hereby certify that a Triggering Weather Event has occurred that has caused the incurrence of costs or estimated costs to repair damage and/or otherwise to restore electric service and/or replace and/or remove tangible assets in the aftermath of such event.

The undersigned Authorized Officers of ENO further hereby certify that (a) ENO has given a written notice to the Council Designee of ENO's intent to withdraw funds from the Escrow Account in the amount specified below and the description of this Triggering Weather Event (including the amount of costs or estimated costs that permit this intended withdrawal), and (b) either (1) the Council Designee issued an approval letter or failed to timely respond, or (2) the Council Designee issued a deficiency letter, and this withdrawal matter has been resolved either by ENO and the Council Designee or by the Council.

Therefore, the undersigned authorize and direct the Escrow Agent to make a disbursement to ENO from the Escrow Account (Account No. _____) in the amount of \$ _____, not exceeding the amount of such costs, such transfer to be made via wire transfer from the Escrow Account to:

Bank: _____

Account: _____

ABA #: _____

Dated the _____ day of _____, 20__.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Copy to: Council of the City of New Orleans
Council Designee

Exhibit C

Escrow Agent's Schedule of Fees and Expenses

Investment details

ENO shall use its reasonable best efforts and appropriate due diligence to select the investment option for the Escrowed Property, with the goal of maximizing investment return while seeking to preserve the principal amount of the Storm Recovery Reserve Amount at all times and maintaining the highest liquidity during hurricane season. Among the authorized investments are those authorized by the Trustee's Trust Department from time to time. As of the date hereof, investments that meet ENO's criteria are **Prime and Government Money Market Funds**. ENO shall use reasonable best efforts and appropriate due diligence to review the performance of the investment option that is selected and may make changes to the investment option from time to time as it deems appropriate based on such performance for inclusion in ENO's reporting requirements to the Council on the Escrow Account.

Exhibit E

Entergy New Orleans, LLC (“ENO”) certifies that the names, titles, telephone numbers, e-mail addresses and specimen signatures set forth in Parts I and II of this Exhibit E identify the persons authorized to provide direction and initiate or confirm transactions, including funds transfer instructions, on behalf of ENO, and that the option checked in Part III of this Exhibit E is the security procedure selected by ENO for use in verifying that a funds transfer instruction received by the Escrow Agent is that of ENO.

ENO has reviewed each of the security procedures and has determined that the option checked in Part III of this Exhibit E best meets its requirements given the size, type and frequency of the instructions it will issue to the Escrow Agent. By selecting the security procedure specified in Part III of this Exhibit E, ENO acknowledges that it has elected to not use the other security procedures described and agrees to be bound by any funds transfer instruction, whether or not authorized, issued in its name and accepted by the Escrow Agent in compliance with the particular security procedure chosen by ENO.

NOTICE: The security procedure selected by ENO will not be used to detect errors in the funds transfer instructions given by ENO. If a funds transfer instruction describes the beneficiary of the payment inconsistently by name and account number, payment may be made on the basis of the account number even if it identifies a person different from the named beneficiary. If a funds transfer instruction describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. Therefore, it is important that ENO take such steps as it deems prudent to ensure that there are no such inconsistencies in the funds transfer instructions it sends to the Escrow Agent.

Part I

Name, Title, Telephone Number, Electronic Mail (“e-mail”) Address and Specimen Signature for person(s) designated to provide direction, including, but not limited to, funds transfer instructions, and to otherwise act on behalf of ENO

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>	<u>Specimen Signature</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Part II

Name, Title, Telephone Number and E-mail Address for person(s) designated to confirm funds transfer instructions

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Part III

Means for delivery of instructions and/or confirmations

The security procedure to be used with respect to funds transfer instructions is checked below:

Option 1. Confirmation by telephone call-back. The Escrow Agent shall confirm funds transfer instructions by telephone call-back to a person at the telephone number designated on Part II above. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Exhibit E.

CHECK box, if applicable:

If the Escrow Agent is unable to obtain confirmation by telephone call-back, the Escrow Agent may, at its discretion, confirm by e-mail, as described in Option 2.

Option 2. Confirmation by e-mail. The Escrow Agent shall confirm funds transfer instructions by e-mail to a person at the e-mail address specified for such person in Part II of this Exhibit E. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Exhibit E. ENO understands the risks associated with communicating sensitive matters, including time sensitive matters, by e-mail. ENO further acknowledges that instructions and data sent by e-mail may be less confidential or secure than instructions or data transmitted by other methods. The Escrow Agent shall not be liable for any loss of the confidentiality of instructions and data prior to receipt by the Escrow Agent.

CHECK box, if applicable:

If the Escrow Agent is unable to obtain confirmation by e-mail, the Escrow Agent may, at its discretion, confirm by telephone call-back, as described in Option 1.

Option 3. Delivery of funds transfer instructions by password protected file transfer system only - no confirmation. The Escrow Agent offers the option to deliver funds transfer instructions through a password protected file transfer system. If ENO wishes to use the password protected file transfer system, further instructions will be provided by the Escrow Agent. If ENO chooses this Option 3, it agrees that no further confirmation of funds transfer instructions will be performed by the Escrow Agent.

Option 4. Delivery of funds transfer instructions by password protected file transfer system with confirmation. Same as Option 3 above, but the Escrow Agent shall confirm funds transfer instructions by telephone call-back or e-mail (must check at least one, may check both) to a person at the telephone number or e-mail address designated on Part II above. By checking a box in the prior sentence, the party shall be deemed to have agreed to the terms of such confirmation option as more fully described in Option 1 and Option 2 above.

Dated this ____ day of _____, 20__.

By _____

Name:

Title:

EXHIBIT 2

Rider SSCRII and Rider SSCOII

ENTERGY NEW ORLEANS, LLC
ELECTRIC SERVICE

RIDER SSCRII

Effective Date:
Filed Date:
Supersedes: New Schedule
Schedule Consists of: One
Page and
Attachment A

SECURITIZED STORM COST RECOVERY RIDER SSCRII

I. APPLICABILITY

This rider is applicable under the regular terms and conditions of Entergy New Orleans, LLC to all customers served under any retail electric rate schedule* and/or rider schedule* or Special Contract Rates pursuant to Council of the City of New Orleans (the "Council") orders in Docket No._____. The initial SSCRII rate shall be billed beginning on the first day of the first billing cycle of the next revenue month following the date of issuance of the storm recovery bonds.

II. NET MONTHLY RATE

There shall be added to each monthly bill an adjustment, in the form of a new and separate charge, for the replenishment of the storm reserve and up front financing costs as approved by the Council. Customer charges, energy charges, load or demand charges, lamp charges or access charges on any monthly bill shall be adjusted by the appropriate rate shown in Attachment A.

III. TRUE-UP

The SSCRII Rate Adjustment shall be subject to true-up in accordance with the schedule prescribed in the Council's financing order and shall be performed at least semi-annually.

Attachment A
Page 1 of 1
Effective: XX/XX/2022

ENTERGY NEW ORLEANS, LLC
SECURITIZED STORM COST RECOVERY RIDER SSCRII
SSCRII RATE

All Rate Classes X.XXXX%

*Excluding Schedules AFC, AMO, BRAR, DTK, EAC, EECR, EFRP, EVCI, FAC, GPO, IRAR-E, MES, MISO, PPCR, PPS, R-3, R-8, RPCEA, SMS, SSCO, SSCOII and SSCR.

ENTERGY NEW ORLEANS, LLC
ELECTRIC SERVICE

RIDER SSCOII

Effective Date:
Filed Date:
Supersedes: New Schedule
Schedule Consists of: One Page and
Attachment A

SECURITIZED STORM COST OFFSET RIDER – SSCOII

I. APPLICABILITY

This rider is applicable under the regular terms and conditions of Entergy New Orleans, LLC to all customers served under any retail electric rate schedule* and/or rider schedule* or Special Contract Rates pursuant to the Council of the City of New Orleans (the "Council") orders in Docket No. _____.

II. NET MONTHLY RATE

There shall be added to each monthly bill for electric service an adjustment as approved by the Council. Each Net Monthly Bill shall be adjusted by the appropriate rate shown in Attachment A.

III. ANNUAL REVIEW AND FILING

Beginning in 2022 and concurrent with the filing for the first adjustment to Rider SSCR II, ENOL shall file a revised Attachment A containing a revised Rate Adjustment. The revised Rate Adjustment shall become effective for bills rendered on and after the first billing cycle of the next revenue month until changed pursuant to the provisions of this Rider.

Attachment A
Page 1 of 1
Effective Date: XX/XX/2022

ENTERGY NEW ORLEANS, LLC
SECURITIZED STORM COST OFFSET RIDER SSC0II

SSC0II RATE

All Rate Classes -X.XXXX%

*Excluding Schedules AFC, AMO, BRAR, DTK, EAC, EECR, EFRP, EVCI, FAC, GPO, IRAR-E, MES, MISO, PPCR, PPS, R-3, R-8, RPCEA, SMS, SSC0, SSCR and SSCRII.