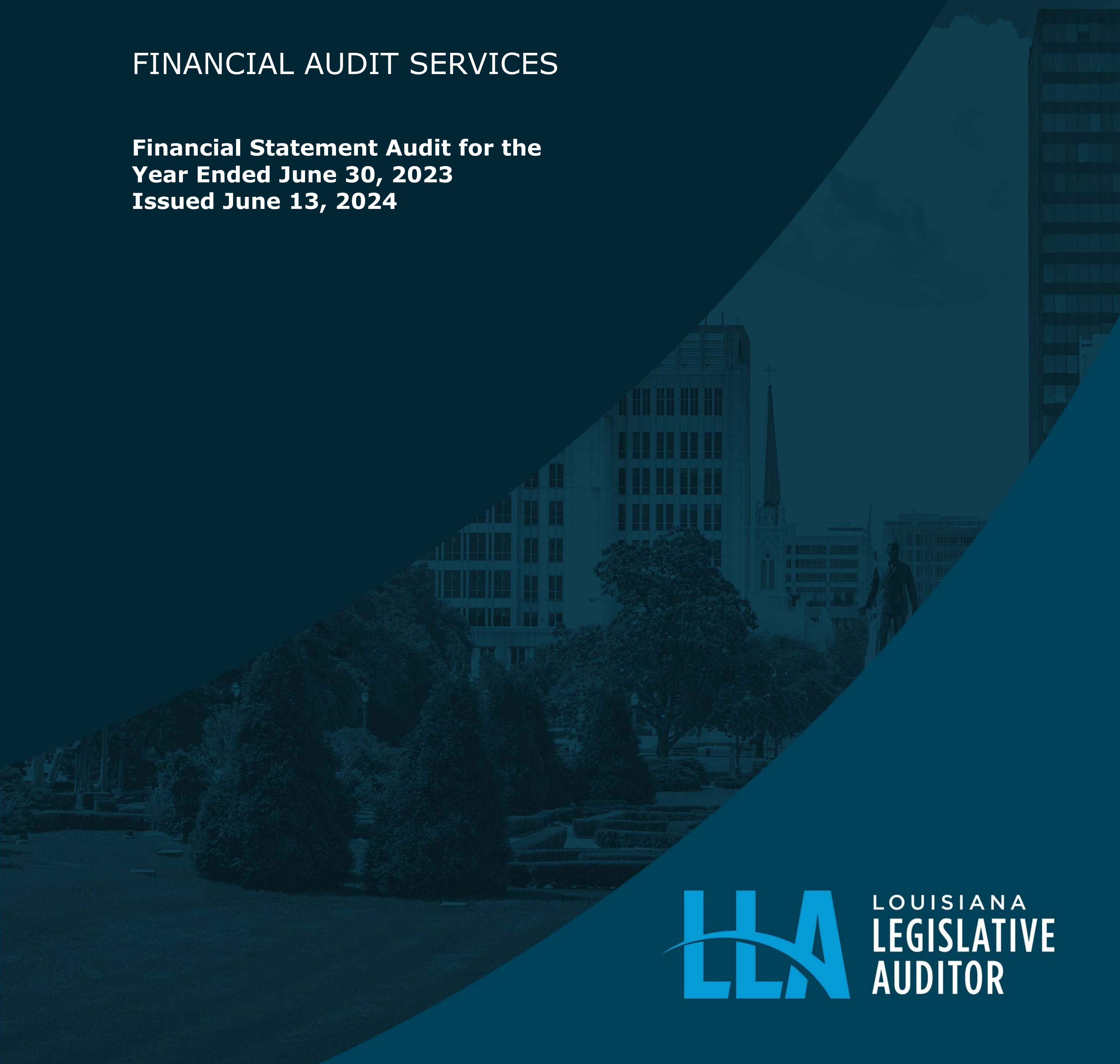
LOUISIANA UTILITIES RESTORATION CORPORATION

A COMPONENT UNIT OF THE STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Financial Statement Audit for the
Year Ended June 30, 2023
Issued June 13, 2024



LOUISIANA LEGISLATIVE AUDITOR

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LOUISIANA LEGISLATIVE AUDITOR

MICHAEL J. "MIKE" WAGUESPACK, CPA
LOUISIANA LEGISLATIVE AUDITOR

May 29, 2024

Independent Auditor's Report

LOUISIANA UTILITIES RESTORATION CORPORATION
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the major enterprise funds of the Louisiana Utilities Restoration Corporation (Corporation), a special-purpose government and discrete component unit of the state of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each of the major enterprise funds of the Corporation as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United

States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report to the Louisiana Public Service Commission but does not include the basic financial statements and our auditor's opinions thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DJD:CRV:RR:BQD:aa

LURC 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report of the Louisiana Utilities Restoration Corporation (the Corporation) represents management's analysis of the Corporation's financial performance for the year ended June 30, 2023. This should be read in conjunction with the financial statements and the corresponding note disclosures of the Corporation, which follow this section.

The Management's Discussion and Analysis is an element of the reporting model established by Governmental Accounting Standards Board (GASB) Statement No. 34, issued in June 1999.

FINANCIAL HIGHLIGHTS

During the year ended June 30, 2023, the main financial activities of the Corporation were as follows:

- The Corporation caused the issuance of Storm Recovery Bonds of $209,300,000 to replenish and fund the Entergy New Orleans, LLC (ENO) Program's storm recovery reserves and pay or reimburse upfront financing costs associated with the issuance of storm recovery bonds ("Storm Recovery Bonds Series 2022").

- The Corporation caused the issuance of System Restoration Bonds of $1,491,485,000 to help cover system restoration costs incurred by the Entergy Louisiana, LLC (ELL) Program as a result of hurricanes Ida, Laura, Delta, Zeta and winter storm Uri ("System Restoration Bonds Series 2023").

- The Corporation collected $355,574,196 in system restoration charges for the ELL Program, $11,700,021 in system restoration charges for the Entergy Gulf States Louisiana, LLC (EGSL) Program and $8,338,975 in storm recovery charges for the ENO Program.

- The Corporation paid $96,414,522 in interest and $119,876,306 in principal obligations on the Series 2010-ELL Program, Series 2014-ELL Program and Series 2022A-ELL Program System Restoration Bonds.

- The Corporation paid $1,041,825 in interest and $17,690,912 in principal obligations on the Series 2010-EGSL Program and Series 2014-EGSL Program System Restoration Bonds.

- The Corporation paid $2,695,367 to ELL in servicing fees.

Overview of the Financial Statements

These financial statements consist of two basic sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements present information for the Corporation as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (page 11) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of the financial position of the Corporation.

The Statement of Revenues, Expenses, and Changes in Net Position (page 12) presents information showing how the Corporation's assets changed as a result of operations from July 1, 2022 through June 30, 2023. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal years.

The Statement of Cash Flows (pages 13-14) presents information showing how the Corporation's cash changed as a result of operations from July 1, 2022 through June 30, 2023. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB Statement No. 34.

The condensed Statements of Net Position as of June 30, 2023, and 2022, are as follows:

Statements of Net Position
June 30, 2023, and 2022

	2023	2022	Increase (Decrease)	Percentage Change
Current Assets	$275,534,052	$103,208,228	$172,325,824	166.97%
Noncurrent Assets	1,776,781	0	1,776,781	100.00%
Total Assets	277,310,833	103,208,228	174,102,605	168.69%
Current Liabilities	347,154,665	152,070,857	195,083,808	128.28%
Noncurrent Liabilities	4,658,028,640	3,221,354,622	1,436,674,018	44.60%
Total Liabilities	5,005,183,305	3,373,425,479	1,631,757,826	48.37%
Net Position - Unrestricted (Deficit)	($4,727,872,472)	($3,270,217,251)	($1,457,655,221)	(44.57%)

The increase in current and noncurrent assets resulted from new reserve accounts funded by proceeds from the issuance of the Series 2022A System Restoration Bonds in May 2022, the issuance of the Series 2022 Storm Recovery Bonds in December 2022 and the issuance of the Series 2023 System Restoration Bonds in March 2023, as well as the establishment of escrow accounts to hold the trust distributions related to the Series 2022A and 2023 System Restoration Bonds.

The increase in current and noncurrent liabilities represents the respective current and long-term maturities on the Series 2022A System Restoration Bonds issued during the fourth quarter of fiscal year 2022, the Series 2022 Storm Recovery Bonds issued during the second quarter of fiscal year 2023 and the Series 2023 System Restoration Bonds issued during the third quarter of fiscal year 2023.

Since liabilities payable from restricted assets exceed restricted assets, the Corporation is reporting a deficit in net position, which is required to be presented as unrestricted. Restricted net position represents those assets that are not available for spending as a result of bond agreements.

The condensed Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023, and 2022, are as follows:

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)	Percentage Change
Operating Revenues - System Restoration and Storm Recovery Charges (Net)	$376,233,542	$132,491,063	$243,742,479	183.97%
Nonoperating Revenues -				
Interest Income	3,868,659	42,383	3,826,276	9027.86%
Other Income	0	5,000	(5,000)	(100.00%)
Trust Distribution Income	1,737,784	0	1,737,784	100.00%
Total Revenues	381,839,985	132,538,446	249,301,539	188.10%
Operating Expenses	5,053,708	1,585,274	3,468,434	218.79%
Nonoperating Expenses -				
Purchase of Storm Recovery Property	200,000,000	0	200,000,000	100.00%
Trust Contribution	1,457,675,748	3,163,571,872	(1,705,896,124)	(53.92%)
Interest Expense	164,326,140	18,388,532	145,937,608	793.63%
Underwriters' Discount	5,422,303	9,265,920	(3,843,617)	(41.48%)
Bond Issuance Costs	7,017,307	4,689,682	2,327,625	49.63%
Total Expenses	1,839,495,206	3,197,501,280	(1,358,006,074)	(42.47%)
Change in Net Position	($1,457,655,221)	($3,064,962,834)	$1,607,307,613	(52.44%)

The operating revenues of the Corporation are derived from system restoration and storm recovery charges collected by ELL, EGSL, and ENO from their customers to satisfy the debt service requirements of the Corporation. The increase in operating revenues resulted from the system restoration charges assessed to meet the required principal payments on the Series 2022A System Restoration Bonds issued during the fourth quarter of fiscal year 2022, the Series 2022 Storm Recovery Bonds issued during the second quarter of fiscal year 2023, and the Series 2023 System Restoration Bonds issued during the third quarter of fiscal year 2023.

The increase in operating expenses is related to the Series 2022A System Restoration Bonds, 2022 Storm Recovery Bonds, and 2023 System Restoration Bonds servicing fees.

The decrease in non-operating expenses resulted from the costs associated with the Series 2022 Storm Recovery Bonds and Series 2023 System Restoration Bonds issuance being less than the costs associated with the Series 2022A System Restoration Bonds issuance in the prior year. The significant increase in interest expense resulted from the obligations related to the issuances of the Series 2022A System Restoration Bonds, Series 2022 Storm Recovery Bonds, and Series 2023 System Restoration Bonds.

Economic Factors and Next Year's Budget

The following factors and indicators were considered when setting next year's budget:

- System restoration and storm recovery charges
- Scheduled bond payments
- Cost of operations

The recent bond issuances, including the Series 2022A System Restoration Bonds in the fourth quarter of fiscal year 2022, the Series 2022 Storm Recovery Bonds in the second quarter of fiscal year 2023 and the Series 2023 System Restoration Bonds in the third quarter of fiscal year 2023, is anticipated to result in increased system restoration and storm recovery charges collected for fiscal year 2024. These new issuances are also expected to result in increases in servicing fees associated with the collection of these charges. Costs related to administering the Corporation are anticipated to increase as well due to the recent issuances and resulting ongoing costs. Principal and interest payments are budgeted based on the scheduled bond payments related to bond issuances.

Contacting the Management of the Louisiana Utilities Restoration Corporation

This financial report is designed to provide a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the funds it receives. If you have any questions about this report or need additional information, please contact the Registered Agent for the Corporation as follows:

Ms. Jamie Hurst Watts
Long Law Firm, L.L.P.
1800 City Farm Drive
Building 6
Baton Rouge, LA 70806

LOUISIANA UTILITIES RESTORATION CORPORATION
STATE OF LOUISIANA

Statement of Net Position
June 30, 2023

	Enterprise Funds			
	ELL Program	**EGSL Program**	**ENO Program**	**Total**
Assets				
Current Assets - Restricted				
Cash Equivalents (Note 2)	$221,666,169	$8,527,815	$13,323,364	$243,517,348
Receivables, Net (Note 4)	29,396,880	407,140	2,212,684	32,016,704
Total Current Assets	251,063,049	8,934,955	15,536,048	275,534,052
Noncurrent Assets - Restricted				
Escrow Cash Equivalents - Restricted (Notes 2 and 3)	1,776,781	0	0	1,776,781
Total Assets	252,839,830	8,934,955	15,536,048	277,310,833
Liabilities				
Current Liabilities - Restricted				
Accounts Payable	2,027,771	96,266	167,692	2,291,729
Accrued Interest Payable	74,586,138	281,064	5,884,745	80,751,947
Current Portion of Bonds Payable, Net (Note 5)	248,560,511	6,576,900	8,973,578	264,110,989
Total Current Liabilities	325,174,420	6,954,230	15,026,015	347,154,665
Noncurrent Liabilities - Restricted				
Bonds Payable, Net (Note 5)	4,440,697,846	17,004,372	200,326,422	4,658,028,640
Total Liabilities	4,765,872,266	23,958,602	215,352,437	5,005,183,305
Net Position - Unrestricted (Deficit)	($4,513,032,436)	($15,023,647)	($199,816,389)	($4,727,872,472)

The accompanying notes are an integral part of this statement.

LOUISIANA UTILITIES RESTORATION CORPORATION
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Enterprise Funds			
	ELL Program	EGSL Program	ENO Program	Total
Operating Revenues				
System Restoration and Storm Recovery Charges	$355,628,850	$10,081,354	$10,578,987	$376,289,191
(Increase)/decrease in Allowance for Uncollectible Accounts	(35,761)	7,440	(27,328)	(55,649)
Total Operating Revenues (Note 6)	355,593,089	10,088,794	10,551,659	376,233,542
Operating Expenses				
Non-Shareholder Capital Contribution	(9,838)	(9,250)	0	(19,088)
Servicing Fees	4,026,510	162,204	119,400	4,308,114
Professional Services	366,654	270,966	48,292	685,912
Ongoing Financing Costs	39,385	39,385	0	78,770
Total Operating Expenses	4,422,711	463,305	167,692	5,053,708
Operating Income	351,170,378	9,625,489	10,383,967	371,179,834
Nonoperating Revenues (Expenses)				
Interest and Dividend Income	3,507,699	256,890	104,070	3,868,659
Trust Distribution Income	1,737,784	0	0	1,737,784
Purchase of Storm Recovery Property (Note 7)	0	0	(200,000,000)	(200,000,000)
Trust Contribution (Note 8)	(1,457,675,748)	0	0	(1,457,675,748)
Interest Expense	(157,660,597)	(780,798)	(5,884,745)	(164,326,140)
Underwriters' Discount	(4,309,926)	0	(1,112,377)	(5,422,303)
Bond Issuance Costs	(3,710,003)	0	(3,307,304)	(7,017,307)
Total Nonoperating Revenues (Expenses), Net	(1,618,110,791)	(523,908)	(210,200,356)	(1,828,835,055)
Change in Net Position	(1,266,940,413)	9,101,581	(199,816,389)	(1,457,655,221)
Net Position, Beginning of Year	(3,246,092,023)	(24,125,228)	0	(3,270,217,251)
Net Position, End of Year	($4,513,032,436)	($15,023,647)	($199,816,389)	($4,727,872,472)

The accompanying notes are an integral part of this statement.

LOUISIANA UTILITIES RESTORATION CORPORATION
STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2023

	Enterprise Funds			
	ELL Program	EGSL Program	ENO Program	Total
Cash Flows from Operating Activities				
System Restoration and Storm Recovery Charges Received	$355,574,196	$11,700,021	$8,338,975	$375,613,192
Non-Shareholder Capital Contributions	9,838	9,250	0	19,088
Servicing Fees Paid	(2,472,137)	(223,230)	0	(2,695,367)
Professional Services Paid	(338,397)	(290,011)	0	(628,408)
Ongoing Financing Costs Paid	(39,385)	(39,385)	0	(78,770)
Net Cash Provided by Operating Activities	352,734,115	11,156,645	8,338,975	372,229,735
Cash Flows from Non-Capital Financing Activities				
Proceeds from Sale of Bonds	1,491,485,000	0	209,300,000	1,700,785,000
Purchase of Storm Recovery Property	0	0	(200,000,000)	(200,000,000)
Trust Contribution	(1,457,675,748)	0	0	(1,457,675,748)
Bond Issuance Costs	(3,710,003)	0	(3,307,304)	(7,017,307)
Underwriters' Discount	(4,309,926)	0	(1,112,377)	(5,422,303)
Trust Distribution Income	1,737,784	0	0	1,737,784
Bond Principal Obligations Paid	(119,876,306)	(17,690,912)	0	(137,567,218)
Interest Paid on Bonds	(96,414,522)	(1,041,825)	0	(97,456,347)
Net Cash Provided (Used) in Non-Capital Financing Activities	(188,763,721)	(18,732,737)	4,880,319	(202,616,139)
Cash Flows from Investing Activities				
Interest and Dividends Received	3,507,699	256,890	104,070	3,868,659
Net Cash Provided by Investing Activities	3,507,699	256,890	104,070	3,868,659
Net Increase (Decrease) in Cash Equivalents	167,478,093	(7,319,202)	13,323,364	173,482,255
Cash Equivalents, Beginning of Year	55,964,857	15,847,017	0	71,811,874
Cash Equivalents, End of Year	$223,442,950	$8,527,815	$13,323,364	$245,294,129
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and Cash Equivalents	$221,666,169	$8,527,815	$13,323,364	$243,517,348
Escrow Cash Equivalents - Restricted	1,776,781	0	0	1,776,781
Total Cash and Cash Equivalents	$223,442,950	$8,527,815	$13,323,364	$245,294,129

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA UTILITIES RESTORATION CORPORATION
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2023

	Enterprise Funds			
	ELL Program	**EGSL Program**	**ENO Program**	**Total**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$351,170,378	$9,625,489	$10,383,967	$371,179,834
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Increase (Decrease) in Allowance for Uncollectible Accounts	35,761	(7,440)	27,328	55,649
Changes in Assets and Liabilities				
(Increase) Decrease in Receivables	(54,654)	1,618,667	(2,240,012)	(675,999)
Increase (Decrease) in Accounts Payable	1,582,630	(80,071)	167,692	1,670,251
Net Cash Provided by Operating Activities	$352,734,115	$11,156,645	$8,338,975	$372,229,735

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana Utilities Restoration Corporation (the Corporation) was created by Act 55 of the 2007 Regular Session of the Louisiana Legislature codified under the provisions of Louisiana Revised Statutes (LRS) 45:1311 through 1328 (the Restoration Law). The Corporation is a nonprofit, special-purpose public entity that is an instrumentality of the State of Louisiana.

In 2005, Louisiana was struck by hurricanes Katrina and Rita, causing unprecedented damages to the infrastructure of Entergy Louisiana, Inc. As of October 1, 2015, Entergy Gulf States Louisiana, LLC (EGSL) and Entergy Louisiana, LLC (ELL) were combined into a single operating company ultimately referred to as Entergy Louisiana, LLC. As a result of that transaction, and pursuant to Assignment and Assumption Agreements executed in connection therewith, the combined Entergy Louisiana, LLC succeeded both EGSL and ELL as the servicer for the existing programs. ELL and EGSL previously funded and paid for the majority of the system restoration costs using internally generated funds, borrowings from the Entergy Money Pool, and proceeds of debt issuances. The severity of the resulting damage to utilities and the importance of maintaining a reliable and reasonably priced source of electricity to the State's economic recovery prompted the Louisiana Legislature to assist electric utilities by authorizing a new financing structure to provide utilities with low-cost capital. As a result, the Louisiana Legislature passed the Restoration Law, which authorized the creation of the Corporation for the purpose of making the capital contribution and financing that contribution through the issuance of system restoration bonds.

Pursuant to Act 55 as originally enacted, a utility subject to the jurisdiction of the Louisiana Public Service Commission (LPSC) must apply to the LPSC for a Financing Order under the Restoration Law to authorize the issuance of system restoration bonds. Likewise, a utility subject to the jurisdiction of the New Orleans City Council (CNO) must apply to the CNO for a Financing Order. If the LPSC/CNO determines, in its discretion, that certain criteria in the Restoration Law are met, the LPSC/CNO may issue a Financing Order that, among other things, authorizes the Corporation to impose system restoration charges on the customers of a utility; authorizes the Corporation to pledge the system restoration property to an authorized issuer under the Restoration Law as security for a loan of the proceeds of the system restoration bonds issued by the issuer; authorizes the petitioning utility to serve as collection agent for the system restoration charges; and requires the Corporation to transfer the net proceeds from the issuance of such bonds to the utility for the public good as a non-shareholder contribution to capital. The proceeds of the bonds would serve as the mechanism by which non-shareholder capital contributions are paid by the Corporation to a utility company in an amount that would adequately satisfy the following expenditures: (1) system restoration costs previously incurred for damages; (2) the establishment of a storm damage reserve account for each entity that would be used to fund system restoration costs in the event of future damages due to hurricanes and other storms; and (3) bond issuance costs.

The Financing Order is adopted for the following purposes: (1) to approve and authorize the financing and capital contribution; (2) to authorize the issuance of system restoration bonds in one or more series; (3) to approve the structure of the proposed financing and capital contribution; (4) to create system restoration property solely in favor of the Corporation, including the right to impose and collect system restoration charges in an amount to be calculated as provided in a Financing Order; and (5) to approve the form of tariff to impose the system restoration charges on behalf of the Corporation.

In 2008, Louisiana was struck by hurricanes Gustav and Ike which caused extensive damage to infrastructure and caused power outages throughout ELL's and EGSL's systems. In response, ELL and EGSL, in conjunction with the Corporation, filed separate applications for Financing Orders under the Restoration Law, which were approved by the LPSC on April 21, 2010, and were issued by the LPSC on April 30, 2010. The funds for the non-shareholder capital contributions to ELL were obtained through the issuance of $468,900,000 of Series 2010 System Restoration Bonds, dated July 22, 2010 (the 2010-ELL Program), in four tranches. The funds for the non-shareholder capital contributions to EGSL were obtained through the issuance of $244,100,000 of Series 2010 System Restoration Bonds, dated July 22, 2010 (the 2010-EGSL Program), in three tranches.

In 2012, Louisiana was struck by hurricane Isaac which caused extensive damage to infrastructure and caused power outages throughout ELL's and EGSL's systems. In response, ELL and EGSL, in conjunction with the Corporation, filed a Joint Application for Financing, Quantification, and Ancillary Orders under the Restoration Law, which were approved by the LPSC on June 18, 2014, and were issued by the LPSC on August 6, 2014. The funds for the non-shareholder capital contributions to ELL were obtained through the issuance of $243,850,000 of Series 2014 System Restoration Bonds, dated August 6, 2014 (the 2014-ELL Program), in two tranches. The funds for the non-shareholder capital contributions to EGSL were obtained through the issuance of $71,000,000 of Series 2014 System Restoration Bonds, dated August 6, 2014 (the 2014-EGSL Program), in one tranche.

Act 293 of the 2021 Regular Session of the Louisiana Legislature amended the Restoration Law and the Louisiana Electric Storm Recovery Securitization Act (Act 64 of the 2006 Regular Session of the Louisiana Legislature) to include, among other provisions, authorization to create special public trusts or to participate as an assignee in certain financial transactions for the purpose of providing an alternate financing mechanism available to the LPSC and the CNO, as applicable. The Corporation may create trusts in movable property and serve as a beneficiary along with a utility, or participate as an assignee, by and with the express approval of the LPSC or the CNO, including authorization in a financing order. Such trust shall own, administer, and distribute the trust property contributed and earned for the benefit of its beneficiaries, and, when applicable, a pledgee. A financing order shall require the Corporation to transfer the net proceeds of the system restoration bonds to a trust whose beneficiary is the related utility that is collecting the applicable system restoration charges.

Throughout 2020 and 2021, Louisiana was struck by hurricanes Laura, Delta, Zeta, Ida, and winter storm Uri which caused extensive damage to infrastructure and caused power outages throughout ELL's systems. In response, ELL and the Corporation filed the first supplemental joint application with the LPSC seeking authority to cause the issuance of system restoration bonds in an aggregate principal amount equal to the sum of $1.86 billion of net system restoration costs, the costs of re-establishing storm damage reserves for ELL's operations that are subject to the jurisdiction of the LPSC in the amount of $290 million in a restricted storm reserve escrow account, and issuance costs. On this date, ELL also filed the second supplemental joint application requesting an order, separate from the Financing Order, approving a tariff to implement ancillary adjustments relating to the system restoration process. On September 30, 2021, ELL and the Corporation filed a third supplemental joint application requesting the establishment of a $1 billion Hurricane Ida Escrow to be added to the aggregate principal amount. On February 23, 2022, the LPSC approved all applications and the issuance of the Financing Order, which was issued on March 2, 2022.

The approvals contained in the Financing Order include authorization to issue system restoration bonds in one or more series in an aggregate principal amount equal to the sum of: (a) $2,056,849,979 of system restoration costs; (b) the costs of re-establishing regular storm damage reserves for ELL's operations that are subject to the jurisdiction of the LPSC in the amount of $290,000,000 in a restricted storm damage reserve escrow account; (c) the costs of funding and financing a special Hurricane Ida Escrow storm damage reserve escrow fund in the amount of $1,000,000,000 in a separate restricted reserve escrow account; (d) issuance costs; and (e) certain carrying costs. This bond transaction closed on May 19, 2022.

On June 20, 2022, ELL and the Corporation filed the first supplemental joint application with the LPSC seeking authority to cause the issuance of system restoration bonds in an aggregate principal amount equal to the sum of $2.58 billion of net system restoration costs, less the previously applied Hurricane Ida Escrow proceeds of $1 billion and issuance costs. On this date, ELL also filed the second supplemental joint application requesting an order, separate from the Financing Order, approving a rate rider to implement ancillary adjustments relating to the system restoration process. On January 18, 2023, the LPSC approved all applications and the issuance of the Financing Order, which was issued on January 27, 2023.

The approvals contained in the Financing Order include authorization to issue system restoration bonds in one or more series in an aggregate principal amount equal to the sum of: (a) $1,395,201,831 of system restoration costs; (b) issuance costs; and (c) certain carrying costs. This bond transaction closed on March 29, 2023.

Hurricanes Zeta and Ida caused extensive damage to infrastructure and caused power outages throughout Entergy New Orleans, LLC's (ENO) systems. 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 response, ENO and the Corporation filed the Securitization Application with the CNO on February 4, 2022 requesting permission to establish a new Storm Recovery Reserve and fund a related escrow account in the amount of $150 million to be used to fund storm recovery activity after future storms, or for interim and/or permanent financing of Hurricane Ida costs; plus 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 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 CNO Utility Advisors filed their Advisor's Report of Their Findings Regarding the Securitization Application in Docket No. US-22-01 that recommended increasing the storm recovery bonds' principal amount to be $200 million (from $150 million) plus upfront issuance costs. On October 6, 2022, the CNO approved the application and issued the Financing Order.

The approvals contained in the Financing Order include authorization to issue 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 $200,000,000 in a restricted escrow account, plus; (b) upfront financing costs, which were estimated to be $5,980,000 and were subject to further adjustment and review pursuant to the Issuance Advice Letter, including the debt service reserve subaccount, plus the cost of credit enhancements and other mechanisms designed to promote the credit quality and marketability of the storm recovery bonds. This bond transaction closed on December 16, 2022.

To generate funds to meet the principal and interest obligations on the system restoration bonds and the storm recovery bonds, the customers of ELL and ENO are assessed system restoration and storm recovery charges. ELL and ENO, in their capacity as servicers, collect the charges from each customer, which are billed to each customer as part of their standard monthly invoices, on behalf of the Corporation. ELL and ENO then remit the collected system restoration and storm recovery charges into accounts maintained by the trustees for the benefit of the Corporation. These fees, and the corresponding rights to these fees, are considered system restoration and storm recovery property and serve as collateral for the bonds. In the event that system restoration charges remitted by ELL or storm recovery charges remitted by ENO are not sufficient to meet principal and interest obligations, the Corporation can withdraw funds from Debt Service Reserve Subaccounts (DSRSs) established for each utility company, which were created by a portion of the monies from the corresponding bond issuances. The DSRSs will be replenished to the required balances as established in the corresponding Financing Orders with system restoration and storm recovery charges collected subsequent to the withdrawal of funds. On a semiannual basis, system restoration and storm recovery charges are reviewed by the Corporation to determine if the charges are at a sufficient level to meet bond principal and interest obligations along with other necessary expenses of the Corporation. Any adjustments to the charges to customers are made as a result of each review.

Pursuant to Act 55, as amended by Act 293, the Corporation has the following powers and may be involved in the following activities: (1) enter into the bond issuance agreement and corresponding transactions involving the collection of and the remittance of system restoration charges as prescribed in the LPSC/CNO-approved Financing Order; (2) employ individuals as deemed necessary to perform the duties of the Corporation; (3) acquire, sell, pledge, or transfer system restoration property; (4) borrow monies from an issuer of system restoration bonds as needed to meet the requirements of the Financing Order; (5) sue or be sued in the name of the Corporation; (6) negotiate and enter into contracts as deemed necessary; (7) engage in activities that are permitted of nonprofit organizations in the State of Louisiana as long as those activities are not prohibited by the Financing Order; (8) maintain separate accounts and records corresponding to each utility company for which the Corporation receives system restoration charges; (9) prepare an annual operating budget and submit to the LPSC for approval; (10) perform any other acts as deemed necessary to carry out the requirements of the Financing Order; and (11) participate in financing transactions contemplated by the Louisiana Electric Utility Storm Recovery Securitization Act (LRS 45:1226-1240).

The Corporation is governed by a seven-member board of directors comprised of the following: (1) two representatives appointed by the Governor who have a background and expertise in financial affairs (these individuals will serve at the pleasure of the Governor); (2) the Treasurer of the State of Louisiana, or an employee of the Department of the Treasury of Louisiana, as his designee; (3) the chairperson of the House Committee on Commerce, or a member of that committee, as designated by the chairperson; (4) the chairperson of the Senate Committee on Commerce, or a member of that committee, as designated by the chairperson; (5) the executive secretary of the LPSC, or an employee of the LPSC, as his designee; and (6) the president of the CNO, or a designee of the president who shall have a background and expertise in financial affairs. With the exception of elected officials, members of the board shall be confirmed by the Senate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Corporation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations).

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the state of Louisiana. The Corporation is considered a discretely presented component unit of the state of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the Corporation is created as a public corporation and instrumentality of the state of Louisiana and has corporate powers; (2) a majority of the members of the board of directors are either appointed by the governor or are primary government officials; (3) the annual operating budget must be approved by the LPSC, which is part of the primary government; and (4) the primary government has the ability to impose its will on the Corporation, as defined in GASB Statement No. 14 and amended by GASB Statement No. 61.

The state of Louisiana issues an annual comprehensive financial report, which includes the activity contained in the accompanying basic financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the Corporation is considered a special-purpose government entity engaged only in business-type activities (enterprise funds). Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when they are earned, and expenses are recognized when a liability has been incurred, regardless of the timing of the related cash flows.

The Corporation reports the following major proprietary funds:

- ELL Program - accounts for all activities related to the system restoration property and system restoration charges of Entergy Louisiana, LLC.
- EGSL Program - accounts for all activities related to the system restoration property and system restoration charges of Entergy Gulf States Louisiana, LLC, who combined with Entergy Louisiana, LLC in October 2015.
- ENO Program - accounts for all activities related to the storm recovery property and storm recovery charges of Entergy New Orleans, LLC.

D. CASH EQUIVALENTS

Cash equivalents consist of money market funds held by a trustee bank. For the purpose of the Statement of Cash Flows and Statement of Net Position presentation, all highly-liquid investments (including restricted cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

E. INVESTMENTS

In accordance with the Corporation's investment policy, funds held by the Corporation or the indentured trustees on behalf of the Corporation may be invested and reinvested in investments and securities that are legal investments under the laws of the State of Louisiana in accordance with LRS 33:2955 and secured, as applicable, in accordance with LRS 49:321.

The official bond documents authorize the trustee to invest in direct obligations of the United States of America, time deposits or certificates of deposit of an eligible banking institution, commercial paper with the highest available credit rating, money market mutual funds with the highest available credit ratings, and any other investment permitted by each of the rating agencies. The funds held by the Corporation or the indentured trustee on behalf of the Corporation related to the 2014, 2022, 2022A, and 2023 System Restoration and Storm Recovery Bonds, are also authorized to be invested in demand deposits, bankers' acceptances of an eligible banking institution, and certain repurchase obligations.

F. REVENUES AND EXPENSES

The Corporation has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

- *Operating Revenues* include system restoration and storm recovery charges which are billed to utility customers.
- *Nonoperating Revenues* include interest and dividend income.
- *Operating Expenses* generally include costs associated with the collection of system restoration and storm recovery charges, costs of administering the Corporation, and non-shareholder capital contributions, if applicable.
- *Nonoperating Expenses* include interest paid on debt, amortization of bond discounts, bond issuance costs, trust contributions, and purchase of storm recovery property, if applicable.

G. RESTRICTED ASSETS AND LIABILITIES

Restricted assets represent resources set aside for the purpose of funding debt service payments in accordance with the Financing Orders approved by the LPSC and CNO. Restricted liabilities are those liabilities payable from restricted assets. All of the assets and liabilities of the Corporation are restricted either by state law or bond indenture.

H. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Receivables represent the balance of system restoration and storm recovery charges that have been invoiced by each utility company to its respective customers but that have not been received by the Corporation from each utility company. The Corporation carries this receivable balance at cost less an allowance for uncollectible accounts. The allowance for uncollectible accounts is based on historical trends of collections of each utility company.

I. LONG-TERM OBLIGATIONS

Bonds payable are reported net of the unamortized portion of the bond discount. Bond discounts are deferred and expensed over the life of the bonds using the straight-line method. Accounting principles generally accepted in the United States of America require that the interest rate method of deferral should be used to expense bond discounts over the life of the bonds. However, the effect of using the straight-line method is not materially different from the results that would have been obtained had the interest rate method been followed.

J. INCOME TAXES

Act 55 stipulates that the activities of the Corporation are not subject to Louisiana income tax and Louisiana franchise tax. Because its income is derived from the exercise of an essential governmental function and will accrue to a state or political subdivision thereof, such income is excludable from federal income tax under Section 115(1) of the Internal Revenue Code.

K. NET POSITION

Net position comprises the various net earnings from revenues and expenses. Net position generally is classified in the following components:

- *Restricted Net Position* consists of restricted assets reduced by liabilities related to those assets. Restricted assets are subject to external constraints required by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted Net Position* is the net amount of the assets and liabilities that are not included in the determination of restricted net position.

When both restricted and unrestricted resources are available for use, it is the Corporation’s policy to use restricted resources first, then unrestricted resources as they are needed.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the required amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

At June 30, 2023, the Corporation's investments totaling $245,294,129 consisted of thirty-three accounts, sixteen held by the trustee Bank of New York Mellon, fourteen held by the trustee U.S. Bank Trust Company, N.A, and three escrow accounts held by the trustee Hancock Whitney Bank (see Note 3). On the Statement of Net Position, $243,517,348 of the Corporation's investments are reported as Cash and Cash Equivalents and $1,776,781 are reported as Escrow Cash Equivalents - Restricted. Each of the accounts held by the trustee Bank of New York Mellon invests in the Dreyfus Government Cash Management Fund, which is a money market mutual fund rated "AAAm" by the Standard & Poor's Investor Services. The accounts held by the trustee U.S. Bank Trust Company, N.A. invests in both the U.S. Bank Money Market Deposit Account, which is an interest-bearing bank demand/time deposit rated "A-1" by the Standard & Poor's Investor Services, and the First American Money Market Funds which is a U.S. treasury money market fund rated "AAAm" by the Standard & Poor's Investor Services. The escrow accounts held by the trustee Hancock Whitney Bank invests in the Goldman Sachs Financial Square Government Fund, which is a money market fund rated "AAAm" by the Standard & Poor's Investor Services.

The total debt reserve balance in the 2010-ELL Program and 2010-EGSL Program, the 2014-ELL Program and 2014-EGSL Program, the 2022A-ELL Program, the 2022-ENO Program and the 2023-ELL Program of $49,185,495 is held in separate accounts to satisfy the Debt Service Reserve Requirements provided for by the bond indentures. The 2010-ELL Program and 2010-EGSL Program bond series reserve requirements are $2,344,500 and $1,220,500, respectively. The 2014-ELL Program and 2014-EGSL Program bond series reserve requirements are $1,219,250 and $355,000, respectively. The 2022A-ELL Program bond series reserve requirement is $15,967,525. The 2022-ENO Program bond series reserve requirement is $4,709,250. The 2023-ELL Program bond series reserve requirement is $22,372,275. The Corporation met all reserve balance requirements at June 30, 2023.

Credit risk is defined as the risk that an issuer or other counter-party to an investment transaction will not fulfill its obligations. The Corporation does not have a formal credit risk policy. However, in practice, credit risk is minimized by investing in money market funds containing underlying securities which are issued or guaranteed as to principal and interest by the U.S. government or its agencies and instrumentalities.

Custodial credit risk is defined as the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. As of June 30, 2023, all of the Corporation's U.S. Bank Money Market Deposit Accounts were covered by federal deposit insurance and pledged securities, and therefore not exposed to custodial credit risk.

3. ESCROW ACCOUNT - RESTRICTED

Pursuant to the LURC Trust Distributions Escrow Agreements related to the Series 2022A and Series 2023 bonds Financing Orders, Escrow Accounts were created in the name of LURC to hold the Trust Distributions made to LURC by the Trustee as well as investment earnings/losses of the Escrow Account (collectively, Escrowed Property). The Escrowed Property may be invested in eligible investments which include direct obligations of the United States of America; demand deposits, time deposits or certificates of deposit of an eligible banking institution, commercial paper with the highest available credit rating, money market mutual funds with the highest available credit ratings, bankers' acceptances of an eligible banking institution, and certain repurchase obligations.

The Escrowed Property is pledged to bondholders and is to be held in escrow until the bonds are paid off, unless a mandatory redemption event occurs consisting of the following (1) there is a payment default on the bonds, (2) such use will not cause a downgrade or suspension of the credit ratings on the bonds (or the bonds are no longer rated), and (3) additional conditions, if any, imposed by the LURC on the use of such funds are satisfied (any LURC condition cannot exceed a period of six years from the date of the mandatory redemption at issue). Distributions from the Escrow Account, with the exception of Trustee fees, require a certificate signed by an authorized officer of LURC as set forth in the LURC Trust Distributions Escrow Agreement.

4. SYSTEM RESTORATION AND STORM RECOVERY CHARGES RECEIVABLE AND REVENUE

ELL and ENO, in their capacity as servicers, collect funds from their customers through system restoration and storm recovery charges, and then remit those funds to the Corporation, which uses those funds to meet principal and interest obligations on bonds payable, bond issuance costs, if applicable, and ongoing financing costs. During the year ended June 30, 2023, the Corporation received a total of $355,574,196 and $11,700,021 from ELL and EGSL, respectively, and a total of $8,338,975 from ENO, which are included with system restoration and storm recovery charges reported on the Statement of Revenues, Expenses, and Changes in Net Position.

As reflected on the Statement of Net Position, the system restoration and storm recovery charges receivable of the Corporation as of June 30, 2023 are as follows:

	ELL Program	EGSL Program	ENO Program	Total
System Restoration Charges and Storm Recovery Charges Receivable	$29,577,302	$409,639	$2,240,012	$32,226,953
Less: Allowance for Uncollectible Accounts	(180,422)	(2,499)	(27,328)	($210,249)
Total	$29,396,880	$407,140	$2,212,684	$32,016,704

5. LONG-TERM OBLIGATIONS

The Series 2010 System Restoration Bonds were issued to finance the non-shareholder capital contributions to ELL and EGSL in consideration of expenditures made by the two entities to repair the damages sustained as a result of hurricanes Gustav and Ike, as outlined in the Introduction section in the Notes. The Series 2014 System Restoration Bonds were issued to finance the non-shareholder capital contributions to ELL and EGSL in consideration of expenditures made by the two entities to repair the damages sustained as a result of hurricane Isaac, as outlined in the Introduction section in the Notes. The Series 2022A System Restoration Bonds were issued in consideration of expenditures made by ELL to repair the damages sustained as a result of hurricanes Laura, Delta, Zeta, Ida, and winter storm Uri, as outlined in the Introduction section in the Notes. The Series 2022 Storm Recovery Bonds were issued to replenish and fund its storm recovery reserves, as outlined in the Introduction section of the Notes. The Series 2023 System Restoration Bonds were issued in consideration of expenditures made by ELL to repair the damages sustained as a result of hurricanes Laura, Delta, Zeta, Ida, and winter storm Uri, as outlined in the Introduction section in the Notes.

The bonds are secured by system restoration property and storm recovery property as disclosed in the Financing Orders, which consists of the rights to system restoration charges that ELL invoices to its customers and storm recovery charges the ENO invoices to its customers; ELL and ENO then remit all charges collected to the Corporation. The 2022A and 2023 System Restoration Bonds are also secured by assets held in trust.

Long-term obligations as of June 30, 2023, consisted of the following:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds Payable					
Series 2010-ELL Program	$21,636,964		($21,636,964)		
Series 2010-EGSL Program	11,276,849		(11,276,849)		
Series 2014-ELL Program	102,517,229		(21,663,613)	$80,853,616	$22,452,911
Series 2014-EGSL Program	29,999,895		(6,414,063)	23,585,832	6,578,380
Series 2022A-ELL Program	3,193,505,000		(76,575,729)	3,116,929,271	162,748,291
Series 2022-ENO Program		$209,300,000		209,300,000	8,973,578
Series 2023-ELL Program		1,491,485,000		1,491,485,000	63,362,399
Total Bonds Payable	3,358,935,937	1,700,785,000	(137,567,218)	4,922,153,719	264,115,559
Less: Discount on Bonds					
Series 2010-ELL Program	(840)		840		
Series 2010-EGSL Program	(1,406)		1,406		
Series 2014-ELL Program	(12,627)		3,097	(9,530)	(3,090)
Series 2014-EGSL Program	(6,040)		1,480	(4,560)	(1,480)
Total Discount on Bonds	(20,913)		6,823	(14,090)	(4,570)
Total Bonds Payable, Net	$3,358,915,024	$1,700,785,000	($137,560,395)	$4,922,139,629	$264,110,989

Detailed summaries, by projects and tranches, of all bonded debt outstanding at June 30, 2023 are as follows:

	Date of Issue	Original Issue	Outstanding June 30, 2022	Issued (Redeemed)	Outstanding June 30, 2023	Final Payment Dates	Final Maturity Dates	Interest Rates
ELL Program								
Series 2010:								
Tranche A-1	July 22, 2010	$112,000,000				Feb. 1, 2014	Feb. 1, 2016	1.11%
Tranche A-2	July 22, 2010	111,000,000				Feb. 1, 2017	Feb. 1, 2019	2.47%
Tranche A-3	July 22, 2010	121,000,000				Feb. 1, 2020	Feb. 1, 2022	3.45%
Tranche A-4	July 22, 2010	124,900,000	$21,636,964	($21,636,964)		Aug. 1, 2022	Aug. 1, 2024	3.96%
Series 2014:								
Tranche A-1	August 6, 2014	91,700,000				Feb. 1, 2020	Feb. 1, 2022	1.66%
Tranche A-2	August 6, 2014	152,150,000	102,517,229	(21,663,613)	$80,853,616	Aug. 1, 2026	Aug. 1, 2028	3.24%
Series 2022A:								
Tranche A-1	May 19, 2022	750,000,000	750,000,000	(76,575,729)	673,424,271	Feb. 1, 2027	Feb. 1, 2029	3.62%
Tranche A-2	May 19, 2022	743,505,000	743,505,000		743,505,000	Feb. 1, 2031	Feb. 1, 2033	4.15%
Tranche A-3	May 19, 2022	700,000,000	700,000,000		700,000,000	Feb. 1, 2034	Feb. 1, 2036	4.28%
Tranche A-4	May 19, 2022	1,000,000,000	1,000,000,000		1,000,000,000	Aug. 1, 2037	Aug. 1, 2039	4.48%
Series 2023:								
Tranche A-1	March 29, 2023	450,000,000		450,000,000	450,000,000	Jun. 1, 2029	Jun. 1, 2031	5.08%
Tranche A-2	March 29, 2023	392,000,000		392,000,000	392,000,000	Dec. 1, 2032	Dec. 1, 2034	5.05%
Tranche A-3	March 29, 2023	649,485,000		649,485,000	649,485,000	Dec. 1, 2037	Dec. 1, 2039	5.20%
EGSL Program								
Series 2010:								
Tranche A-1	July 22, 2010	97,000,000				Feb. 1, 2016	Feb. 1, 2018	1.52%
Tranche A-2	July 22, 2010	60,000,000				Feb. 1, 2019	Feb. 1, 2021	3.22%
Tranche A-3	July 22, 2010	87,100,000	11,276,849	(11,276,849)		Aug. 1, 2022	Aug. 1, 2024	3.99%
Series 2014:								
Tranche A-1	August 6, 2014	71,000,000	29,999,895	(6,414,063)	23,585,832	Aug. 1, 2026	Aug. 1, 2028	2.86%
ENO Program								
Series 2022:								
Tranche A	December 16, 2022	209,300,000		209,300,000	209,300,000	Sept. 1, 2037	Sept. 1, 2039	5.20%
		$5,922,140,000	3,358,935,937	1,563,217,782	4,922,153,719			
Net Original Discounts			(855,901)		(855,901)			
Net Accumulated Amortization of Discounts			834,988	6,823	841,811			
Bonds Payable, Net			$3,358,915,024	$1,563,224,605	$4,922,139,629			

Debt service requirements, including interest to maturity, are as follows:

	ELL Program		EGSL Program		ENO Program		Total	
Obligations Due June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$248,563,601	$219,584,191	$6,578,380	$632,257	$8,973,578	$13,030,877	$264,115,559	$233,247,325
2025	267,242,828	196,276,347	6,781,780	442,639	10,534,606	10,264,781	284,559,214	206,983,767
2026	278,073,850	185,486,255	6,969,117	247,359	11,089,202	9,710,184	296,132,169	195,443,798
2027	275,948,221	174,246,651	3,256,555	46,569	11,672,996	9,126,390	290,877,772	183,419,610
2028	275,820,240	162,847,710			12,287,523	8,511,864	288,107,763	171,359,574
2029 - 2033	1,576,939,664	616,400,088			71,849,375	32,147,560	1,648,789,039	648,547,648
2034 - 2038	1,766,679,483	214,824,116			82,892,720	11,135,988	1,849,572,203	225,960,104
Total	$4,689,267,887	$1,769,665,358	$23,585,832	$1,368,824	$209,300,000	$93,927,644	$4,922,153,719	$1,864,961,826

Principal and interest payments for Series ELL and EGSL 2014 and Series ELL 2022A are due semiannually on August 1 and February 1. Principal and interest payments for Series ENO 2022 are due semiannually on September 1 and March 1. Principal and interest payments for Series ELL 2023 are due semiannually on December 1 and June 1. On each payment date, principal will be paid in accordance with the above expected payment schedule, but only to the extent that funds are available. The schedule sets forth the expected payments from the issuance date to the scheduled final payment date. However, the bonds will not be in default if principal is not paid as specified in the schedule unless the principal of any tranche is not paid in full on or before the final maturity date of that tranche.

6. PLEDGED REVENUES

All ELL and EGSL Program bonds in Note 5 are secured by the pledge of system restoration property, which consists of: (1) all rights and interests to receive system restoration charges invoiced and collected by ELL as authorized in each respective Financing Order; and (2) all collections, claims, rights to payments, and payments arising from the rights and interests to receive system restoration charges, specifically limited to those charges prescribed in the Financing Orders adopted in LPSC Docket Nos. U-30981, U-32764, U-35991-A, and U-36350-A. This system restoration property represents the collateral for the System Restoration Bonds issued. The minimum estimated amount of the pledged revenues over the 12-year repayment period of all Series 2010 System Restoration Bonds is $870,349,869, over the 12-year repayment period of all Series 2014 System Restoration Bonds is $376,953,675, over the 16-year repayment period of all Series 2022A System Restoration Bonds is $4,391,525,086, and over the 15-year repayment period of all Series 2023 System Restoration Bonds is $2,150,631,029, which represents all principal and interest obligations on the bonds totaling $7,789,459,659. For the year ended June 30, 2023, the pledged revenues recognized were $365,681,883, and the principal and interest requirements for the debt collateralized by those revenues were $296,008,613.

The ENO Program bonds in Note 5 are secured by the pledge of storm recovery property, which consists of: (1) all rights and interests to receive storm recovery charges invoiced and collected by ENO as authorized in the Financing

Order; and (2) all collections, claims, rights to payments, and payments arising from the rights and interests to receive storm recovery charges, specifically limited to those charges prescribed in the Financing Order adopted in the CNO Docket No. UD-22-01. This storm recovery property represents the collateral for the Storm Recovery Bonds issued. The minimum estimated amount of the pledged revenues over the 15-year repayment period of the Series 2022 Storm Recovery Bonds is $303,227,644 which represents all principal and interest obligations on the bonds. For the year ended June 30, 2023, the pledged revenues recognized were $10,551,659, and the interest requirements for the debt collateralized by those revenues were $5,884,745.

7. STORM RECOVERY PROPERTY PURCHASE

In accordance with the requirements of the Financing Order for the Series 2022 Storm Recovery Bonds, the Corporation used the Bond proceeds to purchase the Storm Recovery Property totaling $200,000,000 from ENO. Storm Recovery Property includes the right to impose, collect and periodically adjust storm recovery charges sufficient to pay the Storm Recovery Bonds and associated financing costs.

8. TRUST CONTRIBUTION

In accordance with the requirements of the Financing Order for the Series 2023 System Restoration Bonds, the Corporation transferred a total of $1,457,675,748 to the Trustee, as an initial capital contribution, which shall constitute the initial Trust Estate. This amount funds system restoration costs, issuance costs and certain carrying costs. This amount is reflected in the Statement of Revenues, Expenses, and Changes in Net Position, as Trust Contribution for the period ended June 30, 2023.

9. RECENT ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 91, *Conduit Debt Obligations,* in May 2019. This Statement's primary objective is to establish a single method of reporting conduit debt obligations by issuer by clarifying the existing definition of a conduit debt obligation, establishing additional standards, and improving required note disclosures. Statement No. 91 was implemented by the Corporation for the fiscal year ended June 30, 2023 with no significant impact on the financial statements.

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

The following pages contain our report on internal control over financial reporting and on compliance with laws, regulations, and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

LOUISIANA LEGISLATIVE AUDITOR

MICHAEL J. "MIKE" WAGUESPACK, CPA
LOUISIANA LEGISLATIVE AUDITOR

May 29, 2024

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

LOUISIANA UTILITIES RESTORATION CORPORATION
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the major enterprise funds of the Louisiana Utilities Restoration Corporation (Corporation), a special-purpose government and discrete component unit of the state of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DJD:CRV:RR:BQD:aa

LURC 2023