ENTERGY TEXAS, INC.
GENERAL SERVICE TIME-OF-DAY TYPICAL BILLS - WINTER
(69 KV)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 20% | % ON PEAK KWH 13.33%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		100	$1,172.30	$1,292.00	$119.70	10.21%
2		200	$2,304.68	$2,549.00	$244.32	10.60%
3		300	$3,437.07	$3,806.00	$368.93	10.73%
4		400	$4,569.46	$5,063.00	$493.54	10.80%
5		500	$5,701.84	$6,320.00	$618.16	10.84%

LOAD FACTOR 25% | % ON PEAK KWH 13.33%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
6		100	$1,389.39	$1,525.25	$135.86	9.78%
7		200	$2,738.88	$3,015.50	$276.62	10.10%
8		300	$4,088.36	$4,505.75	$417.39	10.21%
9		400	$5,437.84	$5,996.00	$558.16	10.26%
10		500	$6,787.32	$7,486.25	$698.93	10.30%

LOAD FACTOR 30% | % ON PEAK KWH 13.33%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		100	$1,606.49	$1,758.50	$152.01	9.46%
12		200	$3,173.07	$3,482.00	$308.93	9.74%
13		300	$4,739.65	$5,205.50	$465.85	9.83%
14		400	$6,306.23	$6,929.00	$622.77	9.88%
15		500	$7,872.81	$8,652.51	$779.70	9.90%
16	FUEL FACTOR		$0.033032	$0.033032		
17	RIDERS: TTC, HRC, EECRF, RCE, SRC, SCO AND RPCEA (1)		$0.008135	$0.009070		
18	FRANCHISE FEE RIDER		$0.0011536	$0.0011536		
19	TOTAL NON-FUEL RIDERS		$0.009289	$0.010224		

(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
GENERAL SERVICE TIME-OF-DAY TYPICAL BILLS - ANNUALIZED
(69 KV)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 20%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
1		100	$1,378.91		$1,540.72	$161.81	11.73%
2		200	$2,717.90		$3,046.43	$328.53	12.09%
3		300	$4,056.90		$4,552.14	$495.24	12.21%
4		400	$5,395.90		$6,057.85	$661.96	12.27%
5		500	$6,734.89		$7,563.57	$828.68	12.30%

LOAD FACTOR 25%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
6		100	$1,602.28		$1,781.52	$179.24	11.19%
7		200	$3,164.65		$3,528.03	$363.38	11.48%
8		300	$4,727.02	*	$5,274.55	$547.53	11.58%
9		400	$6,289.39		$7,021.07	$731.68	11.63%
10		500	$7,851.76		$8,767.58	$915.82	11.66%

LOAD FACTOR 30%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		100	$1,825.66	$2,022.32	$196.67	10.77%
12		200	$3,611.40	$4,009.64	$398.24	11.03%
13		300	$5,397.15	$5,996.96	$599.81	11.11%
14		400	$7,182.89	$7,984.28	$801.39	11.16%
15		500	$8,968.63	$9,971.60	$1,002.97	11.18%
16	FUEL FACTOR		$0.033032	$0.033032		
17	RIDERS: TTC, HRC, EECRF, RCE, SRC, SCO AND RPCEA (1)		$0.008135	$0.009070		
18	FRANCHISE FEE RIDER		$0.0011536	$0.0011536		
19	TOTAL NON-FUEL RIDERS		$0.009289	$0.010224		

* AVERAGE CUSTOMER
(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE GENERAL SERVICE TYPICAL BILLS
(SECONDARY)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 45%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
1		300	$8,206.30		$8,587.54	$381.24	4.65%
2		500	$13,503.83		$14,179.23	$675.40	5.00%
3		1,000	$26,747.65		$28,158.46	$1,410.81	5.27%
4		1,500	$39,991.48		$42,137.69	$2,146.21	5.37%
5		2,000	$53,235.30		$56,116.92	$2,881.62	5.41%

LOAD FACTOR 55%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
6		300	$9,210.14		$9,619.44	$409.30	4.44%
7		500	$15,176.90	*	$15,899.06	$722.16	4.76%
8		1,000	$30,093.80		$31,598.12	$1,504.32	5.00%
9		1,500	$45,010.69		$47,297.18	$2,286.49	5.08%
10		2,000	$59,927.59		$62,996.24	$3,068.65	5.12%

LOAD FACTOR 65%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
11		300	$10,213.98		$10,651.33	$437.35	4.28%
12		500	$16,849.97		$17,618.89	$768.92	4.56%
13		1,000	$33,439.94		$35,037.78	$1,597.84	4.78%
14		1,500	$50,029.91		$52,456.66	$2,426.75	4.85%
15		2,000	$66,619.88		$69,875.55	$3,255.67	4.89%
16	FUEL FACTOR		$0.035184		$0.035184		
17	RIDERS: TTC, HRC, EECRF, RCE, SRC, SCO AND RPCEA (1)		$0.004920		$0.005791		
18	FRANCHISE FEE RIDER		$0.0011536		$0.0011536		
19	TOTAL NON-FUEL RIDERS		$0.006074		$0.006945		

* AVERAGE CUSTOMER
(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE GENERAL SERVICE TIME-OF-DAY TYPICAL BILLS - SUMMER
(PRIMARY)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 50% | % ON PEAK KWH 24.25%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		750	$23,057.52	$24,284.21	$1,226.69	5.32%
2		1,000	$30,656.69	$32,312.28	$1,655.59	5.40%
3		1,250	$38,255.86	$40,340.35	$2,084.49	5.45%
4		1,500	$45,855.03	$48,368.42	$2,513.39	5.48%
5		1,750	$53,454.20	$56,396.49	$2,942.29	5.50%

LOAD FACTOR 60% | % ON PEAK KWH 24.25%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
6		750	$25,589.02	$26,893.05	$1,304.03	5.10%
7		1,000	$34,032.03	$35,790.73	$1,758.70	5.17%
8		1,250	$42,475.03	$44,688.42	$2,213.39	5.21%
9		1,500	$50,918.04	$53,586.10	$2,668.06	5.24%
10		1,750	$59,361.04	$62,483.78	$3,122.74	5.26%

LOAD FACTOR 70% | % ON PEAK KWH 24.25%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		750	$28,120.52	$29,501.89	$1,381.37	4.91%
12		1,000	$37,407.36	$39,269.19	$1,861.83	4.98%
13		1,250	$46,694.20	$49,036.49	$2,342.29	5.02%
14		1,500	$55,981.04	$58,803.78	$2,822.74	5.04%
15		1,750	$65,267.88	$68,571.08	$3,303.20	5.06%
16	FUEL FACTOR		$0.034269	$0.034269		
17	RIDERS: TTC, HRC, EECRF, RCE, SRC, SCO AND RPCEA (1)		$0.004920	$0.005791		
18	FRANCHISE FEE RIDER		$0.0011536	$0.0011536		
19	TOTAL NON-FUEL RIDERS		$0.006074	$0.006945		

(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE GENERAL SERVICE TIME-OF-DAY TYPICAL BILLS - WINTER
(PRIMARY)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 50% | % ON PEAK KWH 23.19%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		750	$17,409.47	$18,115.03	$705.56	4.05%
2		1,000	$23,125.96	$24,086.70	$960.74	4.15%
3		1,250	$28,842.45	$30,058.38	$1,215.93	4.22%
4		1,500	$34,558.93	$36,030.05	$1,471.12	4.26%
5		1,750	$40,275.42	$42,001.73	$1,726.31	4.29%

LOAD FACTOR 60% | % ON PEAK KWH 23.19%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
6		750	$19,834.36	$20,607.53	$773.17	3.90%
7		1,000	$26,359.15	$27,410.04	$1,050.89	3.99%
8		1,250	$32,883.93	$34,212.55	$1,328.62	4.04%
9		1,500	$39,408.72	$41,015.06	$1,606.34	4.08%
10		1,750	$45,933.51	$47,817.57	$1,884.06	4.10%

LOAD FACTOR 70% | % ON PEAK KWH 23.19%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		750	$22,259.25	$23,100.04	$840.79	3.78%
12		1,000	$29,592.34	$30,733.38	$1,141.04	3.86%
13		1,250	$36,925.42	$38,366.73	$1,441.31	3.90%
14		1,500	$44,258.51	$46,000.07	$1,741.56	3.93%
15		1,750	$51,591.59	$53,633.42	$2,041.83	3.96%
16	FUEL FACTOR		$0.034269	$0.034269		
17	RIDERS: TTC, HRC, EECRF, RCE, SRC, SCO AND RPCEA (1)		$0.004920	$0.005791		
18	FRANCHISE FEE RIDER		$0.0011536	$0.0011536		
19	TOTAL NON-FUEL RIDERS		$0.006074	$0.006945		

(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE GENERAL SERVICE TIME-OF-DAY TYPICAL BILLS - ANNUALIZED
(PRIMARY)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 50%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
1		750	$20,233.50		$21,199.62	$966.12	4.77%
2		1,000	$26,891.33		$28,199.49	$1,308.17	4.86%
3		1,250	$33,549.16		$35,199.37	$1,650.21	4.92%
4		1,500	$40,206.98		$42,199.24	$1,992.26	4.95%
5		1,750	$46,864.81		$49,199.11	$2,334.30	4.98%

LOAD FACTOR 60%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING		PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)		(e)	(f)	(g)
6		750	$22,711.69		$23,750.29	$1,038.60	4.57%
7		1,000	$30,195.59		$31,600.39	$1,404.80	4.65%
8		1,250	$37,679.48	*	$39,450.49	$1,771.01	4.70%
9		1,500	$45,163.38		$47,300.58	$2,137.20	4.73%
10		1,750	$52,647.28		$55,150.68	$2,503.40	4.76%

LOAD FACTOR 70%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		750	$25,189.89	$26,300.97	$1,111.08	4.41%
12		1,000	$33,499.85	$35,001.29	$1,501.44	4.48%
13		1,250	$41,809.81	$43,701.61	$1,891.80	4.52%
14		1,500	$50,119.78	$52,401.93	$2,282.15	4.55%
15		1,750	$58,429.74	$61,102.25	$2,672.52	4.57%
16	FUEL FACTOR		$0.034269	$0.034269		
17	RIDERS: TTC, HRC, EECRF, RCE, SRC, SCO AND RPCEA (1)		$0.004920	$0.005791		
18	FRANCHISE FEE RIDER		$0.0011536	$0.0011536		
19	TOTAL NON-FUEL RIDERS		$0.006074	$0.006945		

* AVERAGE CUSTOMER
(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE INDUSTRIAL POWER SERVICE TYPICAL BILLS - SUMMER
(69 KV)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 70%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		2,500	$70,748.96	$72,427.25	$1,678.29	2.37%
2		5,000	$140,867.92	$144,854.50	$3,986.58	2.83%
3		10,000	$281,105.84	$289,709.00	$8,603.16	3.06%
4		20,000	$561,581.68	$579,418.00	$17,836.32	3.18%
5		30,000	$842,057.53	$869,127.01	$27,069.48	3.21%

LOAD FACTOR 80%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
6		2,500	$77,923.44	$80,431.30	$2,507.86	3.22%
7		5,000	$155,216.87	$160,112.59	$4,895.72	3.15%
8		10,000	$309,803.75	$319,475.19	$9,671.44	3.12%
9		20,000	$618,977.50	$638,200.38	$19,222.88	3.11%
10		30,000	$928,151.24	$956,925.56	$28,774.32	3.10%

LOAD FACTOR 90%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		2,500	$84,817.78	$87,378.93	$2,561.15	3.02%
12		5,000	$168,375.55	$174,007.85	$5,632.30	3.35%
13		10,000	$336,751.10	$347,265.70	$10,514.60	3.12%
14		20,000	$673,502.21	$693,781.41	$20,279.20	3.01%
15		30,000	$1,010,253.31	$1,040,297.11	$30,043.80	2.97%
16	FUEL FACTOR		$0.033060	$0.033060		
17	RIDERS: TTC, HRC, RCE, SRC AND SCO (1)		$0.829050	$0.869570		
18	TOTAL NON-FUEL DEMAND RIDERS		$0.829050	$0.869570		
19	RIDER: EECRF AND RPCEA		$0.000482	$0.000482		
20	FRANCHISE FEE RIDER		$0.0011042	$0.0011042		
21	TOTAL NON-FUEL ENERGY RIDERS		$0.001586	$0.001586		

(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE INDUSTRIAL POWER SERVICE TYPICAL BILLS - WINTER
(69 KV)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 70%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		2,500	$69,423.96	$71,752.25	$2,328.29	3.35%
2		5,000	$138,217.92	$142,754.50	$4,536.58	3.28%
3		10,000	$275,805.84	$284,759.00	$8,953.16	3.25%
4		20,000	$550,981.68	$568,768.00	$17,786.32	3.23%
5		30,000	$826,157.53	$852,777.01	$26,619.48	3.22%

LOAD FACTOR 80%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
6		2,500	$76,598.44	$79,006.30	$2,407.86	3.14%
7		5,000	$152,566.87	$157,262.59	$4,695.72	3.08%
8		10,000	$304,503.75	$313,775.19	$9,271.44	3.04%
9		20,000	$608,377.50	$626,800.38	$18,422.88	3.03%
10		30,000	$912,251.24	$939,825.56	$27,574.32	3.02%

LOAD FACTOR 90%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		2,500	$83,492.78	$85,953.93	$2,461.15	2.95%
12		5,000	$166,355.55	$171,157.85	$4,802.30	2.89%
13		10,000	$332,081.10	$341,565.70	$9,484.60	2.86%
14		20,000	$663,532.21	$682,381.41	$18,849.20	2.84%
15		30,000	$994,983.31	$1,023,197.11	$28,213.80	2.84%
16	FUEL FACTOR		$0.033060	$0.033060		
17	RIDERS: TTC, HRC, RCE, SRC AND SCO (1)		$0.829050	$0.869570		
18	TOTAL NON-FUEL DEMAND RIDERS		$0.829050	$0.869570		
19	RIDER: EECRF AND RPCEA		$0.000482	$0.000482		
20	FRANCHISE FEE RIDER		$0.0011042	$0.0011042		
21	TOTAL NON-FUEL ENERGY RIDERS		$0.001586	$0.001586		

(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

ENTERGY TEXAS, INC.
LARGE INDUSTRIAL POWER SERVICE TYPICAL BILLS - ANNUALIZED
(69 KV)
FOR THE TWELVE MONTHS ENDING MARCH 31, 2013
WITH INCREMENTAL FRANCHISE FEE

LOAD FACTOR 70%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		2,500	$70,086.46	$72,089.75	$2,003.29	2.86%
2		5,000	$139,542.92	$143,804.50	$4,261.58	3.05%
3		10,000	$278,455.84	$287,234.00	$8,778.16	3.15%
4		20,000	$556,281.68	$574,093.00	$17,811.32	3.20%
5		30,000	$834,107.53	$860,952.01	$26,844.48	3.22%

LOAD FACTOR 80%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
6		2,500	$77,260.94	$79,718.80	$2,457.86	3.18%
7		5,000	$153,891.87 *	$158,687.59	$4,795.72	3.12%
8		10,000	$307,153.75	$316,625.19	$9,471.44	3.08%
9		20,000	$613,677.50	$632,500.38	$18,822.88	3.07%
10		30,000	$920,201.24	$948,375.56	$28,174.32	3.06%

LOAD FACTOR 90%

LINE NO.	FUEL FACTOR AND RIDERS	KW BILLING DEMAND	PRESENT MONTHLY BILLING	PROPOSED MONTHLY BILLING	DIFFERENCE AMOUNT	DIFFERENCE PERCENT
(a)	(b)	(c)	(d)	(e)	(f)	(g)
11		2,500	$84,155.28	$86,666.43	$2,511.15	2.98%
12		5,000	$167,365.55	$172,582.85	$5,217.30	3.12%
13		10,000	$334,416.10	$344,415.70	$9,999.60	2.99%
14		20,000	$668,517.21	$688,081.41	$19,564.20	2.93%
15		30,000	$1,002,618.31	$1,031,747.11	$29,128.80	2.91%
16	FUEL FACTOR		$0.033060	$0.033060		
17	RIDERS: TTC, HRC, RCE, SRC AND SCO (1)		$0.829050	$0.869570		
18	TOTAL NON-FUEL DEMAND RIDERS		$0.829050	$0.869570		
19	RIDER: EECRF AND RPCEA		$0.000482	$0.000482		
20	FRANCHISE FEE RIDER		$0.0011042	$0.0011042		
21	TOTAL NON-FUEL ENERGY RIDERS		$0.001586	$0.001586		

* AVERAGE CUSTOMER
(1) Summary rider factor (Source: WP/Q-7/RD-5) applied for both present and proposed rider revenue.

Sponsored by Myra L. Talkington

DOCKET NO. 41791

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

DIRECT TESTIMONY

OF

SALLIE T. RAINER

ON BEHALF OF

ENTERGY TEXAS, INC.

SEPTEMBER 2013

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF SALLIE T. RAINER
2013 RATE CASE

TABLE OF CONTENTS

EXHIBITS

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Sallie T. Rainer. My business address is 9425 Pinecroft, The Woodlands, Texas 77380.

Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Entergy Texas, Inc. ("ETI" or "Company") as President and Chief Executive Officer. ETI is an integrated utility company that provides bundled generation, transmission, distribution, and customer services to approximately 416,000 retail customers in Texas (as of the end of 2012). ETI is a subsidiary of Entergy Corporation ("Entergy Corp."), which also owns, among other subsidiaries, Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy New Orleans, Inc., Entergy Arkansas, Inc., and Entergy Mississippi, Inc. (along with ETI, the "Operating Companies").[1] Schedule F of the rate filing package describes the Company in more detail.

[1] In the remainder of this testimony, I will use the term "Entergy Companies" to mean Entergy Corp. and its subsidiaries, including ETI, Entergy Services, Inc. ("ESI"), and the other Operating Companies. Each of these subsidiaries is a separate legal entity. The Operating Companies, together with their resources and facilities, are referred to as the "Entergy System."

Q3. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. In December 1983, I earned a Bachelor of Science degree in Engineering Technology from Louisiana State University, and in May 2001, I obtained a Master of Business Administration degree from the Mays School of Business at Texas A&M University.

I joined the Resource Planning Department of ESI in 1984. I held various positions of increasing authority in the planning area until December 1995 when I was promoted to Wholesale Executive-Customer Service. In September 1996, I became Manager, Planning Models & Analysis in the Resource Planning Department, and as such had responsibility for managing the group of analysts responsible for utilizing the PROMOD model. I also had the responsibility for the supply-side planning models and for preparing production costing forecasts and load and capability forecasts for the integrated planning of the Entergy System, including what was then Entergy Gulf States, Inc.

In December 1998, I became Manager, Gas & Oil Supply, responsible for the planning, acquisition, delivery and management of the gas supply requirements of the electric generating plants and local distribution systems of the Operating Companies. I was named Director, Strategic Initiatives in December 2000, responsible for developing and implementing process improvements including, among other things, Six Sigma techniques.

In February 2002, I became Director of Regulatory Affairs and Energy Settlements, a position in which I was responsible for billing processes associated with the Entergy System Agreement, for natural gas, oil and power settlement processes, and for regulatory affairs affecting the system planning and operations organization.

In March 2011, I became Vice President, Federal Policy. In that role, I advised Entergy's businesses on federal policy issues, coordinating with internal teams with responsibility for state and local regulatory and governmental matters and supporting efforts to communicate Entergy's positions on various issues to federal, state and local officials. I also led the Operating Companies' efforts to evaluate options for the operations of the Entergy transmission system. I held this position until June 1, 2012, when I assumed my current position as the President and CEO of ETI.

II. PURPOSE OF TESTIMONY

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will discuss why the Company is filing this case, provide a brief description of the major components of the Company's filing, and present an overview of the case and supporting witnesses. I also sponsor the Utility and Executive Management class of affiliate costs.

Q5. DO YOU SPONSOR ANY SPECIFIC RATE FILING PACKAGE ("RFP") SCHEDULES?

A. Yes. The schedules I sponsor or co-sponsor are as follows:

- Schedule F – Description of Company;
- Schedule H – Engineering Information;
- Schedule T – Notice;
- Schedule U – Compliance with PUCT Orders;
- Schedule V – Request for Waiver of RFP Requirements; and
- Schedule W – Confidentiality Disclosure Agreement.

Q6. DO YOU SPONSOR ANY EXHIBITS?

A. Yes. I sponsor the exhibits listed in the Table of Contents to my testimony.

Q7. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

A. In Section III, I discuss why the Company is making this filing and provide a brief summary of the filing. Section IV describes how certain rate treatments, account balances, and methodologies addressed in Docket No. 39896 have affected this filing. Section V describes the presentation of the case, including a list of witnesses and the content of their testimony. Section VI is the presentation of the affiliate class that I support—the Utility and Executive Management class of services. Section VII concludes my testimony.

III. OVERVIEW OF FILING

Q8. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section, I discuss why the Company is making this filing and provide a brief summary of the filing.

A. Reason for Filing

Q9. WHAT RELIEF IS THE COMPANY REQUESTING?

A. The Company requests a total annual base rate increase of $38.6 million reflecting costs recorded in test year April 2012 through March 2013 as adjusted for known and measurable changes, plus a limited-term $14.5 million increase for certain new riders, which are discussed later.

Q10. WHY IS ETI MAKING THIS FILING?

A. Despite the Commission recently authorizing a base rate increase, ETI continues to under earn, earning only a 4.8% return on equity ("ROE") for 2012.[2] Due to the continued under earnings, this case is necessary to set rates at a level that will support ETI's financial health, including providing an opportunity to earn a reasonable ROE, which is particularly important as ETI integrates into and participates in the Midcontinent Independent System Operator ("MISO") regional transmission authority and eventually

2 Company witness Chris E. Barrilleaux explains in his testimony that the 2012 ROE would have been 6.4% if certain one-time adjustments to earnings are excluded, which is still significantly below ETI's currently-authorized 9.8% ROE.

exits the Entergy System Agreement to become a stand-alone Operating Company.

Moreover, ETI has experienced increases in expenses since the end of the test year in its last rate case (June 2011). Among these expenses are increases in purchased power costs and transmission equalization costs, as well as modest increases in Operations and Maintenance ("O&M") costs primarily associated with ETI's generating assets and increases in Administrative and General ("A&G") costs primarily associated with salaries and benefits, taxes other than income, and insurance premiums. Second, in this case ETI includes post-test year adjustments to capture the cost of its transition to and membership MISO as well as the effect of the MISO implementation on ETI's operating costs and revenues. Third, with the transition to MISO on December 19, 2013, ETI will lose its sole remaining wholesale customer, East Texas Electric Cooperative ("ETEC"), which eliminates the allocation of base rate costs and fuel costs between the wholesale and retail jurisdictions.

Q11. HOW DOES THIS CASE COMPARE TO OTHER RECENT ETI RATE CASES?

A. As a result of feedback received from various stakeholders, the Company has endeavored to narrow the scope and complexity of the issues in this case. For example, the Company's requested adjustments to test year costs are primarily routine and consistent with Commission rules or precedent, as applicable.

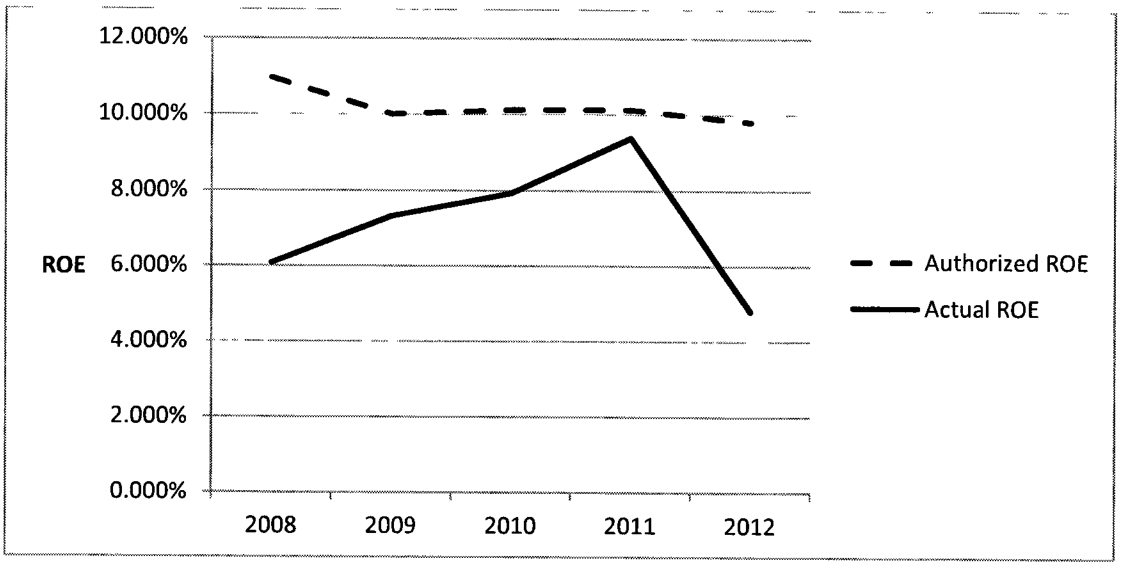
There are some new issues associated with this filing, as it falls at an important and unique time for the Company with its impending transition to MISO and later exit from the Entergy System Agreement. As such, this case addresses the effects of the former and, if the requested relief is granted, will support the Company's financial health necessary to deal with the latter. With regard to addressing the effects of the transition to MISO, the Company has endeavored to present adjustments for those items in a reasonable and straight-forward manner.

The nature of a filing that is narrower in scope and complexity highlights the critical nature of securing the requested relief. ETI simply seeks the establishment of rates that will allow it to have an opportunity to earn a reasonable return on its invested capital. The Company earned only $40 million on over $850 million in equity capital in 2012, for an ROE of just 4.8%, notwithstanding a $28 million rate increase that took effect in July 2012. Thus, this request is an important step towards the goal of supporting the overall financial health of the Company.

Q12. WHY ARE THE RATES APPROVED IN ETI'S LAST RATE CASE NOT SUFFICIENT TO IMPROVE EARNINGS AND SUPPORT THE COMPANY'S FINANCIAL HEALTH?

A. As explained in greater detail by Company witness Chris Barrilleaux, the Company's last base rate case improved ETI's cash flow, but it has not provided the Company an opportunity to earn its authorized ROE. In fact, as shown by Mr. Barrilleaux, ETI has not once earned its authorized ROE in the last 14 years. In the chart below, I show ETI's actual ROE since 2008, which is the first year that ETI reported actual earnings following its separation from Entergy Gulf States, Inc. As illustrated, over the last five years, the closest ETI has been to earning its authorized ROE was in 2011, with an ROE of 9.38%, but that was also an exceptionally hot year. If earnings from 2011 are adjusted for normal weather, the ROE would be less than 7%.

ETI's Authorized Versus Actual ROE (2008-2012)



Q13. IS THE REQUESTED RATE INCREASE IMPORTANT TO ETI'S PLANNED CAPITAL SPENDING AND RESOURCE PLANNING?

A. Yes. To maintain and further improve its level of service reliability and to facilitate planned upgrades and expansion, the Company must continue to invest in capital projects. ETI's capital budget reflects plans to invest $636 million in capital projects over the years 2013 through 2015. As explained by Company witnesses Barrilleaux and Robert R. Cooper, the Company is short of its generation capacity requirements to meets its load requirements relative to the other Operating Companies. Given ETI's transition to MISO and related issues regarding its continued participation in the Entergy System Agreement, ETI's future capacity needs, acquisition costs, and resource portfolio are uncertain. However, it is known that

ETI's existing generation resources are aged, and regardless of what happens with regard to the System Agreement in the next few years, ETI will face important decisions with respect to its resource portfolio by the end of this decade. Further, regardless of the circumstances, ETI will continue to have to invest in projects for (1) maintenance and repair of its existing assets, (2) addressing reliability and System economics, (3) strengthening the System, and (4) addressing cyber security issues.

As discussed by Mr. Barrilleaux, capital investments at those planned levels cannot be made solely with cash generated through depreciation and amortization expense. Accordingly, ETI must maintain flexibility with regard to access to capital on reasonable terms, which will help the Company maintain sufficient cash flow to meet its future capacity investments and expenses. Granting the rate relief requested in this case will provide important financial support as ETI takes on these new investments and expenditures, especially as it prepares to exit the System Agreement and function as a stand-alone Operating Company. In turn, ETI's customers are expected to benefit from a financially healthy company that can access capital markets on favorable terms.

Q14. IS THE COMPANY TAKING MEASURES TO OFFSET FUTURE COST INCREASES?

A. Yes. The Company is working on a new initiative called Human Capital Management ("HCM"), which is an Entergy-wide strategic initiative, a principal goal of which is to develop new processes and technologies that will serve to meet the challenges of anticipated growth in costs and to offset future cost increases. To that end, HCM seeks to take steps to optimize the Entergy Companies' organizational structure, processes, and work practices.

As part of the HCM initiative, the Entergy Companies announced on July 31, 2013, that they had completed the comprehensive redesign of the organization, which will result in approximately 800 positions being eliminated throughout the Entergy Companies by the end of 2013, including at ETI and the other Operating Companies as well as ESI. Although some of the 800 positions were already vacant, the remaining position reductions will result in a smaller workforce. The actual savings to be achieved through this organizational redesign and process and work practices improvements, as well as the actual costs to achieve the savings, are not yet known and will not be known until the organization and process design is finalized and employees are designated to fill those available positions and new processes implemented.

The process is under way, and the organizational design is expected to be completed by the end of 2013 for those positions that will be affected in 2013. The costs to achieve these reductions include expenses related to executing the initiative (*e.g.*, severance, relocation, and benefit costs) and are contingent on several events, such as severance packages offered, positions filled, and Entergy Corporation

Board of Directors approval of plan design changes. Accordingly, consistent with Commission precedent, ETI is not proposing any post-test year adjustment for the HCM strategic initiative because the ultimate effects on ETI and its costs are not known at this time.

B. Summary of the Filing

Q15. WHAT RELIEF IS THE COMPANY REQUESTING?

A. The Company requests a total annual base rate increase of $38.6 million, or 5.75%, reflecting costs recorded in test year April 2012 through March 2013 as adjusted for known and measurable changes, plus a limited-term $14.5 million increase for new riders, which are discussed below.

Q16. PLEASE ADDRESS THE NEW RIDERS PROPOSED BY THE COMPANY.

A. The Company's request includes two limited-term riders in addition to the requested base rate increase. The first rider is to recover rate case expenses ("RCEs") for this case to be amortized over three years. The second rider is to recover rough production cost equalization ("RPCE") payments that ETI must pay consistent with a Federal Energy Regulatory Commission ("FERC") order and Entergy System Agreement Service Schedule MSS-3. The total amount of these two riders is $14.5 million: $3.1 million for the RCE Rider (for each of three years) and $11.4 million (retail) for the RPCE Rider, which would be recovered over one year.

The Company also requests approval of a Transmission Cost Recovery Factor Rider ("Rider TCRF"), which would recover the incremental costs incurred by ETI if its transmission assets are transferred to ITC Holdings Corp. et al. ("ITC"). As explained in more detail by Company witness Jay A. Lewis, Entergy Corporation and ITC entered into an agreement on December 4, 2011, subject to applicable regulatory approvals, to consummate a merger whereby ITC would succeed to ownership of most Entergy System transmission assets. Mr. Lewis explains why the Company is proposing Rider TCRF at this time. Rider TCRF is an incremental rider because it recovers only transmission-related costs that are not otherwise recovered through the base rates set in this docket. The proposed Rider TCRF is designed (subject to true-up), to reduce ETI's annual revenues (including the effect of any rate mitigation measures) by $8.7 million in its first year of operation, assuming of course that the ITC transaction is approved and consummated.

Finally, the Company is proposing a Deferred Tax Accounting Tracker ("Rider DTA") and two MISO-related riders, which do not affect the revenue requirement requested in this proceeding. The two MISO-related riders are the Experimental Market Valued Load Modifying Rider ("MVLMR") and the Experimental Market Valued Demand Response Rider ("MVDRR"). Company witness Myra L. Talkington discusses those three riders in her testimony.

Q17. IS ETI SEEKING A CHANGE IN DEPRECIATION RATES?

A. No. ETI filed a depreciation study in the last rate case, Docket No. 39896, and it has implemented the changes in depreciation rates that were approved in the Order on Rehearing in that docket. Given the short time period between implementation of rates in Docket No. 39896 and this filing, ETI is not seeking any changes to the depreciation rates.

Q18. WHAT ARE THE OTHER COMPONENTS OF THE FILING?

A. The filing includes a request to reconcile approximately $909 million in fuel and purchased power costs for the reconciliation period beginning June 2011 and ending March 2013. The fuel reconciliation includes a request to recover "as a special circumstance" approximately $23 million in purchased capacity costs, as authorized under Commission fuel rules, which provide for the recovery of costs that create fuel savings or reliability benefits. This $23 million is a portion of the costs that the Company incurred during the reconciliation period to achieve approximately $38 million in fuel savings that were passed through to customers during the reconciliation period as a result of third-party Purchased Power Agreements ("PPAs") that are not in base rates.

Q19. WHAT IS THE EFFECT OF THE REQUESTED RATE INCREASE, INCLUSIVE OF BASE RATES AND RPCE AND RCE RIDERS, ON THE TYPICAL RESIDENTIAL CUSTOMER?

A. Residential bills will increase $1.89 per month for 1000 kilowatt-hours ("kWh").

IV. RATE TREATMENT, ACCOUNT BALANCES, AND METHODOLOGIES ADDRESSED IN DOCKET NO. 39896

Q20. DID THE ORDER ON REHEARING IN DOCKET NO. 39896 IMPOSE ANY REQUIREMENTS ON ETI WITH RESPECT TO ITS NEXT BASE RATE FILING?

A. Yes. Ordering Paragraph 6 of the Order on Rehearing in Docket No. 39896 required ETI to file a study regarding the feasibility of instituting LED-based rates and, if the study indicated LED-based rates are feasible, it required ETI to propose LED-based lighting and traffic signal rates in its next base rate case. As explained by Company witness H. Vernon Pierce, the Company conducted the study and has proposed LED-based rates in this filing.

Q21. WERE THERE OTHER ISSUES THAT WERE RESOLVED BY THE COMMISSION IN THE ORDER ON REHEARING IN DOCKET NO. 39896 THAT AFFECT RATE TREATMENTS, ACCOUNT BALANCES, OR METHODOLOGIES IN THIS CASE?

A. Yes. There were a number of contested issues that were resolved by the Commission in Docket No. 39896 that have affected this filing. Below is a summary of the major issues and how they have affected this filing.

- **Prepaid Pension Asset Balance.** The Commission determined that the portion of ETI's prepaid pension asset balance that is capitalized, along with the related accumulated deferred federal income tax ("ADFIT"), should not be included in rate base (although the balance does accrue allowance for funds used during construction ("AFUDC")). Company witness Michael P. Considine explains that the Company has not included the capitalized portion of ETI's prepaid pension asset balance, or the related ADFIT, in rate base in this filing.
- **FIN 48.** The Commission determined that ETI's Financial Accounting Standards Board Interpretation No. ("FIN") 48 liabilities, dealing with uncertain tax positions of the Company, (net of any cash deposits associated with the FIN 48 liability) should be added to ADFIT. However, it also authorized ETI to implement a deferred-tax-account tracker in the form of a rider to recover a return on amounts paid to the Internal Revenue Service ("IRS") that result

from an unfavorable FIN 48 audit. Company witness Rory L. Roberts explains that the Company has included its FIN 48 liabilities in ADFIT in this filing, and Company witness Talkington sponsors the corresponding Rider DTA.

- **Capitalized Incentive Compensation.** The Commission determined that financially-based capitalized incentive compensation must be excluded from rate base. Company witness Considine explains that ETI has removed financially-based capitalized incentive compensation from rate base in this filing.
- **Incentive Compensation – Labor Costs.** The Commission determined that financially-based incentive compensation and related Federal Income Tax Contributions Act ("FICA") taxes must be removed from test year O&M costs. Company witness Considine explains that financially-based incentive compensation and related FICA taxes have been removed from test year O&M costs in this filing.
- **Hurricane Rita Regulatory Asset.** The Commission determined that a Hurricane Regulatory Asset balance of $15,175,563 should be included in rate base, which is based on a five-year amortization beginning August 15, 2010. Company witness Barrilleaux explains that the Company has implemented the Hurricane Rita Regulatory Asset balance as ordered in Docket No. 39896 in this filing.

- **Non-qualified Supplemental Executive Retirement Benefits.** The Commission determined that non-qualified supplemental executive retirement benefits should be excluded from test year O&M expense. Company witness Considine explains that the Company has removed non-qualified supplemental executive retirement benefits from the test year O&M costs in this filing.
- **Nuclear Decommissioning Costs**. The Commission determined that the amount to be included in cost of service to account for the Company's annual decommissioning expenses associated with River Bend must be based upon "the most current information reasonably available regarding the cost of decommissioning." Company witnesses Heather C. LeBlanc, Monique C. Hoffmeister and Kenneth F. Gallagher support and explain the $3.4 million annual decommissioning expenses included in the cost of service in this filing.
- **Self-Insurance Storm Reserve**. The Commission determined that the Company's total annual self-insurance reserve expense is $8,270,000. Company witness Gregory S. Wilson addresses the Company's proposal to change the annual accrual to $8,760,000 in this filing.
- **Affiliate Transactions – Energy Efficiency Costs**. The Commission determined that certain portions of affiliate charges for energy efficiency projects should be recovered through the

Company's Energy Efficiency Cost Recovery Factor ("EECRF"). Company witness Considine addresses the pro forma adjustment that removes portions of affiliate charges for energy efficiency projects from the test year cost of service.

- **Fuel Reconciliation**. The Commission ordered that fuel reconciliation costs in Docket No. 39896 be allocated based on the results of the line loss study presented in Docket No. 39896. In this case, Company witness Margaret L. McCloskey explains that the Company implemented the line loss factors approved in Docket No. 39896 retroactively to the beginning of the current reconciliation period (July 1, 2011) through the end of the reconciliation period (March 31, 2013).

V. CASE PRESENTATION AND LIST OF WITNESSES

Q22. HOW IS THE PRESENTATION OF THE CASE ORGANIZED?

A. The Company's case is presented through the testimony of 38 witnesses, including me. The witnesses can be grouped generally into nine groups:

- Financial;
- Operations and Customer Service;
- Overview Affiliate;
- Affiliate Classes;
- Non-Affiliate Revenue Requirement;
- Cost of Service and Rate Design;

- Employee Compensation;
- Fuel Reconciliation; and
- Rate Case Expenses.

Some witnesses present testimony in support of more than one subject or component of the case, and, consequently, a witness may appear in more than one of these groups. However, each witness presents only one piece of testimony. A complete listing of all of the witnesses and the subject(s) they address is attached to my testimony as Exhibit STR-1.

Q23. PLEASE DESCRIBE THE FINANCIAL GROUP OF WITNESSES.

A. The financial group of Company witnesses includes Chris Barrilleaux and Dr. Samuel C. Hadaway. Mr. Barrilleaux explains the financial status of the Company and the importance of adequate rates to support the Company's financial health as the Company moves forward, as well as provides the Company's proposed capital structure. Dr. Hadaway testifies as to ETI's proposed return on equity.

Q24. PLEASE DESCRIBE THE OPERATIONS AND CUSTOMER SERVICE WITNESSES.

A. This group includes Company witnesses Shawn B. Corkran, testifying regarding distribution operations, Phillip N. Sharp, testifying regarding customer service, Vernon Pierce, testifying regarding Texas retail operations, Mark F. McCulla, discussing transmission issues, and Gerard L. Fontenot, discussing fossil plant operations. Several of these witnesses also address affiliate services and costs associated with distribution operations, customer service, transmission operations and fossil plant operations.

Q25. PLEASE DESCRIBE THE OVERVIEW AFFILIATE WITNESSES.

A. ETI is provided certain services by its affiliates. The bulk of these affiliate services are provided by ESI. In order to provide assurance as to the reasonableness and necessity of these service company charges, and to comply with the requirements of PURA concerning proof of affiliate costs, a large portion of the case is devoted to presenting and supporting the affiliate costs associated with services provided by these affiliates. The Company's use of a service company affiliate and the treatment of the associated costs are discussed in greater detail elsewhere in my testimony as well as in the testimony of other Company witnesses.

The first set of affiliate witnesses are the overview affiliate witnesses: Stephanie B. Tumminello, Michelle P. Bourg, and Donna S. Doucet.

- Ms. Tumminello supports the propriety of ESI affiliate cost allocation methods, and the necessity for, benefits of, and absence of duplication in the services provided by ESI to the Company. Ms. Tumminello is also the ESI affiliate class overview witness. She describes the Entergy Corp. corporate structure, explains the ESI billing methods for assigning costs, and explains how affiliate costs are presented in the schedules and exhibits in the case. Finally, Ms. Tumminello addresses benchmarking that applies at the overall service company (ESI) level.
- Ms. Bourg discusses benchmarking of ETI's 2010, 2011, and 2012 non-production O&M expense compared to the electric utility industry.
- Ms. Doucet explains and supports the reasonableness of the Entergy Companies' budgeting process.

Q26. THE NEXT GROUP IS THE AFFILIATE CLASSES GROUP. PLEASE DESCRIBE THIS GROUP.

A. These witnesses, in general, present the explanation and support for the affiliate costs being requested by the Company in this case. As indicated previously, certain witnesses appearing in other groups also support affiliate costs. The affiliate classes group and the respective affiliate classes they support are:

- Julie F. Brown—Information Technology;
- Patrick J. Cicio—Energy and Fuel Management;
- Shawn B. Corkran—Transmission and Distribution Support and Distribution Operations;
- Donna S. Doucet—Financial Services;
- Patricia A. Galbraith—Tax Services;
- Jennifer A. Raeder—Human Resources;
- Gerard L. Fontenot—Fossil Plant Operations;
- David M. Caplan—Internal and External Communications;
- Reginald T. Jackson—Supply Chain;
- Jay A. Lewis—Regulatory Services;
- Mark F. McCulla—Transmission Operations;
- Steven C. McNeal—Treasury Operations;
- Thomas C. Plauché—Administration;
- Rory L. Roberts—ESI Income Taxes;
- Phillip N. Sharp—Customer Service Operations and Retail Operations;
- Marcus V. Brown—Legal Services;
- Stephanie B. Tumminello—Depreciation, Service Company Recipient Offsets, and Other Expenses; and
- Myself—Utility and Executive Management.

Q27. PLEASE DESCRIBE THE NON-AFFILIATE REVENUE REQUIREMENT GROUP OF WITNESSES.

A. These witnesses present components of the ETI test year cost of service, as adjusted for known and measurable changes. This group includes:

- Michael P. Considine—Regulatory and Tax Accounting, Revenue Requirement Issues, and Pro Forma Adjustments;
- Jay A. Lewis—MISO-Related Costs and Revenues;
- Jay J. Joyce—Lead Lag Study Review;
- Rory L. Roberts—Income Tax;
- Gregory S. Wilson—Property Insurance Reserve;
- Monique C. Hoffmeister—Nuclear Decommissioning Fund Balance; and
- Kenneth F. Gallagher—Nuclear Decommissioning Escalation Rates and Nuclear Regulatory Commission Nuclear Decommissioning Cost Minimum Value.

Q28. PLEASE DESCRIBE THE COST OF SERVICE AND RATE DESIGN GROUP.

A. Mr. Considine is the overall accounting witness for the Company and presents the Company's revenue requirement. Ms. LeBlanc supports the Class Cost of Service study. Mr. Richard A. Lynch supports the weather-related adjustments to the Test Year billing determinants, and Myra L. Talkington presents the Company's rate design, class cost allocation, and rate schedules and tariff.

Q29. HOW HAVE YOU ADDRESSED THE ISSUE OF EMPLOYEE COMPENSATION LEVELS?

A. Company witness Raeder, who was identified above as addressing Human Resources affiliate charges, also provides benchmarking support for total compensation among the various categories of employees. She demonstrates that total annual compensation for all categories of employees, taken as a whole, is reasonable and necessary, based on market surveys. She also demonstrates that awards under the annual and long-term incentive plan, and employee benefit programs and levels, are reasonable.

Q30. WHO ARE THE WITNESSES PRESENTING THE FUEL AND PURCHASED POWER RECONCILIATION PORTION OF THE CASE?

A. The fuel reconciliation witnesses include:

- Robert R. Cooper—Long Term Planning, Long-Term Purchased Power, and Special Circumstances Request;
- Michael J. Goin—System Agreement, ETEC, and RPCE;
- Devon S. Jaycox—Integrated Planning and Operations of the Entergy System, including Economic Dispatch for the Reconciliation Period;
- Margaret L. McCloskey—Over/Under Recovery Balance for Reconcilable Fuel, Fuel Accounting, the RPCE Rider, and Special Circumstances Request;
- Andrew J. O'Brien—Short-term Purchased Power;
- Michelle H. Thiry—Reconcilable Fuel Overview, Reconcilable Gas Purchases, and Gas and Oil Base Rate Components; and

- Ryan S. Trushenski—Reconcilable and Non-Reconcilable Coal Expense.

Q31. WHO PRESENTS THE COMPANY'S RATE CASE EXPENSES?

A. Mr. Stephen F. Morris presents the Company's rate case expenses associated with outside attorneys and consultants. Mr. Considine will present the Company's rate case expenses associated with ETI, ESI employees, and miscellaneous expenses.

VI. THE UTILITY AND EXECUTIVE MANAGEMENT CLASS OF AFFILIATE COSTS

Q32. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. The purpose of this section of my testimony is to support the Company's request for recovery of affiliate costs associated with the Utility and Executive Management class of affiliate services. I will demonstrate that the costs for this class are reasonable and necessary, and that the amounts billed to ETI for these services are billed to the other affiliates using the same methodology and at prices that are no higher than those charged to other affiliates for the same or similar services. My testimony will also show that the prices for these services that have been charged to ETI represent the actual cost for these services.

Q33. PLEASE PROVIDE A BRIEF DESCRIPTION OF THIS CLASS.

A. As shown on Exhibits STR-2 and STR-3, this class falls within the Corporate function, and the Corporate function is included in the Corporate Support family. The ESI Utility and Executive Management class is comprised of numerous departments. Generally, however, this class can be broken into two groups of services: The Utility Management group and the Executive Management group. As described in more detail below, the Utility Management group provides executive leadership and management for the regulated utility operations, and the Executive Management group provides overall oversight of the operations of all Entergy Companies, including regulated legal entities, and stewardship of the corporate assets.

Q34. WHAT IS THE TOTAL ETI ADJUSTED AMOUNT FOR THIS CLASS OF SERVICES?

A. The Total ETI Adjusted amount for the Utility and Executive Management class of affiliate services is $2,337,992. Table 1 below shows for the class the following information:

Total Billings	Dollar amount of total Test Year billings from ESI to all Entergy Companies, plus the dollar amount of all other affiliate charges that originated from any Entergy Company. This is the amount from Column (C) of the cost exhibits STR-A, STR-B, and STR-C.
Total ETI Adjusted Amount	ETI's adjusted amount for electric cost of service after pro forma adjustments and exclusions.
% Direct Billed	The percentage of the ETI adjusted test year amount that was billed 100% to ETI.
% Allocated	The percentage of the ETI adjusted test year amount that was allocated to ETI.

Table 1

		Total ETI Adjusted		
Class	Total Billings	Amount	% Direct	% Allocated
Utility and Executive Management	$38,554,291	$2,337,992	5%	95%

Q35. PLEASE DESCRIBE THE EXHIBITS THAT SUPPORT THE INFORMATION INCLUDED IN TABLE 1.

A. Attached to my testimony are exhibits showing the calculation of the Total ETI Adjusted amount for the Utility and Executive Management Class. In my Exhibit STR-A, the information is shown broken down by the departments comprising the class. My Exhibit STR-B shows the same information broken down by project code and the billing method assigned to each project code. My Exhibit STR-C shows the information by department, project code, and the billing method assigned to the project code. For each exhibit, the amounts in the columns represent the following information:

Column (A) – Support	Dollar amount of total Test Year billings and charges from ESI to all Entergy Business Units to ETI, plus the dollar amount of all other affiliate charges to ETI that originated from any Entergy Business Unit.
Column (B) – Service Company Recipient	Dollar amount that was included in the service company recipient allocation. Service company recipient charges are the cost of services that ESI provides to itself, which in turn, are charged to affiliates that receive those services. The service company recipient allocation process is described in the testimony of Company witness Tumminello.
Column (C) – Total	Represents the sum of Columns (A) and (B).
Column (D) – All Other Business Units	That portion of Column (C) that was billed and charged to Business Units other than ETI.
Column (E) – ETI Per Books	Represents the difference between Columns (C) and (D).
Column (F) – Exclusions	Represents amounts that are excluded from ETI electric cost of service. The exclusions are described in the testimony of Company witness Tumminello.
Column (G) – Pro Forma Amount	Pro Forma Amounts include adjustments for known and measurable changes, and corrections.
Column (H) – Total ETI Adjusted	ETI adjusted amount requested for recovery in this case for this class (Column (E) plus Columns (F) and (G)).

In her direct testimony, Ms. Tumminello describes the calculations that take the dollars of support services in Column (A) to the Total ETI Adjusted numbers shown on Column (H).

Q36. ARE THERE ANY PRO FORMA ADJUSTMENTS TO THIS CLASS?

A. Yes. The pro forma adjustments for the Utility and Executive Management class of services are shown on Exhibit STR-D, which also identifies the Company witnesses who sponsor those pro forma adjustments.

Q37. WHAT ARE THE MAJOR COST COMPONENTS OF THIS CLASS?

A. The major cost components are as follows:

Table 2

Cost Component	Utility and Executive Management	
		% of Total
Payroll and Employee Costs	$1,390,605	59%
Outside Services	$690,979	30%
Office and Employee Expenses	$119,451	5%
Other	$(19,002)	-1%
Service Company Recipient	$155,959	7%
Total	$2,337,992	100%

Q38. WHAT IS THE IMPORTANCE OF THESE COST CATEGORIES?

A. This breakout provides an additional view of the costs in this class. The breakout is significant, moreover, because other Company witnesses in this case provide additional overall support for the affiliate costs included in several of these categories. For instance, in this class, the Payroll and Employee Costs component is the largest component of the class. With respect to this component, Company witness Raeder supports the market competitiveness and overall reasonableness of salary and benefits costs.

"Outside Services" pertains to services provided by third party employees and firms, such as outside consultants and vendors. This is the second largest component of this class. I later address some of the activities performed by these consultants in my description of the Utility Management and Executive Management groups.

"Office and Employee Expenses" covers the costs of maintaining work spaces and office supplies. Company witness Plauché addresses these types of costs in more detail in his direct testimony.

The "Service Company Recipient" row of the table pertains to costs common throughout ESI, such as IT, rents, and human resources, which are primarily incurred to support ESI operations. These costs are spread to all affiliate classes as explained by Company witness Tumminello.

Q39. WHAT AREAS DO YOU ADDRESS IN THE REMAINDER OF YOUR TESTIMONY IN THIS SECTION?

A. I provide further description of the services provided in the two Utility and Executive Management groups of services. I also address the necessity and reasonableness of the services and level of charges associated with this class. Finally, I discuss the predominant billing methods included in this class and describe why those methods are reasonable.

Q40. WHAT TYPES OF SERVICES DOES THE UTILITY MANAGEMENT GROUP PROVIDE?

A. This group provides executive leadership and management for the regulated utility operations, including Customer Service Support, Sales and Marketing, the State Presidents, Utility Group Safety and Regulatory Affairs, as well as the operation, engineering, construction and maintenance of the distribution system. This group also provides executive oversight and guidance related to the Fossil, Transmission and System Planning organizations. Also provided by this group is access to consulting services, including the retention of outside consultants, required for federal and state regulatory matters. The group further provides oversight for Entergy Continuous Improvement, corporate performance measurement efforts, and ongoing O&M benchmarking. Currently this group is providing critical management of the Operating Companies' transition to MISO.

In summary, activities include providing executive guidance with respect to the development of short-term and long-term plans to ensure the continued reliable operation of the regulated electric system, and performance management to monitor and support improvement in those operations. This group provides guidance and leadership for federal, state and local matters common to all jurisdictions and avoids unnecessary duplication of these management activities. This organizational structure enables management to provide these services in a cost-effective manner.

Q41. WHAT TYPES OF SERVICES DOES THE EXECUTIVE MANAGEMENT GROUP PROVIDE?

A. This group provides overall oversight of the operations of all Entergy Companies, including regulated legal entities, and stewardship of the corporate assets. The class further provides policy direction, including the appropriate use of consulting services, with respect to regulatory, legal and strategic decisions. During the test year, this function coordinated the Entergy Companies' responses to various legal, regulatory, and policy issues. This function provides guidance and leadership for matters common to all jurisdictions and avoids unnecessary duplication of these management activities. This organizational structure enables management to provide these services in a cost-effective manner. Currently this group is developing the HCM strategic initiative to preserve the long-term viability of each Operating Company.

Q42. DOES THE UTILITY AND EXECUTIVE MANAGEMENT CLASS PROVIDE NECESSARY SERVICES?

A. Yes. The complex and extensively regulated nature of the Entergy Companies' multi-jurisdictional utility operations requires a centralized management structure that provides leadership, guidance and decision-making as well as making it necessary to manage legal, regulatory, and policy matters on a system-wide basis. This supports consistent implementation of operational practices that provide efficiencies and ensures that services are not duplicated within the individual organizations or within the individual Operating Companies. In sum, the services provided by executive and utility management are necessary to the operation of the corporation and, thus, its subsidiaries in the utility holding company structure of which ETI is a part. The costs of these activities inure directly to the benefit of ETI and its retail customers because they are necessary to effectively manage ETI as a member of the overall group of companies under the Entergy corporate structure. The leadership and direction provided by this centralized management structure have been effective, as shown in the testimony of our affiliate class witnesses and by the achievement of the operational performance results described by Mr. Corkran.

Q43. PLEASE ADDRESS THE STAFFING LEVEL TRENDS FOR 2010, 2011, 2012, AND THE TEST YEAR.

A. Staffing levels for the Utility and Executive Management class that I support are shown in Table 3, below.

Table 3[3]

Class	2010	2011	2012	Test Year
Utility and Executive Management Class	68	64	61	86

Q44. WHAT WERE THE COST TRENDS FOR THE UTILITY AND EXECUTIVE MANAGEMENT CLASS THAT YOU SUPPORT FOR THE LAST THREE YEARS AS COMPARED TO THE TEST YEAR?

A. Table 4 below shows the total affiliate O&M charges to ETI for each of the past three calendar years and the test year for this class of service. These charges have been adjusted to remove certain MISO and ITC-related affiliate costs that the Company is removing from the requested cost of service (as explained by Company witness Considine), as well as the nuclear and gas department codes (as explained by Company witness Tumminello).

Table 4

	2010	2011	2012	Test Year
Total O&M (in millions)	$3.0	$2.0	$2.4	$2.4

[3] The 2010, 2011, and 2012 figures are year-end (December 31) headcounts. The Test Year figure is the headcount as of March 31, 2013.

Q45. PLEASE EXPLAIN THE TREND IN STAFFING LEVELS AND COSTS.

A. As shown in Tables 3 and 4, there is a cumulative staffing increase of 18 personnel between 2010 and the Test Year, while O&M costs over that same period declined slightly from 2010 and then have remained relatively level from 2011 through the test year. The increase in staffing is largely due to a shift in personnel from fossil departments into a new department in this class, "VP Asset Development" (CF001). That department is responsible for the execution of large, capital reliability- and regulatory-driven projects for existing fossil generation assets as well as the development and execution of all non-nuclear new self-supply generation projects. As shown on Exhibit STR-A, only $10,017 (6%) of the test year costs from that department ($163,539) were allocated to ETI, and of that $10,017 allocated to ETI, approximately 40% of the costs of that department were removed from ETI's Adjusted Test Year costs (primarily because they are capital costs). Accordingly, affiliate O&M costs charged to ETI in this class have remained relatively level notwithstanding the increase in headcount.

Q46. HAVE THERE BEEN ANY COST REDUCTION EFFORTS IN YOUR ORGANIZATION?

A. Yes. The Company continually seeks to control and reduce costs where reasonably possible. One example is the HCM strategic initiative that I described earlier.

Q47. ARE THESE NECESSARY SERVICES PROVIDED AT A REASONABLE COST?

A. Yes. First, the costs reflected in this class are subject to the cost control and monitoring process more fully described in the testimony of Company witness Doucet. As Ms. Doucet explains, budgets are first developed by executives at the functional level (*e.g.,* Distribution, Transmission, and Generation), and then each department within ESI, ETI, and other business units develops detailed budgets to meet the functional spending targets. Those detailed budgets are first reviewed by the department manager, and additional reviews by Directors, Vice-Presidents jurisdictional Presidents and other executives follow. When the detailed budgets are complete, the combination of ESI (affiliate costs) and ETI (non-affiliate costs) budgeted costs creates an ETI non-fuel budget. I review the budgets of all the functions affecting ETI, including the costs that are budgeted at ESI departments.

As a form of cost control, the management of each department reviews actual charges on a monthly basis and compares them to budgeted costs. Variances from budgets must be explained through appropriate higher levels of management, and changes are made as necessary. As the executive ultimately accountable for ETI's costs, including the costs associated with services provided by its affiliate service company, I monitor and review all variances. Another form of cost control built into the budget process is that budget coordinators are directed to review the project codes used by their departments to ensure that they are appropriate for the services being provided, including the billing methods assigned to the project code(s), which I discuss in more detail later.

This budgeting and reporting process supports accountability between ETI and its service company affiliates with respect to its use of affiliate services and the associated costs that are charged to ETI. The process provides assurance that affiliate costs are reasonable, including the costs for this class. In addition, as discussed above, the headcount and cost trends support the reasonableness of these costs. The cumulative increase in staffing levels does not significantly affect ETI's Adjusted Test Year costs, which have remained relatively level.

Moreover, the reasonableness of the costs associated with the Utility and Executive Management class is supported by the benchmarking analyses sponsored by Company witnesses Bourg. Eighty-three percent of the costs associated with this affiliate class are charged to A&G FERC accounts and included in Ms. Bourg's analysis of A&G costs among utilities throughout the United States.[4] Ms. Bourg's analysis demonstrates that the level of ETI's A&G costs was at 71% of the industry average on a cost per MWh basis for 2010, 62% of the industry average on a cost per MWh basis for 2011, and 73% of the industry average on a cost per MWh basis for 2012. Those levels equated to a ranking of 32nd, 20th,

[4] As discussed by Ms. Bourg, there were 106 electric operating companies, including ETI, in the study for the years 2010, 2011, and 2012.

and 32nd, from least cost to the greatest, among the 100-plus utilities included in the benchmarking study. That places ETI either in the first quartile or in the top of the second quartile in each year.

Based on the cost control process, the historical cost and staff trends, and the benchmarking performed by Ms. Bourg, in addition to my previous discussion of the benefits of non-duplication of the services provided by a centralized service company, I conclude that the costs associated with the Utility and Executive Management class are reasonable.

Q48. IS THE UTILITY AND EXECUTIVE MANAGEMENT CLASS OF AFFILIATE SERVICES DUPLICATED BY ETI?

A. No. By having these services provided through a central organization (ESI), ETI and each of the other Entergy Operating Companies avoid the need to maintain their own contingent of personnel to perform these services and avoid the costs associated with maintaining that personnel.

Q49. HOW ARE THE COSTS OF THIS CLASS OF SERVICES BILLED TO ETI?

A. Exhibit STR-B shows all of the costs included in this class broken down by project code and shows the billing method associated with each project code.