



Control Number: 41791



Item Number: 201

Addendum StartPage: 0

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES AND RECONCILE FUEL COSTS	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**RESPONSE OF ENTERGY TEXAS, INC.
TO CITIES' SECOND REQUEST FOR INFORMATION:
CITIES 2: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 AND 14**

Entergy Texas, Inc. ("Entergy Texas" or "the Company") files its Response to CITIES' Second 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 */s/*
Steven H. Neinast
Entergy Services, Inc.
919 Congress Avenue, Suite 840
Austin, Texas 78701
(512) 487-3957 telephone
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PUBLIC UTILITY COMMISSION
FILING CLERK
2013 DEC -5 AM 11:09

Attachments: CITIES 2: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 AND 14

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Response of Entergy Texas, Inc. to CITIES' Second Request for Information has been sent by either hand delivery, facsimile, overnight delivery, or U.S. Mail to the party that initiated this request in this docket on this the 4th day of December, 2013.

Steven H. Neinast */s/*
Steven H. Neinast

201

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Jay J. Joyce
Sponsoring Witness: Jay J. Joyce
Beginning Sequence No. LR371
Ending Sequence No. LR372

Question No.: Cities 2-1

Part No.:

Addendum:

Question:

Please refer to the response to Beaumont 1-19. In Docket No. 39896, Schedule E-4 identifies a Working Funds – Use Tax cash balance of (\$118,596,895) and an average daily balance of (\$324,923) on page 2, line 36. This balance was also referenced in the relied upon files of Mr. Joyce in WP_JJJ-1.xlsx. On Schedule E-4 in Docket No. 41791, on page 2, line 65, the Working Funds – Use Tax shows a positive cash balance of \$103,826,075 and an average daily balance of \$284,455.

- a. Referring to Docket No. 39896 (Exhibit JJJ-4, Schedule 16) and Docket No. 41791 (Confidential WP/E-4/15-1), please explain what caused the change in average days calculated for Texas Use Tax (Lead)/Lag.
 - b. Identify the amount and where Cash in Bank working funds were included in Docket No. 39896 and provide supporting workpapers.
 - c. If Cash in Bank working funds were not included in the calculation of cash working capital in Docket No. 39896, provide justification for the change in methodology.
 - d. Reference Confidential WP/E-4/15-1 and explain why there are two entries for April 2012.
-

Response:

In Docket No. 39896, Schedule E-4 did not identify a Working Fund – Use Tax balance of negative \$118,596,895; rather, Schedule E-4 showed a negative \$324,923 related to use tax.

- a. Please refer to the Company's response to Cities 1-11.
- b. Amount: Zero. Where included: N/A. Supporting workpapers: None.
- c. The methodology (i.e., conducting a lead/lag study to quantify cash working capital) did not change from Docket No. 39896 to Docket No. 41791. The

Commission's Substantive Rules explicitly allow for the inclusion of Average Bank Balances: "For electric utilities the balance of cash and working funds included in the working cash allowance calculation shall consist of the average daily bank balance of all non-interest bearing demand deposits and working cash funds." Substantive Rule §25.231(c)(2)(B)(iii)(IV)(-e-).

- d. There are two separate use tax payments that were included in the month of April for the Working Funds calculation:
 1. A portion of tax to West Feliciana Parish was paid by ETI in April as a result of an Audit. Total tax less credit was \$380,454 of which 54% or \$204,134 was charged to ETI.
 2. The second April tax payment was to the Texas State Treasurer for \$303,377.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Luther Hill
Sponsoring Witness: Gerard L. Fontenot
Beginning Sequence No. U375
Ending Sequence No. U375

Question No.: Cities 2-2

Part No.:

Addendum:

Question:

Refer to the responses to Beaumont 1-27 and 1-28. Please explain if the APH rotor cracking on Lewis Creek Units 2 and 1 were covered under warranty by the manufacturer. If not, explain why not.

Response:

No, this problem was no longer covered under warranty. The APH was initially installed in the early 70's and the cracking problem originated in 1978 on unit #1 and 1999 on unit #2. By this time, the original manufacturer's warranty had expired.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Kyle Shook
Sponsoring Witness: Gerard L. Fontenot
Beginning Sequence No. 12373
Ending Sequence No. 12373

Question No.: Cities 2-3

Part No.:

Addendum:

Question:

Refer to the direct testimony of Gerard Fontenot, page 26, line 5 and page 28, line 5. Please reconcile the total replacement project costs for Lewis Creek Unit 2 and Unit 1 in his testimony with the rate base additions for these replacement projects found on Schedule H-5.2b. If the difference was expensed, please identify the FERC accounts where the expenses were booked and when the expenses were booked.

Response:

The Lewis Creek 2 Air Preheater Shaft/Rotor replacement project cost is actually on page 26, line 21 and not on line 5 of Gerard Fontenot's testimony.

The differences in the amounts reported in the testimony and Schedule H-5.2b are primarily due to the fact that the testimony amounts represent the total cost of the projects, including projected spend for 2013; whereas, Schedule H-5.2b provides costs only for the period July 1, 2011 through March 31, 2013 for capital work order costs in excess of \$100k.

Please see attached CD for the reconciliation.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Luther Hill/Kyle Shook
Sponsoring Witness: Gerard L. Fontenot
Beginning Sequence No. U376
Ending Sequence No. U376

Question No.: Cities 2-4

Part No.:

Addendum:

Question:

Refer to Schedule H-6.2a:

- a. Please explain the circumstances leading up to the bearing failure at Lewis Creek Unit 2 in December 2011.
 - b. How was the failure discovered and what was done in response?
 - c. Was the failure related to the unit outage for replacement of the APH rotor shaft, and if so, how was it related?
 - d. What was the cost to replace the bearing? Was this cost expensed or capitalized, and if capitalized, where is it reflected on Schedule H-5.2b?
-

Response:

- a. The unit tripped on initial start-up following a planned outage and the turbine lost lube oil circulation and rolled down without adequate lubrication. The circulation loss was due to the failure of the Emergency Backup Oil Pump (EBOP) and the Turning Gear Oil Pump (TGOP) to operate.
- b. As a result of the loss of lubrication, all seven bearings were inspected and found to be damaged. A full turbine disassembly was required to assess the extent of the damage to all components. All necessary repairs were made.
- c. No. The turbine event was not caused by nor related to the APH rotor shaft replacement.
- d. Total Non-Fuel O&M project costs were \$5,410,810. The costs were expensed; and therefore, were not reflected on Schedule H-5-2b. Costs of this project are also not reported on Schedule 6-3b – Fossil Unit Incremental Outage Costs (Outage Costs \$500k or Greater), for the test year period April 1, 2012 through March 31, 2013 because costs incurred during this period were only \$369,199. The remainder of the costs were incurred prior to the test year period in January through March 2012.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Ann Thibodeaux
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. U334
Ending Sequence No. U334

Question No.: Cities 2-5

Part No.:

Addendum:

Question:

What date is scheduled for Entergy Arkansas to exit the System Agreement?

Response:

December 18, 2013.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Ann Thibodeaux
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. *LR335*
Ending Sequence No. *LR335*

Question No.: Cities 2-6

Part No.:

Addendum:

Question:

What date is scheduled for Entergy Mississippi to exit the System Agreement?

Response:

November 7, 2015.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Charles John
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. U362
Ending Sequence No. U363

Question No.: Cities 2-7

Part No.:

Addendum:

Question:

What is the result of the MSS-1 / Reserve Equalization calculation found in Attachment 5 of the Intra-System Bill for each month of the test year if data for Entergy Arkansas is not included?

Response:

The Company objects to this request on grounds that some of 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.

Assuming that Entergy Arkansas's ("EAI") load and resources are removed from Test Year data and all other Test Year data remains unchanged, Entergy Texas's ("ETI") Test Year MSS-1/Reserve Equalization payments would change as shown on the attached Highly Sensitive CD.

**DESIGNATION OF PROTECTED MATERIALS PURSUANT TO PARAGRAPH
4 OF DOCKET NO. 41791 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
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Charles John
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. 12364
Ending Sequence No. 12364

Question No.: Cities 2-8

Part No.:

Addendum:

Question:

What is the result of the MSS-2 / Transmission Equalization calculation found in Attachment 5 of the Intra-System Bill for each month of the test year if data for Entergy Arkansas is not included?

Response:

The Company objects to this request on grounds that some of 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.

Assuming that Entergy Arkansas's ("EAI") load and resources are removed from Test Year data and all other Test Year data remains unchanged, Entergy Texas's ("ETI") Test Year MSS-2/ Transmission Equalization payments would change as shown on the Highly Sensitive CD attached to the Company's response to Cities 2-7.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Charles John
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. 12374
Ending Sequence No. 12374

Question No.: Cities 2-9

Part No.:

Addendum:

Question:

What would the coincident peak be for each month of the test year for the remaining Entergy Operating Companies if Entergy Arkansas is not included in the calculations found in Attachment 4 of the Intra-System Bill?

Response:

The Entergy Operating Committee decided that the date and time of the System peak, for the months prior to EAI's exit from the System Agreement, will not change. In order to determine responsibility ratios, under Attachment 4 of the Intra-System Bill to reflect EAI's exit from the Entergy System Agreement, EAI's contribution to the System peak for any month prior to EAI's exit, will be removed. See the Company's response to TIEC 1-6 for the historical coincident peaks for the Entergy Operating Companies.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Counsel
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. U365
Ending Sequence No. U366

Question No.: Cities 2-10

Part No.:

Addendum:

Question:

In reference to Attachment 5 of the Intra-System Bill regarding owned and purchased capability, Entergy Arkansas shared owned capability from the sources listed below with other Entergy Operating Companies during the test year. For each source, will the contracts governing division of the capability remain in place after Entergy Arkansas leaves the Entergy System? If not, please identify which Operating Company or Companies will own the capability and in what percentage(s).

- a. Arkansas Nuclear One;
 - b. Independence;
 - c. Ouachita; and
 - d. White Bluff.
-

Response:

With the exception of the Ouachita unit, the allocation of the capacity associated with the Entergy Arkansas ("EAI") units identified in this request, in addition to the Grand Gulf units (TIEC 2-11), as reflected on Attachment 5 of the April 2009 ISB (Direct Testimony of Michael J. Goin, HS Exhibit MJG-2), was affected by a contract between EAI and certain of the Entergy Operating Companies, including Entergy Texas ("ETI") that expired in December 2012, and, consequently, those allocations are no longer in effect. Pursuant to a contract between EAI and ETI for the period January 2013 through December 18, 2013, ETI is currently allocated a combined 186 MW from Arkansas Nuclear One Unit 2, White Bluff Unit 1, White Bluff Unit 2 and Independence Unit 2 (see Direct Testimony of Robert R. Cooper, pp 22-24, for a discussion of the 2013 EAI WBL Purchased Power Agreement). ETI is not currently scheduled to be allocated any portion of any EAI unit upon EAI's exit from the System Agreement.

Regarding the allocation of capacity from EAI units to other (non-ETI) Operating Companies upon EAI exiting the System Agreement:

The allocation of the Ouachita unit will remain unchanged. The allocation of the remaining units referred to in the RFI and the effective date of that allocation is as follows:

Arkansas Nuclear One Unit 1 (effective January 2013)

ELL: 2.72%

ENOI: 2.72%

EAI: 94.56%

Arkansas Nuclear One Unit 2 (effective upon EAI's exit)

ELL: 2.71%

ENOI: 2.71%

EAI: 94.58%

Independence Unit 1 (effective upon EAI's exit)

ELL: 2.72% of 31.5% of the unit

ENOI: 2.72% of 31.5% of the unit

EAI: 94.56% of 31.5% of the unit

White Bluff Unit 1 (effective upon EAI's exit)

ELL: 2.82% of 57% of the unit

ENOI: 2.60% of 57% of the unit

EAI: 94.58% of 57% of the unit

White Bluff Unit 2 (effective upon EAI's exit)

ELL: 2.60% of 57% of the unit

ENOI: 2.82% of 57% of the unit

EAI: 94.58% of 57% of the unit

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Matt Wolf
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. LR367
Ending Sequence No. LR367

Question No.: Cities 2-11

Part No.:

Addendum:

Question:

In reference to Attachment 5 of the Intra-System Bill regarding owned and purchased capability, Entergy Arkansas shared purchased capability from Grand Gulf #1 with other Entergy Operating Companies during the test year. Will the current contract governing the division of Grand Gulf #1 capability remain in place after Entergy Arkansas leaves the Entergy System? If not, please identify which Operating Company or Companies will receive the capability and in what percentage(s).

Response:

Based on the current contracts, the allocation of Grand Gulf 1, effective January 1, 2013, and remaining in place upon EAI's exit from the Entergy System Agreement, is as follows:

ELL: 6.76% of 36% of 90% of the unit
ENOI: 6.76% of 36% of 90% of the unit
EMI: 19.29% of 36% of 90% of the unit
EAI: 67.18% of 36% of 90% of the unit

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Matt Wolf
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. U368
Ending Sequence No. U368

Question No.: Cities 2-12

Part No.:

Addendum:

Question:

In reference to Attachment 5 of the Intra-System Bill regarding owned and purchased capability, Entergy Arkansas wholly owns capability from the sources listed below. For each source, please admit or deny that Entergy Arkansas will continue to own the capability after it leaves the Entergy System. For each denial, please explain who will own the capability and in what percentage(s).

- a. Carpenter & Remmel;
 - b. Couch;
 - c. Hot Spring;
 - d. Lake Catherine;
 - e. Lynch;
 - f. Mabelvale; and
 - g. Ritchie.
-

Response:

Based on the information available at the time of this response, Entergy Texas admits that Entergy Arkansas will continue to own the facilities listed after it exits the Entergy System Agreement.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Matt Wolf
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. U2369
Ending Sequence No. U2369

Question No.: Cities 2-13

Part No.:

Addendum:

Question:

If any Entergy Arkansas wholly-owned capability will be contracted to other Entergy Operating Companies after Entergy Arkansas leaves the Entergy System, please identify which Operating Company or Companies will receive the capability and in what percentage(s).

Response:

There are currently no such contracts planned from Entergy Arkansas's ("EAI") wholly owned units listed in Cities 2-12 after EAI exits the Energy System Agreement.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
PUC DOCKET NO. 41791

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Cities

Prepared By: Matt Wolf
Sponsoring Witness: Michael J. Goin
Beginning Sequence No. 4370
Ending Sequence No. 4370

Question No.: Cities 2-14

Part No.:

Addendum:

Question:

In reference to Attachment 5 of the Intra-System Bill regarding owned and purchased capability, Entergy Arkansas purchased capability from the sources listed below during the test year. For each source, please admit or deny that Entergy Arkansas will continue to purchase the capability after it leaves the Entergy System. For each denial, please explain who will purchase the capability and in what percentage(s).

- a. Blakely-Add; and
 - b. DeGray-Add.
-

Response:

Based on the information available at the time of this response, Entergy Texas admits that the contract between EAI and the Southwest Power Administration ("SPA") pertaining to generation capacity from the Blakley and DeGray facilities will continue to be in effect for a period of time after EAI exits the Entergy System Agreement.