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APPLICATION OF ENTERGY
TEXAS, INC. FOR AUTHORITY
TO CHANGE RATES AND
RECONCILE FUEL COSTS

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

SUPPLEMENTAL DIRECT TESTIMONY

OF

STEPHEN F. MORRIS

ON BEHALF OF

ENTERGY TEXAS, INC.

NOVEMBER 2013

156

ENTERGY TEXAS, INC.
SUPPLEMENTAL DIRECT TESTIMONY OF STEPHEN F. MORRIS
PUC DOCKET NO. 41791

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EXHIBITS

Exhibit SFM-SD-1	Information Regarding External Rate Case Expenses Paid by ETI through September 30, 2013
Exhibit SFM-SD-2	Direct Testimony of Stephen F. Morris Admitted in Docket No. 40295

1 I. INTRODUCTION

2 Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Stephen F. Morris. My business address is 8310 N. Capital of
4 Texas Highway, Suite 490, Austin, Texas 78731.

5

6 Q2. ARE YOU THE SAME STEPHEN F. MORRIS WHO FILED DIRECT
7 TESTIMONY IN THIS CASE ON BEHALF OF ENTERGY, TEXAS, INC.
8 ("ETI" OR "THE COMPANY")?

9 A. Yes, I am.

10

11 II. PURPOSE OF SUPPLEMENTAL DIRECT TESTIMONY

12 Q3. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT
13 TESTIMONY?

14 A. This supplemental direct testimony addresses the reasonableness of:
15 (1) ETI rate case expenses paid through September 30, 2013 to outside
16 legal counsel and outside accounting and consulting firms ("external rate
17 case expenses") in connection with this proceeding (Docket No. 41791);
18 and (2) external rate case expenses related to ETI's last base rate
19 proceeding (Docket No. 39896, including appeal) and severed rate case
20 expense docket (Docket No. 40295, including appeal) paid after the
21 September 30, 2012 cutoff date for expenses included in ETI's request in
22 Docket No. 40295 and through September 30, 2013. Specifically, I
23 examine the activities, fees, and expense submissions of the persons and

1 firms discussed in my direct testimony in this proceeding and my direct
2 testimony admitted in Docket No. 40295, which I have attached as Exhibit
3 SFM-SD-2.

4 My direct testimonies addressed the necessity of outside legal
5 counsel and outside accounting and consulting firms in presenting ETI's
6 rate applications before the Public Utility Commission of Texas
7 ("Commission" or "PUCT"). They also addressed the reasonableness of
8 the engagement agreements between ETI and its consultants and
9 counsel. Now that a significant amount of activity has occurred in Docket
10 No. 41791, I am supplementing my direct testimony to address the scope
11 and reasonableness of external rate case expenses paid by the Company
12 through September 30, 2013.

13 Exhibit SFM-SD-1, attached to this testimony, includes information
14 regarding rate case expenses typically requested by Commission Staff
15 through discovery. As with my testimony, Exhibit SFM-SD-1 pertains only
16 to external rate case expenses. Company witness Michael P. Considine
17 addresses internal rate case expenses. I am also providing as work
18 papers to Exhibit SFM-SD-1 copies of invoices and other detail supporting
19 the external rate case expenses addressed in this testimony and reported
20 in Exhibit SFM-SD-1. As of September 30, 2013, the Company had
21 incurred and paid external rate case expenses of \$899,719.56 (excluding
22 items not being requested). This amount ties to the total reflected in the
23 table in Section I. of Exhibit SFM-SD-1 and equals the combined total of

1 external rate case expenses for both Docket Nos. 39896/40295 and
2 Docket No. 41791 reflected on the first page of Exhibit MPC-SD-1.

3 In his supplemental direct testimony and Exhibit MPC-SD-1,
4 Company witness Michael P. Considine reports the total levels of both
5 internal and external rate case expenses and addresses the
6 reasonableness and necessity of ETI's internal rate case expenses. In
7 addition, Exhibit MPC-SD-2 includes information regarding rate case
8 expenses typically requested by Commission Staff through discovery, as it
9 pertains to internal rate case expenses.

10

11 Q4. DID YOU REVIEW BOTH PROFESSIONAL FEES AND OUT-OF-
12 POCKET EXPENSES IN PREPARING THIS TESTIMONY?

13 A. Yes. The vast majority of external rate case expenses incurred to date
14 relate to professional fees rather than out-of-pocket expenses. In Section
15 III below, I discuss fees related to outside legal counsel. In Section IV, I
16 discuss fees related to outside accounting and consulting firms. Finally, in
17 Section V, I discuss the out-of-pocket expenses of both outside legal
18 counsel and outside accounting and consulting firms.

19 III. OUTSIDE LEGAL COUNSEL FEES

20 Q5. IN YOUR DIRECT TESTIMONY, YOU DISCUSSED THE LAW FIRM OF
21 DUGGINS WREN MANN & ROMERO, LLP ("DWMR"), WHICH ETI
22 RETAINED TO REPRESENT IT IN THIS CASE AND IN DOCKET NOS.

1 39896/40295 (INCLUDING APPEALS). HAVE YOU REVIEWED THE
2 BILLS AND SUPPORTING DOCUMENTATION FROM THIS FIRM?

3 A. Yes. I have reviewed all such documentation and have discussed with Mr.
4 George Hoyt of DWMR the nature of services provided by the firm in
5 connection with this proceeding and Docket Nos. 39896/40295.

6 DWMR has extensive responsibility for these cases and is involved
7 in virtually all issues presented in ETI's applications. Given the scale and
8 scope of representation of ETI in these matters, in my opinion, the number
9 and breadth of attorneys that DWMR assigned to these matters is
10 reasonable.

11

12 Q6. HAVE YOU FORMED AN OPINION REGARDING THE EXPENSES PAID
13 BY ETI THROUGH SEPTEMBER 30, 2013 FOR OUTSIDE ATTORNEY
14 SERVICES?

15 A. Yes, I have. In my opinion, the fees of DWMR have been reasonable in
16 amount and were provided on an effective basis at reasonable hourly
17 rates. The amount of fees (and expenses, as discussed below) paid
18 through September 30, 2013 is very reasonable for cases the size of
19 Docket No. 41791 and Docket Nos. 39896/40295.

1 Q7. HOW MANY DWMR LAWYERS BILLED TIME TO ETI ON THE
2 INVOICES ADDRESSED HEREIN FOR WORK IN CONECTION WITH
3 THIS CASE?

4 A. Ten lawyers billed time in connection with this case. Six of the attorneys
5 billed a majority of the time.

6

7 Q8. IS IT UNUSUAL FOR THIS NUMBER OF LAWYERS IN ONE FIRM TO
8 BILL TIME IN A SINGLE RATE CASE?

9 A. No, it is not. In fact, there have been considerably more attorneys working
10 on prior ETI rate cases. The breadth of DWMR attorneys in these rate
11 cases underscores the wide-ranging issues presented. Thus, it makes
12 sense to have an attorney with the background and experience in a
13 particular area to handle that issue because it is often more efficient to do
14 so. In considering the services provided by outside counsel, I found that
15 each attorney has a different scope of responsibility and there is no
16 duplication of services.

1 Q9. REGARDING DWMR INVOICES ASSOCIATED WITH DOCKET NOS.
2 39896/40296 PAID FROM OCTOBER 1, 2012 THROUGH SEPTEMBER
3 30, 2013 AND DWMR INVOICES ASSOCIATED WITH DOCKET NO.
4 41791 PAID THROUGH SEPTEMBER 30, 2013, WHAT IS THE AMOUNT
5 OF FEES BEING REQUESTED BY ETI?

6 A. Regarding DWMR invoices paid through September 30, 2013, ETI is
7 requesting \$390,250.00 in fees as part of its rate case expense request.
8 This figure includes \$276,463.00 (1,065.2 hours of attorney time and
9 162.2 hours of legal assistant and support staff time) associated with
10 Docket Nos. 39896/40295 (including appeals) and \$124,426.00 (407.2
11 hours of attorney time and 47.3 hours of legal assistant and support staff
12 time) associated with Docket No. 41791.

13 With respect to Docket Nos. 39896/40295, these hours and fees
14 relate primarily to: (1) the development of ETI's motions for rehearing,
15 replies to motions for rehearing, compliance tariff proceeding, and appeals
16 related to the Commission's Final Order in Docket No. 39896; and (2) the
17 prosecution of ETI's rate case expense request, including supplemental
18 direct testimony and exhibits, hearing, post-hearing briefing, motion for
19 rehearing, response to motions for rehearing, and appeal of Docket
20 No. 40295. I find the rates, tasks, and time associated with outside
21 counsel during this period of Docket Nos. 39896/40295 to be reasonable
22 and in line with the amount of work required by the activities described
23 above. I do not consider the fees, time, or number of attorneys extreme or

1 excessive in light of the work to be done, the amount of money at issue,
2 and the value received by ETI.

3 With respect to Docket No. 41791, this level of hours and fees is
4 reasonable and in line with the amount of work required at this stage of a
5 base rate case for an integrated utility (*i.e.*, development and filing of the
6 Commission's rate filing package, direct testimony, exhibits, work papers,
7 initial discovery, and preliminary order issue development). Accordingly, I
8 do not find the fees, time, or number of attorneys associated with outside
9 counsel thus far in Docket No. 41791 to be extreme or excessive.

10
11 Q10. HAVE YOU REVIEWED THE HOURLY RATES OF EACH OF THE
12 DWMR LAWYERS WHO BILLED TIME TO THESE CASES?

13 A. Yes.

14
15 Q11. WHAT IS YOUR OPINION REGARDING THE REASONABLENESS OF
16 THOSE RATES?

17 A. As I stated in my direct testimonies, the range of rates charged by DWMR
18 is very reasonable for this type of work. Public utility regulatory law is
19 complex and covers a wide range of issues. The rates charged by DWMR
20 ranged from \$160 to \$385 in Docket Nos. 39896/40295 and, thus far, from
21 \$210 to \$385 in Docket No. 41791. These rates are certainly within
22 market and perhaps below market for this type of work performed by other
23 firms in Texas.

1 In my opinion, DWMR's rates meet the criteria established by the
2 *City of El Paso* case, which I discussed in my direct testimonies.

3

4 Q12. IS THE LEVEL OF ACTIVITY UNDERTAKEN BY DWMR REASONABLE
5 GIVEN THE NATURE OF THESE CASES?

6 A. Yes. DWMR has responsibility in practically all areas of these cases.
7 These areas include overseeing preparation of all aspects of the filings,
8 sponsoring witnesses, preparing motions and other legal pleadings,
9 providing support in responding to a multitude of discovery requests
10 covering diverse and complex topics, participating at the hearing, and
11 prosecuting appeals of the Commission's Final Orders.

12 ETI owns generating facilities, roughly 2,466 miles of transmission
13 line, 11,229 miles of overhead distribution line, 1,850 miles of
14 underground distribution line, serves approximately 416,000 customers,
15 and is part of a larger, multi-state utility holding company that utilizes an
16 affiliated service company to provide a significant level of support services
17 to ETI and other Entergy Operating Companies. Accordingly, ETI is a
18 sizeable and complex entity and the issue of affiliate expenses is an
19 important part of its rate applications. Affiliate issues require a great deal
20 of attorney time in order to prepare and present ETI's case justifying its
21 affiliate expenses consistent with PUCT precedent.

22 There were 39 witnesses who filed direct testimony and 30
23 witnesses who filed rebuttal testimony in Docket No. 39896 and two

witnesses filing testimony in Docket No. 40295. There are 38 witnesses who filed direct testimony in Docket No. 41791. As I stated in my direct testimony, a case with a significant number of witnesses covering a wide range of subject matters will require a large number of attorneys.

DWMR also has extensive responsibility in discovery matters. There were over 1,900 discovery requests in Docket No. 39896, including subparts. Hundreds of RFIs have already been propounded in this docket.

To conclude, it is my opinion that the DWMR fees addressed in this supplemental direct testimony are reasonable in amount and the work performed by DWMR was reasonable, relevant, and necessary to the presentation and defense of these cases.

IV. OUTSIDE ACCOUNTING AND CONSULTANT FEES

Q13. PLEASE LIST THE OUTSIDE ACCOUNTING AND CONSULTING FIRMS FOR WHICH YOU HAVE REVIEWED INVOICES IN CONNECTION WITH SERVICES PROVIDED IN DOCKET NOS. 39896/40295 AND 41791 AND THE TOTAL AMOUNT OF FEES PAID BY ETI FOR THE SERVICES OF SUCH FIRMS THROUGH SEPTEMBER 30, 2013.

A. The list, which includes only fees and not expenses, is as follows:

<u>Firm</u>	<u>Amount Billed</u>
Commonwealth Consulting	\$2,150.00
Deloitte & Touche	\$440,528.00

1	Expergy	\$5,852.00
2	FINANCO, Inc.	\$850.00
3	Jager Smith, LLC	\$6,930.00
4	KFG, Inc.	\$9,275.00
5	Lewis & Ellis, Inc.	\$6,150.00
6	Naman, Howell, Smith & Lee, PLLC	\$18,856.25

7

8 Q14. DO DWMR INVOICES TO THE COMPANY INCLUDE THE FEES AND
9 EXPENSES OF ANY OUTSIDE CONSULTANTS?

10 A. The DWMR invoices associated with Docket No. 41791 paid through
11 September 30, 2013 do not include the fees and expenses of any of the
12 Company's consultants.

13 The DWMR invoices associated with Docket Nos. 39896 and
14 40295 at issue in this case contain several bills from my firm (Naman,
15 Howell) totaling \$16,581.25 and one from Lewis & Ellis totaling \$410.00.
16 These vendor charges include no additional mark-up or other adder from
17 DWMR. Outside vendor bills included in DWMR invoices are listed in the
18 "Disbursements" section of DWMR invoices, and copies of the vendor
19 invoices themselves are included among the supporting documentation for
20 the disbursements. Such invoices are reviewed according to the same
21 process as those paid directly by the Company. The amounts related to
22 my firm and Lewis & Ellis that were paid through DWMR bills have been
23 included in the amounts listed above and discussed below. However, in

1 Exhibit SFM-SD-1, the amounts related to my firm and Lewis & Ellis that
2 were paid through DWMR bills are reflected in the invoiced amounts for
3 such bills in order to best tie to the supporting detail and avoid confusion.

4

5 Q15. WERE THE SERVICES PROVIDED BY ANY OF THE OUTSIDE
6 CONSULTANTS DISCUSSED HEREIN DUPLICATIVE, EXTREME, OR
7 EXCESSIVE?

8 A. No, they were not. Below, I discuss the unique services and scope of
9 responsibility of each consultant retained by, or on behalf of ETI. It is
10 clear, for the reasons stated below and in my direct testimonies and based
11 on the testimonies, exhibits, and work papers provided by the consultants
12 thus far, that no two consultants are providing duplicative services, and
13 that all such topics and issues were relevant and necessary to the
14 presentation of Docket Nos. 39896/40295 and/or 41791. In general, the
15 scope and level of services provided are required by the Commission's
16 rate filing package (*e.g.*, Deloitte & Touche's review of various rate filing
17 package schedules in accordance with Schedule S and Mr. Gregory
18 Wilson's services as an independent actuary) and/or are consistent with
19 the level of services provided to ETI and other utilities by consultants in
20 relation to the particular topic at hand.

21

1 A. Commonwealth Consulting Group

2 Q16. PLEASE DESCRIBE THE ASSIGNMENT OF COMMONWEALTH
3 CONSULTING GROUP IN THIS CASE.

4 A. Ms. Lisa Blankenship of Commonwealth Consulting Group provided
5 benchmarking analysis, document review and preparation, and testimony
6 review on behalf of ETI for its rate case presentation in this proceeding.

7

8 Q17. WHAT WERE THE HOURS AND FEES PAID BY ETI TO
9 COMMONWEALTH CONSULTING THROUGH SEPTEMBER 30, 2013?

10 A. Through September 30, 2013, ETI paid Commonwealth Consulting's fees
11 of \$2,150 for 21.5 hours of work on Docket No. 41791 by Ms. Blankenship
12 at \$100 per hour.

13

14 Q18. IN YOUR OPINION, ARE THESE FEES REASONABLE?

15 A. Yes. As I stated in my direct testimony, Ms. Blankenship has expertise
16 and experience regarding these matters and has been engaged by ETI in
17 numerous prior rate cases. ETI benefits substantially from the having an
18 experienced consultant such as Ms. Blankenship perform the services
19 described above at such a reasonable rate. The fees charged by Ms.
20 Blankenship in this case are very reasonable and in line with the time
21 required, the amount and quality of work performed, the nature and extent
22 of her role providing benchmarking analysis and document and testimony
23 review.

1 B. Deloitte & Touche

2 Q19. PLEASE DESCRIBE THE ASSIGNMENT OF DELOITTE & TOUCHE IN
3 THIS CASE.

4 A. Deloitte & Touche ("Deloitte") is a "Big 4" public accounting firm that was
5 hired by ETI to perform a review of the historical dollar amounts contained
6 in ETI's rate filing package in this proceeding, as required by PUCT rules.
7 The engagement letter for this case states that Deloitte's hourly rate for
8 work in connection with this case is \$280, with an estimated total cost of
9 approximately \$1,000,000-\$1,100,000, plus expenses.

10

11 Q20. WHAT WERE THE HOURS AND FEES PAID BY ETI TO DELOITTE
12 THROUGH SEPTEMBER 30, 2013?

13 A. Through September 30, 2013, ETI paid Deloitte \$440,528 in hourly fees
14 for 1,573 hours of work on Docket No. 41791.

15

16 Q21. IN YOUR OPINION ARE THESE FEES REASONABLE?

17 A. Yes. This type of review (Schedules A through W of the PUCT rate filing
18 package, excluding L and R) is, in my experience, complex, time sensitive,
19 cumbersome, and resource intensive. The size and scope of the rate
20 filing package for an integrated utility that is the subject of such a review
21 required the assistance of 28 Deloitte professionals. Because a Schedule
22 S review is a requirement of the Commission's rate filing package, ETI

1 receives a substantial benefit from Deloitte's service in performing the
2 Schedule S review.

3

4 Q22. DID YOU INTERVIEW ANYONE FROM DELOITTE REGARDING THIS
5 WORK?

6 A. Yes. I interviewed Patrick Brandau, the Deloitte partner in charge of this
7 engagement, regarding the nature and scope of the work performed by
8 Deloitte.

9

10 Q23. PLEASE SUMMARIZE YOUR OPINION WITH RESPECT TO THE FEES
11 OF DELOITTE.

12 A. In my opinion, the fees of \$440,528 incurred thus far are reasonable and
13 necessary based on the amount and complexity of the work performed
14 and the hourly rate contained in the agreement. These fees are also
15 consistent with fees charged by Deloitte in previous engagements for
16 similar types of work.

17

18 C. Expergy

19 Q24. PLEASE DESCRIBE THE ASSIGNMENT OF EXPERGY IN THIS CASE.

20 A. Mr. Jay Joyce of Expert Powerhouse, LLC d/b/a Expergy provided a lead-
21 lag study and supporting testimony on behalf of ETI for its rate case
22 presentation in this proceeding. Ms. Billy Ann Litteken, Sr. Consultant with
23 Expergy also provided analysis and support on behalf of ETI.

1 Q25. WHAT WERE THE HOURS AND FEES PAID BY ETI TO EXPERGY
2 THROUGH SEPTEMBER 30, 2013?

3 A. Through September 30, 2013, in relation to Docket No. 41791, ETI paid
4 Expergy fees of \$5,852 for 1.5 hours of work by Mr. Joyce at \$275 per
5 hour and 40.3 hours of work by Ms. Litteken at \$135 per hour.

6

7 Q26. IN YOUR OPINION, ARE THESE FEES REASONABLE?

8 A. Yes. As I stated in my direct testimony, Mr. Joyce has extensive
9 experience performing lead-lag studies before the Commission and other
10 regulatory agencies throughout the United States. Mr. Joyce's and Ms.
11 Litteken's work included performing a lead-lag study analyzing ETI's cash
12 flows of income and expense items, drafting supporting testimony, and
13 responding to discovery. Lead lag studies are complex and require
14 specialized statistical expertise. Commission Rule 25.231(c)(2)(B)(iii)(IV)
15 requires that ETI's cash working capital be set according to a lead lag
16 study and the Company derives substantial benefit from having an
17 experienced and qualified firm, such as Expergy, perform such study. In
18 my opinion, Expergy's fees and time are reasonable and necessary as
19 part of ETI's rate case presentation and are in line with the amount of
20 labor typically required to perform a lead lag study.

1 D. FINANCO, Inc.

2 Q27. PLEASE DESCRIBE THE ASSIGNMENT OF FINANCO, INC. IN THIS
3 CASE AND IN DOCKET NO. 39896.

4 A. In both cases, ETI engaged FINANCO, Inc. to prepare testimony
5 addressing issues related to ETI's return on equity. Dr. Samuel C.
6 Hadaway filed direct and rebuttal testimony supporting ETI's requested
7 return on equity in Docket No. 39896 and, thus far, has filed direct
8 testimony for the same purpose in this case. As of September 30, 2013,
9 ETI had not paid FINANCO for services rendered in connection with this
10 proceeding.

11

12 Q28. WHAT WERE THE HOURS AND FEES PAID BY ETI TO FINANCO
13 THROUGH SEPTEMBER 30, 2013?

14 A. Through September 30, 2013, ETI paid FINANCO \$850.00 in fees
15 associated with Docket No. 39896. This amount includes 2.0 hours of
16 work by Dr. Sam Hadaway at \$425 per hour in relation to ETI's Exceptions
17 to the Proposal for Decision in Docket No. 39896.

18

19 Q29. IN YOUR OPINION ARE THESE FEES INCURRED BY ETI FOR
20 FINANCO'S SERVICES REASONABLE AND NECESSARY?

21 A. Yes. The limited amount paid to FINANCO through September 30, 2013
22 is consistent with the amount of work performed by Dr. Hadaway in
23 connection with ETI's Exceptions to the Docket No. 39896 Proposal for

1 Decision during the period at issue. The return on equity issue and
2 related analyses are complex and involve a substantial amount of money.
3 Accordingly, I find that FINANCO, Inc.'s fees are reasonable and in line
4 with the level of responsibility Dr. Hadaway had in Docket No. 39896 and
5 the time and work required.

6
7 E. Gerald Tucker

8 Q30. PLEASE DESCRIBE THE ASSIGNMENT OF GERALD TUCKER IN
9 DOCKET NO. 39896.

10 A. Mr. Tucker's primary responsibility was to assist ETI in preparing
11 testimony and analysis related to affiliate costs and affiliate rate
12 schedules. Mr. Tucker also worked on capital schedules and assisted in
13 responding to discovery questions after the rate application was filed.

14
15 Q31. WHAT WERE THE HOURS AND FEES INCURRED BY ETI FOR MR.
16 TUCKER'S SERVICES IN CONNECTION WITH DOCKET
17 NOS. 39896/40295 ON INVOICES PAID BETWEEN OCTOBER 1, 2012
18 AND SEPTEMBER 30, 2013?

19 A. Mr. Tucker's fees for that period were \$4,875. This consisted of 19.5
20 hours at Mr. Tucker's standard hourly rate of \$250. Mr. Tucker's work
21 focused on assisting with discovery responses and post-hearing briefing
22 associated with ETI's affiliate case.

1 Q32. WHAT IS YOUR OPINION REGARDING THE REASONABLENESS OF
2 THE FEES PAID BY ETI FOR MR. TUCKER'S SERVICES?

3 A. In my opinion, this is a reasonable amount for these services. Mr.
4 Tucker's hourly rate of \$250 is very reasonable considering his extensive
5 experience in the area of affiliate costs. Furthermore, given the
6 Commission's requirements with respect to recovery of affiliate costs and
7 the Company's success in proving up its affiliate case, in my opinion, Mr.
8 Tucker's work on Docket No. 39896 was reasonable and necessary in
9 order for ETI to adequately develop and present its rate application before
10 the Commission.

11

12 F. Jager Smith, LLC

13 Q33. PLEASE DESCRIBE THE ASSIGNMENT OF JAGER SMITH, LLC IN
14 THIS CASE.

15 A. Mr. Jager Smith provided consulting services in support of the
16 development of ETI testimony and evidence related to nuclear
17 decommissioning expense.

18

19 Q34. WHAT WERE THE HOURS AND FEES PAID BY ETI TO JAGER SMITH,
20 LLC THROUGH SEPTEMBER 30, 2013?

21 A. Through September 30, 2013, ETI paid Jager Smith \$6,930 for 21 hours
22 of work on Docket No. 41791 at \$330 per hour. Mr. Smith's services
23 included review of Commission rules related to nuclear decommissioning,

1 analysis of issues related to nuclear decommissioning expense, and
2 testimony development.

3

4 Q35. WHAT IS YOUR OPINION REGARDING THE REASONABLENESS OF
5 MR. SMITH'S FEES?

6 A. In my opinion, the relatively modest amount of fees paid in order to obtain
7 the expert services of Mr. Smith was very reasonable and necessary. Mr.
8 Smith has significant expertise and many years of experience with the
9 complicated issue of nuclear decommissioning and possesses a great
10 deal of familiarity with the Company. Accordingly, ETI derives a
11 substantial benefit from Mr. Smith's contributions in support of ETI's
12 recovery of its nuclear decommissioning expense.

13

14 G. KFG, Inc.

15 Q36. PLEASE DESCRIBE THE ASSIGNMENT OF KFG, INC. IN THIS CASE.

16 A. ETI engaged Kenneth F. Gallagher of KFG, Inc. to provide analysis and
17 testimony regarding nuclear decommissioning cost issues.

18

19 Q37. WHAT WERE THE HOURS AND FEES PAID BY ETI TO KFG, INC.
20 THROUGH SEPTEMBER 30, 2013?

21 A. Through September 30, 2013, ETI paid KFG, Inc. \$9,275 for 26.5 hours of
22 work on Docket No. 41791 at \$350 per hour.

1 Q38. WHAT IS YOUR OPINION REGARDING THE REASONABLENESS OF
2 KFG, INC.'S FEES?

3 A. Mr. Gallagher has provided expert testimony on this subject for ETI in prior
4 rate cases and has over thirty years' experience testifying before state
5 regulatory commissions. His hourly rate of \$350 per hour is reasonable
6 given his prior experience working with ETI and the complexity of this
7 subject matter. The level of fees charged to ETI, thus far, is consistent
8 with the development of direct testimony and supporting analysis
9 performed to date.

10

11 Q39. PLEASE EXPLAIN HOW THE ROLES OF MR. KENNETH GALLAGHER,
12 MR. JAGER SMITH, AND MS. MONIQUE HOFFMEISTER DIFFER?

13 A. As discussed in her direct testimony, Ms. Hoffmeister's role in this case is
14 to present and discuss various financial assumptions supporting the River
15 Bend decommissioning revenue requirement shown on RFP Schedule M-
16 2. The financial assumptions addressed in her direct testimony include
17 the: (1) December 31, 2013 fund liquidation values; (2) weighted average
18 after-tax earning rates; and (3) trust fund administrative fees. Ms.
19 Hoffmeister explains that such assumptions are necessary to calculate the
20 River Bend decommissioning revenue requirement. Company witness
21 Kenneth F. Gallagher explains: (1) the basis for ETI's proposal to include
22 the current Nuclear Regulatory Commission minimum funding level for the
23 River Bend plant as the basis for the decommissioning cost to be included

1 in Texas retail rates; and (2) the escalation factor to be used in
2 determining the revenue requirement. As discussed above, the limited
3 services of Mr. Jager Smith, a licensed attorney, have included a review of
4 the Commission's nuclear decommissioning rules and review and analysis
5 supporting the development of the testimonies of Ms. Hoffmeister and Mr.
6 Gallagher. Mr. Smith's years of experience and familiarity with the
7 Company allow him to provide valuable consultation related to the
8 presentation of the Company's testimony and nuclear decommissioning
9 case.

10
11 H. Lewis & Ellis, Inc.

12 Q40. PLEASE DESCRIBE THE ASSIGNMENT OF LEWIS & ELLIS IN THIS
13 CASE.

14 A. As I discussed in my direct testimonies, ETI retained Mr. Greg Wilson of
15 Lewis & Ellis, Inc. to provide expert testimony on the subject of ETI's self-
16 insurance reserve, as required by PUCT rules.

17
18 Q41. WHAT WERE THE HOURS AND FEES PAID BY ETI TO LEWIS & ELLIS
19 THROUGH SEPTEMBER 30, 2013?

20 A. Through September 30, 2013, ETI paid Lewis & Ellis \$6,150.00 for 15
21 hours at \$410 per hour. Mr. Lewis's services in connection with Docket
22 No. 41791 included reviewing prior testimony, analyzing actuarial data,
23 and drafting testimony. In addition, this amount includes 1 hour of Mr.

1 Lewis's time spent addressing issues related to the Proposal for Decision
2 in Docket No. 39896.

3

4 Q42. WHAT IS YOUR OPINION REGARDING THE REASONABLENESS OF
5 MR. WILSON'S FEES?

6 A. The probability and statistical analysis of ETI's loss contingencies involved
7 in supporting ETI's self-insurance reserve is extraordinarily specialized
8 and complex. Moreover, as the Commission's Rules require that ETI
9 submit testimony by an independent actuary in proving up its self-
10 insurance reserve, the Company derives great benefit from the expert
11 services of Mr. Wilson. In addition, Mr. Wilson has testified on behalf of
12 ETI in prior rate proceedings regarding ETI's self-insurance reserve. This
13 familiarity with the Company reduces costs that might otherwise be
14 charged by an actuary to become familiar with the Company's
15 circumstances and self-insurance reserve. For these reasons, Mr.
16 Wilson's time and fees are quite reasonable. His hourly rate of \$410 is
17 very reasonable given his level of experience, the complexity of this
18 particular issue, the work performed, and the value to ETI.

1 I. Naman, Howell, Smith & Lee, PLLC

2 Q43. WHAT WERE THE HOURS AND FEES PAID BY ETI TO NAMAN,
3 HOWELL, SMITH & LEE THROUGH SEPTEMBER 30, 2013?

4 A. Through September 30, 2013, ETI paid Naman, Howell \$2,275 for my
5 services in connection with this case. This represents 7 hours of work by
6 me at an hourly rate of \$325. In addition, ETI paid Naman, Howell
7 \$16,581.25 between October 1, 2012 and September 30, 2013 for my
8 services in connection with Docket Nos. 39896/40295. This amount
9 included 47.25 hours of work by me at \$325 per hour and 17.5 hours of
10 work by my legal assistant, Angela Montalvo, at \$70 per hour.

11

12 Q44. IN YOUR OPINION WERE THESE FEES REASONABLY INCURRED?

13 A. Yes. My hourly rate is in line with the hourly rate of other attorneys
14 engaged in public utility regulatory matters, as I discussed in my direct
15 testimonies. Furthermore, with respect to these proceedings, the amount
16 of time incurred developing rate case expense testimony, analyzing
17 outside counsel and consultant arrangements, reviewing invoices,
18 testimony, and responding to discovery is fairly typical for cases of this
19 scope and scale.

20 With respect to Docket Nos. 39896/40295, ETI's rate case expense
21 request through September 30, 2013 was approximately \$8.7 million.
22 Accordingly, ETI derived significant value from an expert review of and
23 competent testimony regarding its rate case expense request. The

1 amount of fees paid for my services to review ETI's external rate case
2 expenses, develop supplemental direct testimony, and participate in the
3 hearing in Docket No. 40295 on November 28, 2012 was reasonable and
4 necessary given the amount of work, money at issue, and benefit received
5 by ETI.

6
7 V. OUT-OF-POCKET EXPENSES

8 Q45. HAVE YOU REVIEWED DOCUMENTATION SUPPORTING THE OUT-
9 OF-POCKET EXPENSES OF OUTSIDE LEGAL COUNSEL AND
10 OUTSIDE ACCOUNTING AND CONSULTING FIRMS?

11 A. Yes. I have.

12
13 Q46. WHAT IS YOUR OPINION REGARDING THESE EXPENSES?

14 A. A very small amount of out-of-pocket expenses has been incurred in
15 comparison to the level of professional fees.

16 The expenses being included in the Company's rate case expense
17 request are reasonable, necessary, and consistent with the out-of-pocket
18 expenses approved by the Commission in connection with prior rate
19 cases. The work papers to Exhibit SFM-SD-1 contain the invoices on
20 which every external out-of-pocket expense being requested appears, as
21 well as receipts and supporting documentation pertaining to such
22 expenses. The receipt or supporting detail pertaining to each expense

1 follows immediately behind the invoice on which the expense was billed to
2 the Company.

3 To the extent such expenses were incurred, the Company is not
4 requesting recovery of expenses traditionally excluded from rate case
5 expense recovery, including: meals over \$25 per meal per person,
6 alcohol, entertainment, first class air travel, etc. A list of individual
7 expense items excluded from the Company's rate case expense request
8 is included in the second table in Section I of Exhibit SFM-SD-1.

9

10 Q47. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT
11 TESTIMONY?

12 A. Yes, it does.

**Information Regarding External Rate Case Expenses
Paid by ETI from October 1, 2012 through September 30, 2013**

I. Outside Accounting, Consulting, and Legal Invoices

Date of Invoice	Vendor	Docket Nos. 39896/40295	Docket No. 39896 Appeal	Docket No. 40295 Appeal	Docket No. 41791
July 2013	Commonwealth				\$2,150.00
6/28/13	Deloitte				\$216,248.00
8/27/13	Deloitte				\$224,280.00
10/12/2012	DWMR	\$55,785.57			
11/13/2012	DWMR	\$65,675.78			
12/6/2012	DWMR	\$54,688.82			
1/15/2013	DWMR	\$39,116.93	\$1,550.43		
2/13/2013	DWMR	\$1,451.04	\$3,064.30		
3/13/2013	DWMR	\$13,223.49			
3/14/13	DWMR		\$823.83		
4/11/13	DWMR	\$33,936.72	\$1,974.50		\$11,375.50
5/13/13	DWMR	\$8,897.50	\$541.00		\$28,383.00
6/13/13	DWMR	\$8,191.00	\$1,373.41		\$40,270.50
7/15/13	DWMR	\$3,842.00	\$696.00		\$44,666.38
8/12/13	DWMR		\$486.05	\$763.00	
9/10/13	DWMR	\$105.00	\$290.00	\$702.81	
5/8/13	Expergy				\$2,540.00
6/4/13	Expergy				\$3,312.00
7/29/12	Gerald Tucker	\$600.00			
9/3/12	Gerald Tucker	\$1,850.00			
10/27/12	Gerald Tucker	\$2,150.00			
12/1/12	Gerald Tucker	\$275.00			
7/31/12	FINANCO	\$850.00			
4/30/13	Jager Smith				\$198.00
5/31/13	Jager Smith				\$264.00
7/31/13	Jager Smith				\$2,343.00
8/31/13	Jager Smith				\$4,125.00
8/5/13	KFG, Inc.				\$9,275.00
7/23/13 (May)	Lewis & Ellis				\$2,357.50
7/23/13 (June)	Lewis & Ellis				\$3,382.50
8/9/13	Naman Howell				\$2,275.00
Total Excluded in Table Below		\$399.00	\$0.00	\$0.00	\$231.00
Total Requested by Case		\$290,239.85	\$10,799.52	\$1,465.81	\$597,214.38
Grand Total Requested					\$899,719.56

Certain DWMR invoices above pertaining to Docket Nos. 39896 and 40295 include invoices from Naman Howell and Lewis & Ellis. However, I state the total fees by vendor in my Supplemental Direct Testimony. The supporting detail included as work papers to this exhibit contain each of the invoices stated above, including any outside vendor invoices attached to the DWMR invoices stated above.

The following table includes individual expenses, from the outside accounting, consulting, and legal invoices listed above, that have been excluded from the Company's rate case expense request.

Date (Invoice)	Vendor	Description of Item Excluded	Amount Excluded
4/14/13 (5/13/13)	DWMR (39896/40295)	Attorney Time Moved to Different Matter	\$399.00
5/28/13 (6/13/13)	DWMR (41791)	Attorney Time Moved to Different Matter	\$38.50
5/28/13 (6/13/13)	DWMR (41791)	Attorney Time Moved to Different Matter	\$192.50

II. Professionals with Hourly Rates Over \$400 Per Hour

FINANCO, Inc. (Dr. Samuel C. Hadaway - \$425/hour – 2 Hours Billed to Docket Nos. 39896/40295)

Dr. Hadaway's hourly billing rate is consistent with his education and experience. For the past 30 years, Dr. Hadaway has been an owner and full-time employee of FINANCO, Inc. providing financial research concerning the cost of capital and financial condition for regulated companies as well as financial modeling and other economic studies in litigation support. He has appeared in numerous PUCT proceedings and proceedings of other utility regulatory agencies to present expert testimony on utility finance and economics issues. In addition, Dr. Hadaway has served as an adjunct professor in the McCombs School of Business at UT Austin and in what is now the McCoy College of Business at Texas State University. Dr. Hadaway has also taught courses at various utility conferences on cost of capital, capital structure, utility financial condition, and cost allocation and rate design issues. Finally, Dr. Hadaway testified before the Commission on behalf of Entergy Texas, Inc. in Docket Nos. 34800, 37744, and 39896.

Lewis & Ellis (Mr. Gregory S. Wilson - \$410/hour – 14 Hours Billed to Docket No. 41791)

Mr. Gregory S. Wilson is the Vice President and a consulting actuary with Lewis & Ellis and testifies regarding ETI's insurance reserve. Mr. Wilson has over 37 years of experience in this area and has been active in professional actuarial organizations (including President of the Southwest Actuarial Forum). He has testified in multiple rate cases before the Commission on behalf of ETI and other utilities and has testified before the Missouri Public Service Commission. P.U.C. SUBST. R. 25.231(b)(1)(G) requires that ETI present the testimony and analysis of an independent actuary such as Mr. Wilson regarding the cost/benefit of self-insurance versus obtaining commercial insurance. Mr.

Wilson's hourly billing rate is reasonable given his level of expertise, years of experience in this area, and familiarity with ETI.

III. Affidavits Stating that Rates Charged are No Higher Than Normal Hourly Rates

Please see Attachment A to this exhibit, which contains affidavits from outside counsel and consultants retained in connection with Docket Nos. 39896/40295 and 41791 stating that the rate charged to ETI: is the normal hourly billing rate charged by the lawyer or consultant, is comparable to the hourly rate charged by other consultants for similar services provided to other Texas utilities, and is the normal hourly billing rate charged by the lawyer or consultant to non-regulated entities.

IV. Schedule of Persons Billing in Excess of 12 Hours Per Day

No person billed in excess of 12 hours per day in connection with the invoices listed in Section I above.

V. Schedule of Hotel or Lodging Charges

There are no hotel or lodging charges in the invoices listed in Section I above.

VI. Non-Commercial Aircraft and First Class Aircraft

No expenses were incurred for non-commercial or first class air travel. Any invoices referencing first class air travel were awarded as a free upgrade pursuant to the individual's frequent flyer membership.

VII. Schedule of "Luxury" Items

To the extent any such expenses exist, the Company will list in this Section all expenses incurred in relation to this case for limousine services, sporting events, alcohol, gourmet coffee, bottled water, hotel movies, satellite radio or other entertainment, as these are items historically considered by Public Utility Commission of Texas Staff to be "luxury" items. In addition, Section I above contains a list of all items the Company is excluding from its rate case expense request, including any expenses listed in this Section that the Company is excluding.

The Company disagrees with the premise that each of the aforementioned items constitutes a luxury item (e.g., bottled water). In addition, the Company asserts that the description "gourmet coffee" is vague. For this reason, the Company has not itemized below plain or iced coffee purchased while on travel.

There are no expenses associated with "luxury" items in the invoices listed in Section I above.

VIII. Meals Over \$25 Per Meal Per Person

The Company has excluded from its rate case expense request all amounts by which any meal exceeded \$25 per meal per person. To the extent it could not be determined from

the supporting detail how many people a particular meal charge pertained to, the charge was assumed to pertain to only one person and any amount over \$25 was excluded from the Company's request.

There are no charges for meals in excess of \$25 per person per meal in the invoices listed in Section I above.

IX. Selection Procedure for Consultants

ETI's procedure for selecting consultants includes: a review of the prior work products of each consultant; a determination that the consultants' rates do not exceed the normal hourly billing rates charged to the vendors' other clients; an analysis of the rates charged by comparable consultants for similar services provided to other Texas utilities.

The following consultants were retained based on their experience in prior ETI proceedings or an existing consulting agreement with ETI or Entergy Services, Inc., as well as their expertise in the regulatory matters they were assigned to address:

Commonwealth Consulting Group (Lisa L. Blankenship)
Deloitte & Touche
Expergy (Jay Joyce)
FINANCO, Inc. (Samuel C. Hadaway)
Gerald Tucker
Jager Smith
KFG, Inc.
Lewis & Ellis, Inc. (Gregory S. Wilson)
Naman Howell Smith & Lee, PLLC (Stephen F. Morris)
PricewaterhouseCoopers (Mark Niehaus)

Competitive bidding procedures are not a common method of selecting consultants to provide service in connection with base rate proceedings and such procedures were not used by ETI in this case.

X. Procedure for Reviewing Rate Case Expenses

Prior to submitting its request to the Commission for rate case expenses incurred in this case, the Company conducts a review of such expenses that includes determinations that:

- invoice terms and amounts are in agreement with contract specifications;
- contract limits have not been exceeded;
- adequate supporting documentation was provided for each charge for professional or secretarial services, travel expenses, and miscellaneous expenses (consistent with documentation requirements specified above);
- each invoice is mathematically accurate;
- the calculation of the charges is correct;
- the individual charges and rates are reasonable;
- the amount of each service (e.g., number of hours billed) is reasonable;
- there is no double-billing of charges;

- each invoice was approved for payment by an appropriate person before payment was actually made;
- none of the charges included in requested rate case expenses have been included in other cost of service amounts included in the rate filing package;
- none of the charges included in requested rate case expenses should have been directly assigned to other functions;
- any allocation of charges between functions is reasonable; and
- none of the charges included in requested rate case expenses have been recovered through reimbursement for other expenses.

To the extent an expense represents an exception to one of the above determinations and ETI seeks recovery of such expense, the Company will list each such expense in an update to this exhibit.

XI. Consultants Retained to Review Rate Case Expenses

Mr. Stephen F. Morris has been retained to address the reasonableness of the Company's external rate case expenses. The scope of his duties includes review of actual rate case expenses before they are submitted to the Commission.

Deloitte & Touche LLP has issued an unqualified opinion on the Entergy Texas, Inc. December 31, 2012 financial statements, which includes the regulatory asset related to Docket No. 39896 and Docket No. 40295 rate case expenses. In addition, for those consultants retained for this and prior proceedings through outside counsel, outside counsel reviews their billings before submitting those bills to ETI for payment.

XII. Right to Perform Audit of Consultant Expenses

If the consultant's contract includes an audit clause, then the Company would have a contractual right to conduct an audit of the consultant's expenses. Contracts of some consultants do have an audit clause. In the absence of an audit clause, the Company has the right to review invoices and object to charges or expenses that it deems improper under the contract.

To date, Internal Audit Services has not audited any of the rate case consultants' expenses. Internal Audit Services' audit plan, which is used to determine the areas audited, is primarily risk based. The consultants' expenses were not considered high risk and therefore were not audited by Internal Audit Services. However, rate case expenses requested for recovery will be the subject of prior review by Counsel and the Company's rate case expense expert witness.

XIII. No Duplication of Services

Duggins Wren Mann & Romero, LLP was retained to assist with preparation of the Company's rate filing package and prosecution of this case. Duggins Wren has provided service in almost, if not, every aspect of this case, including: discovery process management, assisting with RFP preparation, fuel-related RFP schedules, final preparation of all testimony, preparation of necessary motions and other pleadings, and

overall case strategy. The work performed has been and will continue to be discrete and not duplicative. Similarly, consultants were hired to and have addressed discrete issues. The Company is not aware of any instance in which two consultants were engaged to provide, or actually provided, duplicative services.

XIV. Salaries, Wages, and Employee Benefits Included in Rate Case Expenses'

Please see Exhibit MPC-SD-1 for a schedule of payroll by department and related benefits and payroll related items. All requested amounts are for ESI employees. Payroll, benefits and payroll-related items for ETI employees working on the rate case are not being requested.

XV. Services Provided By Employees Included in Rate Case Expenses

Please see Section XIV above. The Company is unaware of any charges requested by the Cities for legal or other services provided by their employees.

XVI. Contingent Rate Case Expenses

There are no charges included in ETI's requested rate case expenses that are contingent upon a certain outcome.

Attachment A

Docket Nos. 39896/40295 Affidavits

**SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896**

**APPLICATION OF ENTERGY
TEXAS, INC. FOR AUTHORITY TO
CHANGE RATES, RECONCILE FUEL
COSTS, AND OBTAIN DEFERRED
ACCOUNTING TREATMENT** § **BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS**

AFFIDAVIT OF LISA BLANKENSHIP

**STATE OF VIRGINIA §
FAIRFAX COUNTY §
§**

Lisa Blankenship, first being sworn on his oath, states:

1. My name is Lisa Blankenship. I am over eighteen years of age. If called as a witness, I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an outside consultant retained by Duggins, Wren, Mann & Romero, LLP on behalf of Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, State Office of Administrative Hearings Docket No. 473-10-1962 ("Docket No. 39896"). My firm's name is Commonwealth Consulting Group, Inc. My business address is 1491 Chain Bridge Road, Suite 300, McLean, Virginia 22101.
3. I make this affidavit to respond to Staff Request for Information No. 9-3 in Docket No. 39896.
4. For work I have and will perform in Docket No. 39896, the rates that I and other persons in my firm charge are at or below the normal hourly billing rate for the firm and are charged to all clients, be they rate regulated or competitive entities, for the types of services I provide in Docket No. 39896. To the best of my knowledge, my hourly rate for Docket No. 39896 is comparable to the hourly billing rates currently charged by other consultants of similar experience and expertise to other Texas utilities for similar services.


Lisa Blankenship

Subscribed to and sworn before me by the previously identified Lisa Blankenship, which I know personally, today, February 13, 2012.

Kelly M. Langguth
Notary Public, State of Virginia

Commonwealth of Virginia
Kelly Marie Langguth - Notary Public
Commission ID: 7176888
My Commission Expires 07/31/2012

Kelly M. Langguth
Notary's Printed Name

My Commission expires: 7/31/2012

**SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896**

APPLICATION OF ENTERGY	§	BEFORE THE STATE OFFICE
TEXAS, INC. FOR AUTHORITY TO	§	
CHANGE RATES, RECONCILE FUEL	§	OF
COSTS, AND OBTAIN DEFERRED	§	
ACCOUNTING TREATMENT	§	ADMINISTRATIVE HEARINGS

AFFIDAVIT OF SAMUEL C. HADAWAY

STATE OF TEXAS §
§
TRAVIS COUNTY §

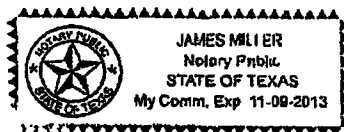
Samuel C. Hadaway, first being sworn on his oath, states:

1. My name is Samuel C. Hadaway. I am over eighteen years of age. If called as a witness, I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an outside consultant retained by Duggins, Wren, Mann & Romero, LLP on behalf of Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, State Office of Administrative Hearings Docket No. 473-10-1962 ("Docket No. 39896"). My firm's name is FINANCO, Inc. My business address is Suite 124, 3520 Executive Center Drive, Austin, Texas 78731.
3. I make this affidavit to respond to Staff Request for Information No. 9-3 in Docket No. 39896.
4. For work I have and will perform in Docket No. 39896, the rates that I and other persons in my firm charge are at or below the normal hourly billing rate for the firm and are charged to all clients, be they rate regulated or competitive entities, for the types of services I provide in Docket No. 39896. To the best of my knowledge, my hourly rate for Docket No. 39896 is comparable to the hourly billing rates currently charged by other consultants of similar experience and expertise to other Texas utilities for similar services.

Samuel C. Hadaway
Samuel C. Hadaway

Subscribed to and sworn before me by the previously identified. Samuel C. Hadaway,
today, 2/15/12.

James Miller
Notary Public, State of Texas



James Miller
Notary's Printed Name

My Commission expires: 11-09-13

SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896

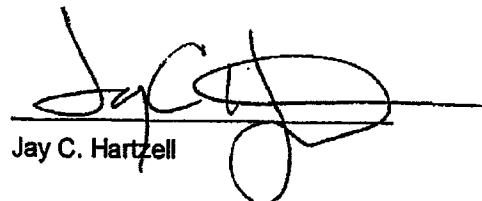
APPLICATION OF ENTERGY	§	BEFORE THE STATE OFFICE
TEXAS, INC. FOR AUTHORITY TO	§	
CHANGE RATES, RECONCILE FUEL	§	OF
COSTS, AND OBTAIN DEFERRED	§	
ACCOUNTING TREATMENT	§	ADMINISTRATIVE HEARINGS

AFFIDAVIT OF JAY C. HARTZELL

STATE OF TEXAS §
 §
TRAVIS COUNTY §

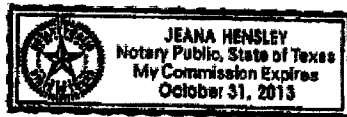
Jay C. Hartzell first being sworn on his oath, states:

1. My name is Jay C. Hartzell. I am over eighteen years of age. If called as a witness, I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an outside consultant retained by Duggins, Wren, Mann & Romero, LLP on behalf of Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, State Office of Administrative Hearings Docket No. 473-10-1962 ("Docket No. 39896"). My firm operates under my name, Jay C. Hartzell. My business address is 3207 Perry Lane, Austin, Texas 78731.
3. I make this affidavit to respond to Staff Request for Information No. 9-3 in Docket No. 39896.
4. For work I have and will perform in Docket No. 39896, the rates that I and other persons in my firm charge are at or below the normal hourly billing rate for the firm and are charged to all clients, be they rate regulated or competitive entities, for the types of services I provide in Docket No. 39896. To the best of my knowledge, my hourly rate for Docket No. 39896 is comparable to the hourly billing rates currently charged by other consultants of similar experience and expertise to other Texas utilities for similar services.


Jay C. Hartzell

Subscribed to and sworn before me by the previously identified Jay C. Hartzell, which I know personally, today, February 15, 2012.

Jeana Hensley
Notary Public, State of Texas



JEANA HENSLEY
Notary's Printed Name

My Commission expires: 10-31-2013

SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896

APPLICATION OF ENTERGY
TEXAS, INC. FOR AUTHORITY TO
CHANGE RATES, RECONCILE FUEL
COSTS, AND OBTAIN DEFERRED
ACCOUNTING TREATMENT

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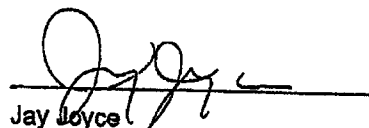
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

AFFIDAVIT OF JAY JOYCE

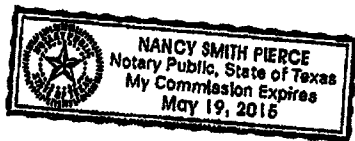
STATE OF TEXAS §
§
DALLAS COUNTY §


Jay Joyce, first being sworn on his oath, states:

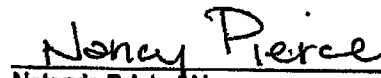
1. My name is Jay Joyce. I am over eighteen years of age. If called as a witness, I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an outside consultant retained by Duggins, Wren, Mann & Romero, LLP on behalf of Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, State Office of Administrative Hearings Docket No. 473-10-1962 ("Docket No. 39896"). My firm's name is Expergy. My business address is 325 N. Saint Paul Street, Suite 2100, Dallas, Texas.
3. I make this affidavit to respond to Staff Request for Information No. 9-3 in Docket No. 39896.
4. For work I have and will perform in Docket No. 39896, the rates that I and other persons in my firm charge are at or below the normal hourly billing rate for the firm and are charged to all clients, be they rate regulated or competitive entities, for the types of services I provide in Docket No. 39896. To the best of my knowledge, my hourly rate for Docket No. 39896 is comparable to the hourly billing rates currently charged by other consultants of similar experience and expertise to other Texas utilities for similar services.


Jay Joyce

Subscribed to and sworn before me by the previously identified Jay Joyce, which I know personally, today, February 10, 2012.




Notary Public, State of Texas


Notary's Printed Name

My Commission expires: 5-19-15

SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896


APPLICATION OF ENTERGY TEXAS, § BEFORE THE STATE OFFICE
INC. FOR AUTHORITY TO CHANGE §
RATES, RECONCILE FUEL COSTS, § OF
AND OBTAIN DEFERRED §
ACCOUNTING TREATMENT § ADMINISTRATIVE HEARINGS

AFFIDAVIT OF KERRY MCGRATH

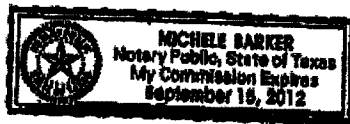
STATE OF TEXAS §
§
TRAVIS COUNTY §

Kerry McGrath, first being sworn on his oath, states:

1. My name is Kerry McGrath. I am over eighteen years of age. I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an attorney retained by Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, Stage Office of Administrative Hearings Docket No. 473-12-2979 ("Docket No. 39896"). My firm's name is Duggins Wren Mann & Romero, LLP ("DWMR"). DWMR's business address is 600 Congress Ave., Suite 1900, Austin, Texas, 78701.
3. I make this affidavit to respond to Staff's Ninth request for information, question 9-3, in Docket No. 39896.
4. For work performed for Docket No. 39896, except for differences that result from the timing of the matters in which we are engaged, and changes in the timing of the firm's hourly rate to particular clients, the rates that I and other persons in my firm charge are the normal hourly billing rates for services of this nature. Based on my experience, DWMR's hourly billing rates for services provided in connection with Docket No. 39896 are comparable to the hourly billing rates currently charged by other attorneys of similar experience and expertise to other Texas utilities for similar services.


Kerry McGrath

Subscribed to a sworn before me by the previously Identified Kerry McGrath,
whom I know personally, today, February 17, 2012.



Michele Barker
Notary Public, State of Texas

Michele Barker
Notary's printed name

My Commission Expires: 9/15/2012

**SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896**

APPLICATION OF ENTERGY	§	BEFORE THE STATE OFFICE
TEXAS, INC. FOR AUTHORITY TO	§	
CHANGE RATES, RECONCILE FUEL	§	OF
COSTS, AND OBTAIN DEFERRED	§	
ACCOUNTING TREATMENT	§	ADMINISTRATIVE HEARINGS

AFFIDAVIT OF STEPHEN F. MORRIS

STATE OF TEXAS §
§
TRAVIS COUNTY §

Stephen F. Morris, first being sworn on his oath, states:

1. My name is Stephen F. Morris. I am over eighteen years of age. If called as a witness, I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an outside consultant retained by Duggins, Wren, Mann & Romero, LLP on behalf of Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, State Office of Administrative Hearings Docket No. 473-10-1962 ("Docket No. 39896"). My firm's name is Naman, Howell, Smith & Lee, PLLC. My business address is 8310 North Capital of Texas Highway, Suite 490, Austin, Texas 78731.
3. I make this affidavit to respond to Staff Request for Information No. 9-3 in Docket No. 39896.
4. For work I have and will perform in Docket No. 39896, the rates that I and other persons in my firm charge are at or below the normal hourly billing rate for the firm and are charged to all clients, be they rate regulated or competitive entities, for the types of services I provide in Docket No. 39896. To the best of my knowledge, my hourly rate for Docket No. 39896 is comparable to the hourly

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39896

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billing rates currently charged by other consultants of similar experience and expertise to other Texas utilities for similar services.

Stephen F. Morris

Stephen F. Morris

Subscribed to and sworn before me by the previously identified Stephen F. Morris, which I know personally, today, February 15, 2012.



Carrie Lynne Marchese
Notary Public, State of Texas

Carrie Lynne Marchese
Notary's Printed Name

My Commission expires: 06/05/2013

SOAH DOCKET NO. 473-12-2979
PUCT DOCKET NO. 39896

APPLICATION OF ENTERGY
TEXAS, INC. FOR AUTHORITY TO
CHANGE RATES, RECONCILE FUEL
COSTS, AND OBTAIN DEFERRED
ACCOUNTING TREATMENT

§
§
§
§
§

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

AFFIDAVIT OF MARK W. NIEHAUS

STATE OF PENNSYLVANIA

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PHILADELPHIA COUNTY

Mark W. Niehaus, first being sworn on his oath, states:

1. My name is Mark W. Niehaus. I am over eighteen years of age. If called as a witness, I am competent to testify to the statements in this affidavit, all of which are within my personal knowledge.
2. I am an outside consultant retained by Duggins, Wren, Mann & Romero, LLP on behalf of Entergy Texas, Inc. in connection with Public Utility Commission of Texas Docket No. 39896, State Office of Administrative Hearings Docket No. 473-10-1962 ("Docket No. 39896"). My firm's name is PricewaterhouseCoopers LLP. My business address is 2001 Market Street, Suite 1700, Philadelphia, PA 19103.
3. I make this affidavit to respond to Staff Request for Information No. 9-3 in Docket No. 39896.
4. For work I have and will perform in Docket No. 39896, the rates that I and other persons in my firm charge are at or below the normal hourly billing rate for the firm and are charged to all clients, be they rate regulated or competitive entities, for the types of services I provide in Docket No. 39896. To the best of my knowledge, my hourly rate for Docket No. 39896 is comparable to the hourly billing rates currently charged by other consultants of similar experience and expertise to other Texas utilities for similar services.


Mark W. Niehaus

Subscribed to and sworn before me by the previously identified Mark W. Niehaus, which
I know personally, today, [date].

Portia Drake
Notary Public, State of Pennsylvania

Portia Drake
Notary's Printed Name

My Commission expires: 12-19-2015

