



Control Number: 41235



Item Number: 44

Addendum StartPage: 0

PUC DOCKET NO. 41235
SOAH DOCKET NO. 473-13-3021

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APPLICATION OF ENTERGY §
TEXAS, INC. FOR APPROVAL OF §
TRANSMISSION COST RECOVERY §
RIDER §

BEFORE THE
STATE OFFICE OF
ADMINISTRATIVE HEARINGS

RESPONSE OF ENTERGY TEXAS, INC.
TO TIEC'S FIRST REQUEST FOR INFORMATION:
TIEC 1:1-18

Entergy Texas, Inc. ("Entergy Texas" or "the Company") files its Response to TIEC's First Request for Information. The response to such request is attached and is numbered as in the request. An additional copy is available for inspection at the Company's office in Austin, Texas.

Entergy Texas believes the foregoing response is correct and complete as of the time of the response, but the Company will supplement, correct or complete the response if it becomes aware that the response is no longer true and complete, and the circumstance is such that failure to amend the answer is in substance misleading. The parties may treat this response as if it were filed under oath.

Respectfully submitted,

Steven H. Neinast
Steven H. Neinast
Entergy Services, Inc.
919 Congress Avenue, Suite 840
Austin, Texas 78701
(512) 487-3957 telephone
(512) 487-3958 facsimile

ATTORNEY FOR ENTERGY TEXAS, INC.

Attachments: TIEC 1:1-18

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Response of Entergy Texas, Inc. to TIEC's First Request for Information has been sent by either hand delivery, email, facsimile, overnight delivery, or U.S. Mail to the party that initiated this request in this docket on this the 15th day of April, 2013.

Steven H. Neinast
Steven H. Neinast

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
SOAH DOCKET NO. 473-13-3021
PUC DOCKET NO. 41235

Response of: Entergy Texas, Inc.
to the First Set of Data Requests
of Réquesting Party: Texas Industrial Energy
Consumers

Prepared By: Allen Heard
Sponsoring Witness: Jay Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-1

Part No.:

Addendum:

Question:

Please explain each line item shown in Highly Sensitive WP 4.2.

Response:

The line items contained in WP 4.2 are grouped into two sections: (1) ETI Status quo, which addresses the resulting transmission revenue requirement under Entergy Texas ownership as it stands today prior to joining MISO; and (2) the ITC, which addresses the resulting transmission revenue requirement under ITC ownership. Each section is the derivation of a revenue requirement from a Total Company level to a retail level.

For the ETI Status quo section:

- The transmission revenue requirement is the Total Company amount.
- The effects of MSS-2 are removed because this transaction will ultimately eliminate the need to equalize transmission costs when ITC owns the assets.
- The effects of the net NITS and PTP revenue credits are applied. The NITS credits are derived from a 12 CP responsibility ratio share of NITS credits to be allocated to ETI. The PTP revenue credits are the ETI responsibility ratio share of revenues received from the PTP customers. Thus, both credits offset the revenue requirement borne by retail ratepayers.
- To conclude, the total transmission revenue requirement is offset by elimination of MSS-2 and the net effect of revenue credits from NITS and PTP customers.

For the ITC section:

- The transmission revenue requirement is the Total Company amount using the ITC regulatory constructs as discussed in the Jay Lewis testimony in that PUC Docket 41223.
- Only the PTP credits are removed because ETI no longer has any NITS customers under ITC ownership.
- The resulting net revenue requirement is multiplied by the Operating Company (ETI) retail demand ratio to compute the amount of revenue requirement borne by retail ratepayers.

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PUC DOCKET NO. 41235

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Prepared By: Allen Heard
Sponsoring Witness: Jay Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-2

Part No.:

Addendum:

Question:

Please provide all native and non-native workpapers supporting Highly Sensitive WP 4.2. Native workpapers should be provided in either EXCEL or an EXCEL-compatible format with all formulas and links intact.

Response:

See Errata No. 2.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
SOAH DOCKET NO. 473-13-3021
PUC DOCKET NO. 41235

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Prepared By: Allen Heard
Sponsoring Witness: Jay Lewis
Beginning Sequence No.
Ending Sequence No.

Question No.: TIEC 1-3

Part No.:

Addendum:

Question:

Please provide workpapers showing the derivation of the Schedule MSS-2 payments shown in Highly Sensitive WP 4.2, including supporting workpapers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact and a list and amount of the corresponding transmission investments subject to equalization.

Response:

The Company objects to this request on grounds that the responsive materials are highly sensitive protected ("highly sensitive") materials. Specifically, the responsive materials are protected pursuant to Texas Government Code Sections 552.101, 552.104 and/or 552.110. Highly sensitive materials will be provided pursuant to the terms of the Protective Order in this docket.

Please see the attached workpapers for the derivation of the Schedule MSS-2 payments:.

MSS2_6co - 2012 forecast 11-4-11 - 11 PE FINAL_HSPM .xls

**DESIGNATION OF PROTECTED MATERIALS PURSUANT TO PARAGRAPH
4 OF DOCKET NO. 41235 PROTECTIVE ORDER**

The Response to this Request for Information includes Protected Materials within the meaning of the Protective Order in force in this Docket. Public Information Act exemptions applicable to this information include Tex. Gov't Code Sections 552.101, 552.104 and/or 552.110. ETI asserts that this information is exempt from public disclosure under the Public Information Act and subject to treatment as Protected Materials because it concerns competitively sensitive commercial and/or financial information and/or information designated confidential by law.

Counsel for ETI has reviewed this information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials Designation.

Steve Neinast
Entergy Services, Inc.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
SOAH DOCKET NO. 473-13-3021
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Consumers

Prepared By: Allen Heard
Sponsoring Witness: Jay Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-4

Part No.:

Addendum:

Question:

Please provide a schedule showing the Schedule MSS-2 payments and receipts by the EOC for the years 2012-2018. Provide all supporting workpapers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact, including a list and amount of the corresponding transmission investments subject to equalization.

Response:

Please see the Company's response to TIEC 1-3.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
SOAH DOCKET NO. 473-13-3021
PUC DOCKET NO. 41235

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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-5

Part No.:

Addendum:

Question:

Please identify and provide a copy of each schedule referenced in WP/JAL-2,
page 4.

Response:

Please refer to the MISO link below for access to all of the MISO Schedules.

<https://www.midwestiso.org/Library/Tariff/Pages/Tariff.aspx>

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SOAH DOCKET NO. 473-13-3021
PUC DOCKET NO. 41235

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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-6

Part No.:

Addendum:

Question:

For each Rate Schedule listed in response to TIEC 1-5:

- a. Please explain whether each Rate Schedule will apply to ETI.
 - b. Please explain how ETI's portion of the charges under each Rate Schedule will be determined.
-

Response:

- a) Each of the schedules could apply to ETI as the purpose or activity subject to a specific MISO schedule is invoked. See the Company's response to TIEC 1-5 for each MISO tariff schedule.
- b) See subpart (a).

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SOAH DOCKET NO. 473-13-3021
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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.
Ending Sequence No.

Question No.: TIEC 1-7

Part No.:

Addendum:

Question:

Referring to WP/JAL-2 page 4, please provide work papers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact detailing how the estimate of Schedule 10 costs was determined and include the following information for each listed cost:

- a. MISO rate and work papers developing the rate;
 - b. Projected MISO billing units; and
 - c. Support for the amount of each cost allocated to ETI.
-

Response:

(a) – (c): See attached excel spreadsheet. Also refer to the MISO link below and click on the “2013-2015 Budget” link that provides the 2014 MISO rates for these schedules.

<https://www.midwestiso.org/AboutUs/FinancialInfo/Pages/FinancialInformation.aspx>

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PUBLIC UTILITY COMMISSION OF TEXAS
SOAH DOCKET NO. 473-13-3021
PUC DOCKET NO. 41235

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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-8

Part No.:

Addendum:

Question:

Referring to WP/JAL-2 page 4, please provide work papers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact supporting the Schedule 11 Costs (Ling 9) including:

- a. WP 4.4 (not included in the Application);
 - b. MISO rate and work papers developing the rate;
 - c. Project billing units; and
 - d. Support for the amount of each cost allocated to ETI.
-

Response:

- (a) – (d): The workpaper has been provided in Errata No. 2 to the Application. Estimated values are based on actual wholesale distribution revenues from ETI's last rate case (Docket No. 39896). Rate and billing unit data were not used to develop these values.

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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-9

Part No.:

Addendum:

Question:

Referring to WP/JAL-2 page 4, please provide all work papers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact supporting the Schedule 7 Costs (Line 7), including:

- a. WP 4.1;
 - b. MISO rate and work papers developing the rate;
 - c. Billing Units; and
 - d. Calculation of the ETI allocation factor.
-

Response:

- (a) – (d): From discussions with counsel for TIEC, the Company understands that the reference above should be to Line 17 rather than Line 7. See the Company's response to TIEC 1-2, TIEC 1-3, and TIEC 1-4.

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Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-10

Part No.:

Addendum:

Question:

Referring WP/JAL-2 page 13, please provide all supporting work papers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact supporting the Retail Base Rate Revenue Forecasted for the year ended December 31, 2014, including:

- a. Billing Units by rate class; and
 - b. The then applicable base rates.
-

Response:

- a) See attached excel spreadsheet of WP/JAL-2 page 13 (WP 3.5) along with supporting sources.
- b) The applicable base rate level assumed in this 2014 forecast is the rate level approved by the Commission in Docket No. 39896.

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PUC DOCKET NO. 41235

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Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-11

Part No.:

Addendum:

Question:

Please identify and provide the projected investment in supplemental upgrades as shown on WP/JAL-2, page 15.

Response:

As referenced on WP/JAL-2, page 15 (WP 4.3), the December 31, 2011 actual cost year values for supplemental upgrades are being used as the basis for (and thus are used as) the estimate of the December 31, 2014 values.

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SOAH DOCKET NO. 473-13-3021
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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-12

Part No.:

Addendum:

Question:

Please provide ETI's projection of base rate revenues by customer class for 2014
and supporting workpapers.

Response:

See ETI's response to TIEC 1-10.

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SOAH DOCKET NO. 473-13-3021
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Consumers

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Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-13

Part No.:

Addendum:

Question:

Please provide ETI's projection of Texas Retail base rate revenue requirements for 2014 and supporting workpapers.

Response:

The Company has not prepared a projection of Texas Retail base rate revenue requirements. See ETI's response to TIEC 1-10 for the Company's projection of base rate revenues.

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Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.
Ending Sequence No.

Question No.: TIEC 1-14

Part No.:

Addendum:

Question:

Referring to Exhibit No. JAL-2 page 10, please explain and provide supporting analysis for the assumption that transmission-related costs would represent 13.87% of ETI's 2014 base rate revenue requirement.

Response:

WP/JAL-2 page 11 (WP 3.3) provides the detail that shows how the 13.87% is calculated. See the attached excel spreadsheets with detail on transmission functional revenue requirement values from Docket No. 39896 shown in first two columns of WP/JAL-2 page 11.

Entergy Texas, Inc.
MISO Implementation Costs

CUBE:	cos_model:cos_line_item
cos_model:test_case	ETICOS0611
cos_model:version	Compliance
cos_model:cust_juris	All_juris
cos_model:adjustment_name	Total_All
cos_model:books	balance
cos_model:cos_line_item_m	Total_dollars

				TOTAL COMPANY ADJUSTED	TOTAL RETAIL
OMRTO575-575	OPER SUPV REG MKT	PG-Production/Generation	DD-Demand	29,496	28,126
OMRTO575-575	OPER SUPV REG MKT	TH-Transmission High Voltage	DD-Demand	570,521	570,521
OMRTO575-575	OPER SUPV REG MKT	TL-Transmission Low Voltage	DD-Demand	1,037,894	1,037,894
				<u>1,637,910</u>	<u>1,636,541</u>

Excerpt from Cost of Service based on ALJ decision including the Commission Modifications as approved by the PUCT in Docket No. 39896.

ENERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
SOAH DOCKET NO. 473-13-3021
PUC DOCKET NO. 41235

Response of: Entergy Texas, Inc.
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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-15

Part No.:

Addendum:

Question:

Referring to WP 2.1:

- a. Please provide supporting workpapers in electronic native (i.e., EXCEL or compatible) format with all formulas and links intact supporting the deferred revenue requirements shown in WP 2.1.
 - b. Please state when the ITC transaction is assumed to be closed.
 - c. Please state when the transfer of ETI's transmission system to MISO is assumed to occur.
-

Response:

- a) See attached excel spreadsheet of WP 2.1 and WP 2.2.
- b) Under the merger agreement, the Transaction is to close by June 30, 2013, unless extended for a six-month period pursuant to the terms of the merger agreement. The workpapers assume a one-month lag between the Transaction close and the Rider TCR effective date.
- c) Transfer of operational control of the ETI transmission system to MISO is assumed to occur on December 19, 2013.

ENTERGY TEXAS, INC.
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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-16

Part No.:

Addendum:

Question:

Please explain how the effective date of Transmission Cost Recover (TCR) Rider will be affected by the timing of when ETI's transmission system is transferred to MISO.

Response:

As a condition to closing the ITC Transaction, Entergy must receive all the necessary approvals to allow the transmission business to become a member of MISO (or an alternative acceptable RTO). For purposes of the Rider TCR estimate filed in this docket, the Company has assumed, for illustrative purposes, that Rider TCR would become effective one month after the closing of the ITC Transaction. The ITC deferral would be zero if Rider TCR is approved before or coincident with the closing of the ITC transaction. It is anticipated that a TCR Rider compliance filing in this docket would reflect the actual closing date and approval date of Rider TCR along with any resulting ITC deferral.

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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-17

Part No.:

Addendum:

Question:

Please explain why ETI is proposing to implement an entirely new TCR Rider rather than utilize the TCRF tariff and base line approved in Docket No. 39896.

Response:

No TCRF tariff was approved in Docket No. 39896 and the baseline values are still subject to verification. Please refer to Entergy Texas, Inc's Brief on Threshold Legal/Policy Issues filed in this docket on March 15, 2013 and Reply Brief on Threshold Legal/Policy Issues filed in this docket on April 9, 2013. In addition, the TCRF Tariff does not address the potential need for an ITC deferral depending on the closing date (see Company's response to TIEC 1-16); and the TCRF tariff does not specifically provide for a true-up or reconciliation of cost recovery. Moreover, the TCRF utilizes a historical test year, which will not align with the forward test year that will be used in determining ITC's tariff charges to ETI.

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Consumers

Prepared By: Dennis Roach
Sponsoring Witness: Jay A. Lewis
Beginning Sequence No.

Ending Sequence No.

Question No.: TIEC 1-18

Part No.:

Addendum:

Question:

Referring to WP/JAL-2, page 2:

- a. Please explain the rationale for using the transmission allocation factors derived in ETI's last rate case to allocate projected 2014 incremental transmission costs.
 - b. Please explain why the proposed Rate Adjustment for 2014 was derived using test year base revenues under the rates approved by the Commission in Docket No. 39896.
 - c. Please explain how the proposed Rate Adjustment calculation is consistent with accepted ratemaking practices and the Public Utility Commission's Substantive Rules.
-

Response:

- a) The Company's last rate case, Docket No. 38986, was a fully litigated case; the transmission allocation factors from that rate case are the most current Commission-approved allocation factors.
- b) In addition to those being the most current Commission-approved rates, using a percent of revenues adjustment appropriately limits the rate effect impacts that could cause customers to shift between rate classes.
- c) See response to subparts (a) and (b). See also ETI's Initial and Reply Briefs on Threshold Legal/Policy Issues in this proceeding.