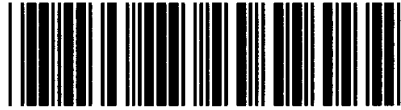




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APPLICATION OF ENTERGY TEXAS, §  
INC. FOR APPROVAL TO TRANSFER §  
OPERATIONAL CONTROL OF ITS §  
TRANSMISSION ASSETS TO THE §  
MISO RTO §

BEFORE THE  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
STATE OFFICES OF  
ADMINISTRATIVE HEARINGS

**EAST TEXAS ELECTRIC COOPERATIVE, INC.'S  
FIRST REQUEST FOR INFORMATION TO ENTERGY TEXAS, INC.**

**TO:** Entergy Texas, Inc., by and through its attorneys of record, Paula Cyr/Steven H. Neinast, Entergy Services, Inc., 919 Congress Avenue, Suite 701, Austin, Texas 78701; and John F. Williams/Mark Strain/George Hoyt, Duggins, Wren Mann & Romero, LLP, P.O. Box 1149, Austin, Texas 78767

**NOW COMES** East Texas Electric Cooperative, Inc. (ETEC) and request that Entergy Texas, Inc. (ETI) provide the information requested and to answer under oath the questions propounded herein. The questions should be answered in the order in which they are asked and in sufficient detail to fully present all of the relevant facts. Answers to the questions should be provided to ETEC within those time periods as set by Order in this case.

Please copy the question immediately above the answer to each and indicate at the bottom of each answer the name and job title of the person, other than counsel, chiefly responsible for preparation of the answer. Also state the name of the witness in this proceeding who will sponsor the answer to the question and who can vouch for the truth and veracity of the response given.

If any question appears confusing, please request clarification from the attorneys of record.

If ETI asserts that any documents responsive to any request have been discarded or destroyed and are thus not available, state when, and explain why any such document was destroyed or discarded and identify the person directing the destruction or discarding; provide all documents relating to any criteria or procedure of the company under which such document was discarded or destroyed.

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These questions and requests are continuing in nature and should there be a change in circumstances, which would modify or change an answer supplied, then in such event you are requested to change or modify such answer under oath and to submit such changed answer as a supplement to your original answer.

### **DEFINITIONS AND INSTRUCTIONS**

- A. Pursuant to P.U.C. PROC. R. 22.144(c)(2), ETEC requests that answers to the requests for information be made under oath. Each answer should identify the person responsible for preparing that answer (other than the purely clerical aspects of its preparation) and the name of the witness in this proceeding who will sponsor the answer and who can vouch for its accuracy.
- B. In producing documents pursuant to this request for information, please indicate the specific request(s) to which the document is being produced.
- C. These requests are continuing in nature, and should there be a change in circumstances which would modify or change an answer supplied by you, such changed answer should be submitted immediately as a supplement to your original answer pursuant to P.U.C. PROC. R. 22.144(i).
- D. Please answer each request and sub-request in the order in which they are listed and in sufficient detail to provide a complete and accurate answer to the request.
- E. ETEC requests that each item of information be made available as it is completed, rather than upon compilation of all information requested.
- F. "ETI" refers to Entergy Texas, Inc., its parent, subsidiaries and affiliates, past or present; its employees, officers, directors, agents, consultants, attorneys, and all persons acting under contractual arrangements with or acting or purporting to act on behalf of ETI; any merged or consolidated predecessors or predecessor in interest; and any merged or consolidated successors in interest.
- G. "Entergy Operating Company" refers to the Entergy System Operating Companies, including Entergy Arkansas, Inc.; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy Texas, Inc.; and Entergy New Orleans, Inc.
- H. The terms "document" or "documents" are used in their broadest sense to include, by way of illustration and not limitation, all written or graphic matter of every kind and description whether printed, produced or reproduced by any process whether visually, magnetically, mechanically, electronically or by hand, whether final or draft, original or reproduction, whether or not claimed to be privileged or otherwise excludable from discovery, and whether or not in your actual or constructive possession, custody, or

control. The terms include writings, correspondence, telegrams, memoranda, studies, reports, surveys, statistical compilations, notes, calendars, tapes, computer disks, data on computer drives, e-mail, cards, recordings, contracts, agreements, invoices, licenses, diaries, journals, accounts, pamphlets, books, ledgers, publications, microfilm, microfiche and any other data compilations from which information can be obtained and translated, by you if necessary, into reasonably usable form. "Document" or "documents" shall also include every copy of a document where the copy contains any commentary or notation of any kind that does not appear on the original or any other copy.

- I. Pursuant to TEX. R. CIV. P. 196.4, ETEC specifically requests that any electronic or magnetic data (which is included in the definition of "document") that is responsive to a request herein be produced on CD-Rom in a format that is compatible with Microsoft, Macintosh and/or Word Perfect and be produced with your response to these requests.
- J. The terms "and" and "or" shall be construed both disjunctively and conjunctively as necessary to make the request inclusive rather than exclusive.
- K. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "each."
- L. "Any" shall be construed to include "all" and "all" shall be construed to include "any."
- M. The term "concerning," or one of its inflections, includes the following meanings: relating to; referring to; pertaining to; regarding; discussing; mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.
- N. The term "including," or one of its inflections, means and refers to "including but not limited to."
- O. "Relate to," "regarding," "concerning" and similar terms mean addressing, analyzing, referring, discussing, mentioning in any way, explaining, supporting, describing, forming the basis for, or being logically or causally connected in any way with the subject of these discovery requests.
- P. "Provide the basis," "state the basis," or "explain the basis" means provide all information on or describe every fact, statistic, inference, estimate, consideration, conclusion, study, and analysis known to ETI that was relied upon in support of the expressed contention, proposition, conclusion or statement.
- Q. Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- R. The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

- S. Pursuant to P.U.C. PROC. R. 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- T. If the information requested is included in previously furnished exhibits, workpapers, responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.
- U. If a data response is available in EXCEL format, provide the EXCEL version of the data response.
- V. If any document is withheld under any claim of privilege, please furnish a privilege log identifying each document for which a privilege is claimed, together with the following information: date and title of the document; the preparer or custodian of the information; to whom the document was sent and from whom it was received; subject matter of the document; and the basis upon which the privilege is claimed.

Respectfully submitted,

**BRICKFIELD BURCHETTE RITTS  
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*Mark C. Davis* *by permission*  
Attorneys for East Texas Electric Cooperative, Inc. *sdh*

## CERTIFICATE OF SERVICE

I, Nelson H. Nease, Attorney for ETEC, hereby certify that a true and correct copy of ETEC's First Set of Requests for Information was served on all parties of record in this proceeding on this 17<sup>th</sup> day of May, 2012 by hand-delivery, facsimile, electronic mail and/or First Class, U.S. Mail, Postage Pre-paid.

A handwritten signature in black ink, appearing to read 'Nelson H. Nease', is written over a horizontal line.

Nelson H. Nease

SOAH DOCKET NO. 473-12-6206  
PUC DOCKET NO. 40346

APPLICATION OF ENTERGY TEXAS,	§	BEFORE THE
INC. FOR APPROVAL TO TRANSFER	§	
OPERATIONAL CONTROL OF ITS	§	STATE OFFICES OF
TRANSMISSION ASSETS TO THE	§	
MISO RTO	§	ADMINISTRATIVE HEARINGS

**EAST TEXAS ELECTRIC COOPERATIVE, INC.'S  
FIRST REQUEST FOR INFORMATION TO ENTERGY TEXAS, INC.'S**

- ETEC 1-1. ETEC's July 21, 2011 filing in PUCT Docket Nos. 38708 and 39385 included several questions regarding production costs savings. ETEC Question 1 asked: "The Evaluation Report states that CRA's CBA 'Join SPP' study 'shows a meaningful reduction in the production costs for the entire Entergy Region.' (ER at 5.) Is that statement still true? If not, why not?"
- ETEC 1-2. Reference RFI 1-1, above. ETEC Question 2 asked: "Entergy's document entitled 'Frequently Asked Questions' states that '[a]s part of the Operating Companies' own analysis, three additional pieces of analysis were done for both the SPP and MISO scenarios, which resulted in total estimated production cost benefits of about \$1.4 billion for the SPP scenario and \$1.6 billion for the MISO scenario.' (Question 1.) Is this statement still true? If not, why not?"
- ETEC 1-3. In the Evaluation Report, referenced in RFI 1-1, above, what natural gas prices were used for years 2014-2016?
- ETEC 1-4. Will the production cost benefits from joining MISO be lower if natural gas prices are lower than the prices used in the Evaluation Report? Please explain your answer and provide the estimated benefits.
- ETEC 1-5. Figure 16 in the Evaluation Report referenced in RFI 1-1 shows the fuel mix for SPP and MISO. It shows that MISO has about twice as much coal capacity as SPP. What are the risks of capital expenditures for coal plants in MISO because of environmental requirements?

- ETEC 1-6. The Operating Companies have four new generating resources not included in the Evaluation Report – Ninemile 6, KGen Hinds, KGen Hot Springs, and a purchased power contract with Calpine. What is the effect on production costs in MISO and SPP?
- ETEC 1-7. If Entergy Arkansas joins SPP, would that move eliminate a firm transmission service tie between Entergy and MISO?
- ETEC 1-8. Without a firm transmission service tie between Entergy and MISO, would the benefits of joining MISO be reduced? Please explain your answer and quantify the expected benefits.
- ETEC 1-9. Is a firm transmission path between MISO and Entergy Arkansas necessary for Entergy Texas to access MISO's Day 2 market and to achieve the benefits of reduced reserve capacity costs?
- ETEC 1-10. Entergy proposes to have a Transmission Zone for Texas. Has Entergy Texas quantified the magnitude of the cost shifts that would occur if separate zones were established for the other Operating Companies? Please provide all such quantifications.
- ETEC 1-11. If Entergy creates a Transmission Zone for Texas, in 2014 what would be the expected retail transmission rates in Texas (assuming no sale to ITC)?
- ETEC 1-12. Reference RFI 1-11. What would the transmission rates be in 2014 in the Transmission Zone for Texas for wholesale customers (assuming no sale to ITC)?
- ETEC 1-13. What is the change in net benefits if Entergy divests and merges its transmission business into ITC Holdings?
- ETEC 1-14. In MISO's 2011-2012 Annual ARR Allocation, on average did Market Participants receive 90 percent of the ARRs nominated?
- ETEC 1-15. Does Entergy Texas know whether its allocation will be adequate to hedge congestion risks? If not, when will Entergy Texas know?
- ETEC 1-16. Under the Entergy System Agreement, how will congestion charges be allocated among the Operating Companies?
- ETEC 1-17. What will Entergy Texas' Integration Costs be to join MISO? Please provide all documents relating to the cost estimates.
- ETEC 1-18. What will Entergy Texas' Integration Costs be to join SPP? Please provide all documents relating to the cost estimates.



- ETEC 1-19. On page 36 of the Direct Testimony of John P. Hurstell on Behalf of Entergy Texas, Inc. filed in this docket on April 30, 2012, Table 2 shows a comparison between SPP and MISO of Additional Production Cost Benefit Items for Regulation reserves, contingency reserves, and planning reserves. Do those forecasts consider deliverability? Please explain your answer in detail.
- ETEC 1-20. Referring to Mr. Schnitzer's Testimony at p. 73, lines 16-18, where he states "At this time, the exact ARR's that will be allocated to ETI have not been determined. Further study will be required before the exact ARR's will be known."
- a. Please provide any studies or analyses conducted by the Companies regarding the amount of ARR's that would be allocated to the Companies or any other load in the MISO South upon the Companies' integration into the Midwest ISO.
- ETEC 1-21. Referring to Mr. Schnitzer's Testimony at p. 75, lines 4-7, where he states, "MISO reports that on average Market Participants have been awarded 97 percent of the ARR's they nominate in Stage 1A of the ARR Allocation process and 90 percent of the ARR's they nominate in Stages 1A and 1B."
- a. Do the Entergy Companies expect that they would be awarded approximately 97 percent of the ARR's they nominate in stage 1A of a MISO ARR Allocation process? If not, what percentage do the Entergy Companies expect that they would be awarded? Please explain your answer.
- ETEC 1-22. Referring to Mr. Schnitzer's Testimony at p. 74, lines 17-20, where he states that "MISO has explained that its 'initial evaluation concluded that additional rules may be appropriate to ensure that load-serving entities with the Entergy region receive a reasonable hedge consistent with the Order No. 681-A guidelines.'"
- a. Is Entergy aware whether MISO conducts such an evaluation whenever a new load serving entity joins the MISO? If not, are there unique characteristics of the Operating Companies' planned integration that warrant such an evaluation? Please explain.
  - b. Is Entergy aware whether MISO is also evaluating whether other load serving entities within the proposed ARR Zones will also have "a reasonable hedge consistent with the Order No. 681-A guidelines"? Please explain.

- c. When do the Operating Companies anticipate that MISO's evaluation will be complete? Will the results be available to parties in this proceeding?

ETEC 1-23.

Referring to Mr. Hurstell's Testimony at p. 44, lines 12-22, where he states "the combined Entergy Operating Companies will have a planning reserve margin of 16.85% of their forecasted annual peak load as of December 18, 2013. That is expected to increase to 18% as EAI exits, and then 20% as EMI exits, the Entergy System Agreement. As a member of the MISO RTO, the planning reserves that the Entergy Operating Companies will be responsible for maintaining will be based on the Operating Companies' share of the coincident peak of the entire RTO. The estimated minimum planning reserve margin for the Entergy Operating Companies after joining MISO is approximately 12% of the non-coincident peak load."

- a. Please describe the impact a lower MISO reserve margin would have on the Operating Companies' (1) purchases of energy and capacity from third-party suppliers; (2) planned development of generation resources; and (3) the retirement or re-powering of existing generation resources.

ETEC 1-24.

Referring to Mr. Hurstell's Testimony at p. 32, line 18 through p. 33, line 3, where he states "benefits include[d] savings in planning reserves resulting from the greater diversity of load and resources across a larger footprint (together with the 'must offer' provisions of a Day 2 Market), as well as savings in the provision of certain ancillary services such as regulation service (*i.e.*, the ability of the electrical system to follow the moment-to-moment change in system demand) and contingency or operating reserves (*i.e.*, capacity that can be available at any given moment following an unexpected generation or transmission outage)."

- a. Do the Operating Companies anticipate that because MISO will economically dispatch generation resources that its existing resources will run at higher or lower capacity factors than they have in the past 5-years? Please explain.

ETEC 1-25.

Referring to Mr. Hurstell's Testimony at p. 76, line 8 through p. 77, line 4, where he discusses System Support Resources designated by MISO.

- a. Has MISO identified whether any of the Operating Companies' generation resources will be considered System Support Resources?

- b. Is Entergy aware of whether any other generation resources on its system will be considered System Support Resources?

ETEC 1-26.

Referring to Mr. Riley's Testimony at p. 52, lines 8-14, where he states "the MISO South region will be included in the normal MISO transmission planning process immediately upon integration into the MISO RTO. As part of that process, potential economic projects to reduce congestion in MISO South will be identified and evaluated by MISO's independent planners to determine if they are cost-justified, and if the projects meet the MISO planning criteria, they will be added to the MISO transmission plan (*i.e.*, the MTEP)."

- a. What steps, if any, have the Operating Companies taken (or plan to take) to ensure that their existing transmission planning and development is consistent with MISO's planning process in the interim period prior to the planned integration into MISO?
- b. Are the Operating Companies currently coordinating with MISO with respect to transmission planning and development? Please describe any such coordination.

ETEC 1-27.

Referring to Mr. Riley's Testimony at p. 52, lines 8-14, where he states that, as part of the MISO transmission planning process, "potential economic projects to reduce congestion in MISO South will be identified and evaluated by MISO's independent planners to determine if they are cost-justified, and if the projects meet the MISO planning criteria, they will be added to the MISO transmission plan (*i.e.*, the MTEP)."

- a. What role will the Operating Companies have in identifying "potential economic projects to reduce congestion" in the planned MISO South prior to their planned integration into MISO?
- b. What role will the Operating Companies have in identifying "potential economic projects to reduce congestion" in the planned MISO South upon their integration into MISO?
- c. When will MISO begin identifying and evaluating "potential economic projects to reduce congestion in MISO South...to determine if they are cost-justified and if the projects meet the MISO planning criteria"?

- ETEC 1-28. Referring to Mr. Riley's Testimony at p. 45, lines 19-21, and p. 67, lines 3-5, where Mr. Riley states that (1) "FERC concluded that 'Filing Parties' proposal ensures that, after the five-year transition period, the two Planning Areas will be comparably planned;" and (2) "ETI does not believe that when it joins MISO additional transmission upgrades or improvement will be required that would not otherwise be needed in order to meet MISO reliability standards."
- a. Based upon these two statements, please explain whether the investment in transmission upgrades during the referenced five-year transition period will constitute economic projects or reliability projects? Please identify the projects.
- ETEC 1-29. Referring to Mr. Hurstell's Testimony at p. 13, Revised Table 1 shows SPP Administrative Costs at \$340 million.
- a. Please explain how this figure was calculated.
- ETEC 1-30. Referring to Mr. Hurstell's Testimony at p. 36, Table 2 shows Lower Planning Reserves for SPP at \$180 million and for MISO at \$230 million.
- a. Please provide the inputs and calculations used to derive those amounts.
- ETEC 1-31. Will any ETI or Entergy, or their respective affiliates, management, officers, consultants or witnesses that have filed testimony in this case, receive any additional compensation or financial benefits, in whatever form and using the broadest definition of "compensation", in the event that any or all operating company/companies is/are successful in obtaining approval to join MISO? Please provide all documents relating to such compensation/benefits.
- ETEC 1-32. Please provide a copy of the 2011 Annual Rate Update Under the Entergy Operating Companies' Open Access Transmission Tariff, Docket No. ER11- 3657 made on May 27, 2011, and a copy of the update filing made in the same Docket on September 26, 2011. Also, please provide the OATT formula working excel file which support and justify Entergy's charges under its OATT which was included in both filings.

- ETEC 1-33. Please provide a copy of the 2012 Annual Rate Update Under the Entergy Operating Companies' Open Access Transmission Tariff and the working excel file supporting the charges under Entergy's OATT once it becomes available.
- ETEC 1-34. Reference witness Perlman's testimony at pages 4-5. Please describe Mr. Perlman's understanding of the financial impacts to ETEC as concerns the transmission rates ETEC is currently incurring under the Entergy OATT versus those that ETEC will incur if ETI moves to MISO? Please quantify these impacts to the extent possible and provide all supporting documentation.
- ETEC 1-35 As of April 14, 2009, please identify and provide copies of ETI's then outstanding requests for proposals for generating resources for the western region of ETI's service territory. Please identify all generation that ETI has built in the western region of ETI's service territory in the last 15 years.
- ETEC 1-36 As of April 14, 2009, please identify the transmission lines that ETI had studied and developed for filing at the Texas Public Utility Commission to obtain certificates to build such lines and provide copies of such studies.
- ETEC 1-37 Please identify all such CCNs, by docket number, that ETI has filed since said April 14, 2009.
- ETEC 1-38 Please identify all new transmission lines that ETI has constructed in the past 5 years and specify the length of the line, the cost, the voltage, and identify whether it was an upgrade or a new transmission line facility.
- ETEC 1-39 Please identify all increased costs of which ETI is aware that ETEC will incur if ETI joins MISO. Please provide all documents relating to same.
- ETEC 1-40 Please identify the estimated benefits to ETI that resulted from the FERC's approval of the 5-year waiver.