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- Texas PUC Docket No. 22622, June 15, 2001 (TXU Electric)
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- Texas PUC Docket No. 21112, July 1999 and New Mexico Public Regulation Commission Case No. 3103, July 1999 (Texas-New Mexico Power Company)
- Texas PUC Docket No. 20292, May 1999 (Central Power and Light Co.)
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- Texas PUC Dkt. No. 6220, April 1985, (North Star Steel Texas).
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ECONOMIC ANALYSIS AND TESTIMONY

Antitrust Litigation:

- Marginal Cost Analysis of Concrete Production/Predatory Pricing (Stiles)
- Analysis of Lost Business Opportunity due to denial of Waste Disposal Site Permit (Browning-Ferris Industries, Inc.).
- Analysis of Electric Power Transmission Costs in Purchased Power Dispute, 1995, (City of College Station, Texas).

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- Analysis of Cogeneration Contract/Economic Viability Issues(Texas-New Mexico Power Company)
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- Analysis of Purchased Power Agreement/Breach of Contract (Texas-New Mexico Power Company)
- Regulatory Commission Provisions in Franchise Fee Ordinance Dispute (Central Power & Light Company)
- Analysis of Economic Damages resulting from attempted Acquisition of Highway Construction Company (Dillingham Construction Corporation).
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- Analysis of Lost Earnings Capacity due to Improper Termination (Lloyd Gosselink, Ryan & Fowler).
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- Analysis of Lost Profits due to Equipment Failure in Cogeneration Facility (WF Energy/Travelers Insurance Company).
- Analysis of Economic Damages due to Grain Elevator Explosion (Degesch Chemical Company).
- Analysis of Economic Damages due to failure of Plastic Pipe Water Lines (Western Plastics, Inc.)
- Analysis of Rail Car Repair and Maintenance Costs in Product Warranty Dispute (Youngstown Steel Door Company).
- Analysis of Lost Profits due to Equipment Failure in Electric Power Plant, Houston Casualty Co., Comision Federal de Electricidad, and Seguros Comercial America S.A. de C.V. (Plaintiffs) v. Siemens Power Corporation, et al, District Court of Dallas County Texas, Cause No. DV-99-02749, 2005, (Siemens).
- Analysis of Lost Profits due to Manufacturing Parts Failure, Sanijet Corp. (Plaintiff) v. Lexor International, Inc., U.S. District Court, Northern Division of Texas, Dallas, Texas, Case No. 3:06-cv-1258-B ECF (Lexor International)

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- Evaluation of Electric Utility Distribution System (Jasper-Newton Electric Cooperative).
- Evaluations of Electric Utility Generating Plants (West Texas Utilities Company).

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PROFESSIONAL PRESENTATIONS

"Fundamentals of Financial Management and Reporting for Non-Financial Managers," Austin Energy, July 2000.
"Fundamentals of Finance and Accounting," the IC^2 Institute, University of Texas at Austin, December 1996 and 1997.
"Fundamentals of Financial Analysis and Project Evaluation," Central and South West Companies, April, May, and June 1997.
"Fundamentals of Financial Management and Valuation," West Texas Utilities Company, November 1995.
"Financial Modeling: Testing the Reasonableness of Regulatory Results," University of Texas Center for Legal and Regulatory Studies Conference, June 1991.
"Estimating the Cost of Equity Capital," University of Texas at Austin Utilities Conference, June 1989, June 1990.
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Entergy Texas, Inc.
Comparable Company Fundamental Characteristics

No.	Company	(1) % Regulated Revenue	(2) S&P Issuer Bond Rating	(3) Credit Rating S&P	(3) Credit Rating Moody's	(4) Capital Structure (2012) Common Eq Ratio	(4) Capital Structure (2012) L-T Debt Ratio	(4) Capital Structure (2012) Pfd Stock Ratio
1	ALLETE	91.0%	BBB+	A-	A2	56.3%	43.7%	0.0%
2	Alliant Energy Co.	96.5%	A-	A-	A3	48.4%	48.4%	3.2%
3	American Elec. Pwr.	91.5%	BBB	BBB/BBB-	Baa2	49.4%	50.6%	0.0%
4	Avista Corp.	93.2%	BBB	A-	A3	49.2%	50.8%	0.0%
5	Black Hills Corp	90.7%	BBB	BBB	Baa1/Baa2	56.8%	43.2%	0.0%
6	CMS Energy Corp.	96.2%	BBB	BBB+/BBB	Baa1	31.6%	67.9%	0.5%
7	Cleco Corporation	95.0%	BBB+	BBB/BBB-	Baa2/Baa3	54.4%	45.6%	0.0%
8	DTE Energy Co.	75.2%	BBB+	A-/BBB+	A2/A3	51.2%	48.8%	0.0%
9	Duke Energy	82.0%	BBB+	BBB+	A3/Baa1	52.9%	47.0%	0.1%
10	Great Plains Energy	100.0%	BBB	BBB	Baa2	54.4%	44.9%	0.7%
11	Hawaiian Electric	92.1%	BBB-	BBB-	Baa2	53.1%	45.7%	1.2%
12	IDACORP	86.8%	BBB	A-	A2	54.5%	45.5%	0.0%
13	Integrys Energy	70.3%	A-	A-	A2/A3	60.4%	38.6%	1.0%
14	Nextera Energy	70.9%	A-	A-/BBB+	Aa3	40.9%	59.1%	0.0%
15	NorthWestern	99.9%	BBB	A-	A2	46.2%	53.8%	0.0%
16	Pinnacle West	99.8%	BBB+	BBB	Baa1	55.4%	44.6%	0.0%
17	Portland General	100.0%	BBB	A-	A2	52.9%	47.1%	0.0%
18	SCANA Corp.	77.1%	BBB+	BBB+	Baa1/Baa2	45.6%	54.4%	0.0%
19	Sempra Energy	72.3%	BBB+	A/A-	A2	46.7%	52.8%	0.5%
20	Southern Co.	99.6%	A	A	A3/Baa1	47.3%	49.9%	2.8%
21	UNS Energy Corp.	82.8%	NR	BBB-	Baa2	37.7%	62.3%	0.0%
22	Westar Energy	100.0%	BBB	A-	A3	48.8%	51.2%	0.0%
23	Wisconsin Energy	97.9%	A-	A-/BBB+	A2/A3	48.0%	51.7%	0.3%
24	Xcel Energy Inc.	99.3%	A-	A-	A3	46.7%	53.3%	0.0%
	Average	90.0%	BBB+/BBB	BBB+	A3/Baa1	49.5%	50.0%	0.4%

Column Sources:

(1) Most recent company 10-Ks.

(2) www.standardandpoors.com

(3) AUS Utility Reports, August 2013. Generally, most secure bond ratings for each company.

(4) Value Line Investment Survey, Electric Utility (East), Aug 23, 2013; (Central), June 21, 2013; (West), Aug 2, 2013.

Entergy Texas, Inc.
Authorized Electric Utility Equity Returns

Average Authorized ROE	2009	No.	2010	No.	2011	No.	2012	No.	2013 (1)	No.
All Electric Utilities	10.48%	39	10.34%	59	10.29%	42	10.17%	58	10.12%	22
Vertically-Integrated Utilities	10.63%	27	10.38%	42	10.24%	27	10.10%	39	9.84%	12
Delivery-Only Utilities	10.15%	10	9.98%	15	9.85%	12	9.73%	13	9.64%	6
Power Plant Only Cases	10.18%	2	12.30%	2	12.49%	3	11.54%	6	11.65%	4

Data Source:
Regulatory Focus, "Major Rate Case Decisions," Regulatory Research Associates, July 9, 2013; Jan 17, 2013; Jan 10, 2012; January 7, 2011; January 8, 2010.

Note (1): Data for 2013 through the 2nd quarter.

Entergy Texas, Inc.
Historical Capital Market Costs

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Prime Rate	4.1%	4.3%	6.2%	8.0%	8.1%	5.1%	3.3%	3.3%	3.3%	3.3%
Consumer Price Index	2.0%	3.3%	3.3%	2.5%	4.1%	0.0%	2.8%	1.4%	3.0%	1.7%
Long-Term Treasuries	5.0%	5.1%	4.7%	4.9%	4.8%	4.3%	4.1%	4.3%	3.9%	2.9%
Moody's Avg Utility Debt	6.6%	6.2%	5.7%	6.1%	6.1%	6.7%	6.3%	5.6%	5.1%	4.3%
Moody's Baa Utility Debt	6.8%	6.4%	5.9%	6.3%	6.3%	7.2%	7.1%	6.0%	5.6%	4.9%

SOURCES:
Prime Interest Rate - Federal Reserve Bank of St. Louis website
Consumer Price Index For All Urban Consumers: All Items (Seasonally Adjusted, December to December) - Federal Reserve Bank of St. Louis website
Long-Term Treasuries - Federal Reserve Bank of St. Louis website; 30-year Treasury bonds 2001 and 2007-2012; 20-year Treasury bonds 2002-2006
Moody's Average Utility Debt - Moody's (Mergent) Bond Record
Moody's Baa Utility Debt - Moody's (Mergent) Bond Record

Entergy Texas, Inc.
Long-Term Interest Rate Trends

Month	Triple-B Utility Rate	30-Year Treasury Rate	Triple-B Utility Spread
Aug-10	5.55	3.80	1.75
Sep-10	5.53	3.77	1.76
Oct-10	5.62	3.87	1.75
Nov-10	5.85	4.19	1.66
Dec-10	6.04	4.42	1.62
Jan-11	6.06	4.52	1.54
Feb-11	6.10	4.65	1.45
Mar-11	5.97	4.51	1.46
Apr-11	5.98	4.50	1.48
May-11	5.74	4.29	1.45
Jun-11	5.67	4.23	1.44
Jul-11	5.70	4.27	1.43
Aug-11	5.22	3.65	1.57
Sep-11	5.11	3.18	1.93
Oct-11	5.24	3.13	2.11
Nov-11	4.93	3.02	1.91
Dec-11	5.07	2.98	2.09
Jan-12	5.06	3.03	2.03
Feb-12	5.02	3.11	1.91
Mar-12	5.13	3.28	1.85
Apr-12	5.11	3.18	1.93
May-12	4.97	2.93	2.04
Jun-12	4.91	2.70	2.21
Jul-12	4.85	2.59	2.26
Aug-12	4.88	2.77	2.11
Sep-12	4.81	2.88	1.93
Oct-12	4.54	2.90	1.64
Nov-12	4.42	2.80	1.62
Dec-12	4.56	2.88	1.68
Jan-13	4.66	3.08	1.58
Feb-13	4.74	3.17	1.57
Mar-13	4.72	3.16	1.56
Apr-13	4.49	2.93	1.56
May-13	4.65	3.11	1.54
Jun-13	5.08	3.40	1.68
Jul-13	5.21	3.61	1.60
3-Mo Avg	**4.98**	**3.37**	**1.61**
12-Mo Avg	**4.73**	**3.06**	**1.67**

Sources: Mergent Bond Record (Utility Rates); www.federalreserve.gov (Treasury Rates).
Monthly averages are for the respective periods ending July 2013.

Entergy Texas, Inc.
Interest Rate Forecast from Forward Price Curves

		US Treasury Actives Curve			
Tenor	Spot	12/31/2012 (A)	12/31/2013 (P)	12/31/2014 (P)	12/31/2015 (P)
1 Yr	0.1186	0.1403	0.2644	0.9147	1.8873
10 Yr	2.8688	1.7803	3.0023	3.3691	3.6915
20 Yr	3.3760	2.3615	3.4754	3.7516	4.0048
30 Yr	3.8832	2.9427	3.9605	4.1744	4.3673

Source:
Bloomberg, "US Treasury Actives Curve," August 19, 2013.

Entergy Texas, Inc.
August 2013 Interest Rates (%)

	30- Year Treasury	10- Year Treasury	Baa Corporate	Baa Utility
8/1/2013	3.77	2.74	5.40	5.27
8/2/2013	3.69	2.63	5.31	5.18
8/5/2013	3.73	2.67	5.31	5.18
8/6/2013	3.73	2.67	5.37	5.24
8/7/2013	3.68	2.61	5.36	5.23
8/8/2013	3.65	2.58	5.33	5.19
8/9/2013	3.63	2.57	5.31	5.17
8/12/2013	3.67	2.61	5.33	5.20
8/13/2013	3.75	2.71	5.43	5.30
8/14/2013	3.75	2.71	5.43	5.30
8/15/2013	3.81	2.77	5.47	5.33
8/16/2013	3.86	2.84	5.54	5.39
8/19/2013	3.89	2.88	5.58	5.43
Average	3.74	2.69	5.40	5.26

Sources: www.federalreserve.gov, H-15 Series.
Moody's (Mergent) Bond Record.

Entergy Texas, Inc.
GDP Growth Rate Forecast

	Nominal GDP	% Change	GDP Price Deflator	% Change	CPI	% Change
1952	371.4		16.1		26.7	
1953	375.9	1.2%	16.2	0.8%	26.9	0.6%
1954	389.4	3.6%	16.4	0.8%	26.8	-0.4%
1955	426.0	9.4%	16.8	2.6%	26.9	0.4%
1956	448.1	5.2%	17.4	3.3%	27.6	2.8%
1957	461.5	3.0%	17.8	2.7%	28.5	3.0%
1958	485.0	5.1%	18.3	2.5%	29.0	1.8%
1959	513.2	5.8%	18.4	0.9%	29.4	1.5%
1960	523.7	2.0%	18.7	1.4%	29.8	1.4%
1961	562.6	7.4%	18.9	1.1%	30.0	0.7%
1962	593.3	5.5%	19.2	1.3%	30.4	1.2%
1963	633.5	6.8%	19.4	1.4%	30.9	1.6%
1964	675.6	6.6%	19.7	1.5%	31.3	1.2%
1965	747.5	10.6%	20.1	2.0%	31.9	1.9%
1966	806.9	7.9%	20.8	3.5%	32.9	3.4%
1967	852.7	5.7%	21.4	3.1%	34.0	3.3%
1968	936.2	9.8%	22.4	4.6%	35.6	4.7%
1969	1004.5	7.3%	23.6	5.2%	37.7	5.9%
1970	1052.7	4.8%	24.8	5.0%	39.8	5.6%
1971	1151.4	9.4%	25.9	4.7%	41.1	3.3%
1972	1286.6	11.7%	27.1	4.5%	42.5	3.4%
1973	1431.8	11.3%	28.9	6.8%	46.3	8.9%
1974	1552.8	8.5%	32.0	10.7%	51.9	12.1%
1975	1713.9	10.4%	34.5	7.6%	55.6	7.1%
1976	1884.5	10.0%	36.3	5.4%	58.4	5.0%
1977	2110.8	12.0%	38.8	6.7%	62.3	6.7%
1978	2416.0	14.5%	41.6	7.3%	67.9	9.0%
1979	2659.4	10.1%	45.2	8.7%	76.9	13.3%
1980	2915.3	9.6%	49.6	9.7%	86.4	12.4%
1981	3194.7	9.6%	53.7	8.3%	94.1	8.9%
1982	3312.5	3.7%	56.5	5.2%	97.7	3.8%
1983	3688.1	11.3%	58.4	3.3%	101.4	3.8%
1984	4034.0	9.4%	60.5	3.6%	105.5	4.0%
1985	4318.7	7.1%	62.1	2.8%	109.5	3.8%
1986	4543.3	5.2%	63.6	2.3%	110.8	1.2%
1987	4883.1	7.5%	65.5	3.1%	115.6	4.3%
1988	5251.0	7.5%	68.0	3.7%	120.7	4.4%
1989	5581.7	6.3%	70.3	3.5%	126.3	4.6%
1990	5846.0	4.7%	73.2	4.2%	134.2	6.3%
1991	6092.5	4.2%	75.6	3.2%	138.2	3.0%
1992	6493.6	6.6%	77.2	2.2%	142.3	3.0%
1993	6813.8	4.9%	78.9	2.2%	146.3	2.8%
1994	7248.2	6.4%	80.6	2.1%	150.1	2.6%
1995	7542.5	4.1%	82.2	2.0%	153.9	2.5%
1996	8023.0	6.4%	83.7	1.8%	159.1	3.4%
1997	8505.7	6.0%	85.1	1.6%	161.8	1.7%
1998	9027.5	6.1%	86.0	1.1%	164.4	1.6%
1999	9607.7	6.4%	87.3	1.5%	168.8	2.7%
2000	10129.8	5.4%	89.4	2.5%	174.6	3.4%
2001	10373.1	2.4%	91.2	2.0%	177.4	1.6%
2002	10766.9	3.8%	92.9	1.8%	181.8	2.5%
2003	11414.8	6.0%	94.8	2.1%	185.5	2.0%
2004	12123.9	6.2%	97.9	3.2%	191.7	3.3%
2005	12901.4	6.4%	101.3	3.5%	198.1	3.3%
2006	13584.2	5.3%	104.2	2.8%	203.1	2.5%
2007	14253.2	4.9%	107.0	2.7%	211.4	4.1%
2008	14081.7	-1.2%	109.3	2.2%	211.4	0.0%
2009	14133.6	0.4%	109.8	0.5%	217.3	2.8%
2010	14735.9	4.3%	111.8	1.8%	220.4	1.4%
2011	15321.0	4.0%	114.0	2.0%	227.0	3.0%
2012	15829.0	3.3%	116.0	1.8%	231.0	1.7%
10-Year Average		4.0%		2.2%		2.4%
20-Year Average		4.6%		2.1%		2.5%
30-Year Average		5.4%		2.4%		2.9%
40-Year Average		6.5%		3.7%		4.4%
50-Year Average		6.8%		3.7%		4.2%
60-Year Average		6.5%		3.4%		3.7%
Average of Periods		5.6%		2.9%		3.3%

Source: St. Louis Federal Reserve Bank, www.research.stlouisfed.org

Table 2-1.

CBO's Economic Projections for Calendar Years 2012 to 2023

	Estimated, 2012	Forecast 2013	Forecast 2014	Projected Annual Average 2015–2018	Projected Annual Average 2019–2023
	Fourth Quarter to Fourth Quarter (Percentage change)				
Gross Domestic Product					
Real	1.9	1.4	3.4	3.6	2.2
Nominal	3.7	2.9	5.3	5.7	4.3
Inflation					
PCE price index	1.5	1.3	1.8	1.9	2.0
Core PCE price index[a]	1.5	1.5	1.9	2.0	2.0
Consumer price index[b]	1.9 [c]	1.5	2.0	2.2	2.3
Core consumer price index[a]	1.9 [c]	1.8	2.0	2.2	2.3
GDP price index	1.8	1.5	1.9	2.1	2.0
Employment Cost Index[d]	1.9	2.2	3.3	4.0	3.6
		Fourth Quarter Level (Percent)			
Unemployment Rate	7.8 [c]	8.0	7.6	5.5 [e]	5.2 [f]
		Year to Year (Percentage change)			
Gross Domestic Product					
Real	2.3	1.4	2.6	3.7	2.3
Nominal	4.1	2.9	4.4	5.9	4.3
Inflation					
PCE price index	1.7	1.3	1.7	1.9	2.0
Core PCE price index[a]	1.7	1.3	1.8	2.0	2.0
Consumer price index[b]	2.1 [c]	1.6	1.9	2.2	2.3
Core consumer price index[a]	2.1 [c]	1.7	2.0	2.2	2.3
GDP price index	1.8	1.5	1.8	2.1	2.0
Employment Cost Index[d]	1.8	2.1	2.9	4.0	3.6
		Calendar Year Average			
Unemployment Rate (Percent)	8.1 [c]	7.9	7.8	6.1	5.4
Payroll Employment (Monthly change, in thousands)	157 [c]	105	182	171	75
Interest Rates (Percent)					
Three-month Treasury bills	0.1 [c]	0.1	0.2	2.2	4.0
Ten-year Treasury notes	1.8 [c]	2.1	2.7	4.5	5.2
Tax Bases (Percentage of GDP)					
Wages and salaries	44.1	43.5	43.9	44.2	44.9
Domestic economic profits	9.6	9.3	9.7	9.7	7.7

Source: Congressional Budget Office. (Actual values for 2012 are from Department of Labor, Bureau of Labor Statistics; Federal Reserve.)

Notes: Economic projections for each year from 2012 to 2023 appear in Appendix B.

The numbers shown here do not reflect the values for GDP and related series released by the Commerce Department's Bureau of Economic Analysis on January 30 and the values released by the Labor Department's Bureau of Labor Statistics for the employment cost index on January 31 and for payroll employment on February 1.

PCE = personal consumption expenditures; GDP = gross domestic product.

a. Excludes prices for food and energy.

b. The consumer price index for all urban consumers.

c. Actual value for 2012.

d. The employment cost index for wages and salaries of workers in private industry.

e. Value for 2018.

f. Value for 2023.

Entergy Texas, Inc.
Discounted Cash Flow Analysis
Summary Of DCF Model Results

Company	Constant Growth DCF Model Analysts' Growth Rates	Constant Growth DCF Model Long-Term GDP Growth	Low Near-Term Growth Two-Stage Growth DCF Model
1 ALLETE	10.4%	9.5%	9.3%
2 Alliant Energy Co.	9.4%	9.5%	9.3%
3 American Elec. Pwr.	8.7%	10.2%	10.0%
4 Avista Corp.	8.9%	10.3%	10.0%
5 Black Hills Corp	10.3%	8.7%	8.5%
6 CMS Energy Corp.	9.7%	9.6%	9.6%
7 Cleco Corporation	10.5%	9.0%	9.2%
8 DTE Energy Co.	8.5%	9.7%	9.6%
9 Duke Energy	8.4%	10.2%	9.8%
10 Great Plains Energy	10.2%	9.8%	10.0%
11 Hawaiian Electric	8.0%	10.4%	9.9%
12 IDACORP	6.7%	9.0%	8.8%
13 Integrys Energy	9.1%	10.2%	9.7%
14 Nextera Energy	9.5%	9.1%	9.3%
15 NorthWestern	8.3%	9.4%	9.3%
16 Pinnacle West	8.8%	9.7%	9.5%
17 Portland General	9.1%	9.3%	9.1%
18 SCANA Corp.	8.8%	9.8%	9.5%
19 Sempra Energy	7.3%	8.8%	8.7%
20 Southern Co.	9.1%	10.4%	10.1%
21 UNS Energy Corp.	10.9%	9.3%	9.7%
22 Westar Energy	9.4%	10.0%	9.7%
23 Wisconsin Energy	8.9%	9.3%	9.7%
24 Xcel Energy Inc.	8.6%	9.6%	9.6%
GROUP AVERAGE	9.1%	9.6%	9.5%
GROUP MEDIAN	9.0%	9.6%	9.6%

Sources: Value Line Investment Survey, Electric Utility (East), Aug 23, 2013; (Central), Jun 21, 2013; (West), Aug 2, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Entergy Texas, Inc.
Constant Growth DCF Model
Analysts' Growth Rates

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Next		Analysts' Estimated Growth			Average	ROE
Company	Recent Price(P0)	Year's Div(D1)	Dividend Yield	Value Line	Zacks	Thomson	Growth *(Cols 4-6)*	K=Div Yld+G *(Cols 3+7)*
1 ALLETE	50.30	1.96	3.90%	7.00%	6.50%	6.00%	6.50%	10.4%
2 Alliant Energy Co.	50.85	1.96	3.85%	5.00%	5.70%	5.93%	5.54%	9.4%
3 American Elec. Pwr.	44.99	2.04	4.53%	4.50%	3.90%	4.06%	4.15%	8.7%
4 Avista Corp.	27.42	1.28	4.67%	4.00%	4.30%	4.50%	4.27%	8.9%
5 Black Hills Corp	50.27	1.56	3.10%	11.50%	5.00%	5.00%	7.17%	10.3%
6 CMS Energy Corp.	27.31	1.08	3.95%	5.50%	5.80%	5.87%	5.72%	9.7%
7 Cleco Corporation	46.85	1.58	3.37%	5.50%	8.00%	8.00%	7.17%	10.5%
8 DTE Energy Co.	67.66	2.73	4.03%	4.00%	4.60%	4.67%	4.42%	8.5%
9 Duke Energy	68.37	3.15	4.61%	4.00%	3.70%	3.66%	3.79%	8.4%
10 Great Plains Energy	23.13	0.96	4.15%	6.50%	6.20%	5.58%	6.09%	10.2%
11 Hawaiian Electric	25.78	1.24	4.81%	3.50%	3.70%	2.40%	3.20%	8.0%
12 IDACORP	49.90	1.68	3.37%	2.00%	4.00%	4.00%	3.33%	6.7%
13 Integrys Energy	59.25	2.72	4.59%	3.50%	5.00%	5.00%	4.50%	9.1%
14 Nextera Energy	82.16	2.88	3.51%	5.50%	6.20%	6.38%	6.03%	9.5%
15 NorthWestern	41.07	1.56	3.80%	4.50%	5.00%	4.00%	4.50%	8.3%
16 Pinnacle West	56.39	2.28	4.04%	5.00%	4.60%	4.73%	4.78%	8.8%
17 Portland General	30.75	1.12	3.64%	3.50%	6.30%	6.45%	5.42%	9.1%
18 SCANA Corp.	50.03	2.08	4.16%	4.50%	4.60%	4.75%	4.62%	8.8%
19 Sempra Energy	83.10	2.64	3.18%	4.50%	5.00%	2.90%	4.13%	7.3%
20 Southern Co.	43.75	2.08	4.75%	4.50%	4.40%	4.28%	4.39%	9.1%
21 UNS Energy Corp.	47.42	1.76	3.71%	6.50%	7.00%	8.00%	7.17%	10.9%
22 Westar Energy	32.14	1.40	4.36%	6.00%	5.10%	3.90%	5.00%	9.4%
23 Wisconsin Energy	41.52	1.52	3.66%	5.50%	5.20%	4.89%	5.20%	8.9%
24 Xcel Energy Inc.	28.87	1.15	3.98%	4.50%	4.50%	4.96%	4.65%	8.6%
GROUP AVERAGE	47.05	1.85	3.99%	5.04%	5.18%	5.00%	5.07%	9.1%
GROUP MEDIAN			3.97%					9.0%

Sources: Value Line Investment Survey, Electric Utility (East), Aug 23, 2013; (Central), Jun 21, 2013; (West), Aug 2, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Entergy Texas, Inc.
Constant Growth DCF Model
Long-Term GDP Growth

	(9)	(10)	(11)	(12)	(13)
Company	Recent Price(P0)	Next Year's Div(D1)	Dividend Yield	GDP Growth	ROE K=Div Yld+G *(Cols 11+12)*
1 ALLETE	50.30	1.96	3.90%	5.63%	9.5%
2 Alliant Energy Co.	50.85	1.96	3.85%	5.63%	9.5%
3 American Elec. Pwr.	44.99	2.04	4.53%	5.63%	10.2%
4 Avista Corp.	27.42	1.28	4.67%	5.63%	10.3%
5 Black Hills Corp	50.27	1.56	3.10%	5.63%	8.7%
6 CMS Energy Corp.	27.31	1.08	3.95%	5.63%	9.6%
7 Cleco Corporation	46.85	1.58	3.37%	5.63%	9.0%
8 DTE Energy Co.	67.66	2.73	4.03%	5.63%	9.7%
9 Duke Energy	68.37	3.15	4.61%	5.63%	10.2%
10 Great Plains Energy	23.13	0.96	4.15%	5.63%	9.8%
11 Hawaiian Electric	25.78	1.24	4.81%	5.63%	10.4%
12 IDACORP	49.90	1.68	3.37%	5.63%	9.0%
13 Integrys Energy	59.25	2.72	4.59%	5.63%	10.2%
14 Nextera Energy	82.16	2.88	3.51%	5.63%	9.1%
15 NorthWestern	41.07	1.56	3.80%	5.63%	9.4%
16 Pinnacle West	56.39	2.28	4.04%	5.63%	9.7%
17 Portland General	30.75	1.12	3.64%	5.63%	9.3%
18 SCANA Corp.	50.03	2.08	4.16%	5.63%	9.8%
19 Sempra Energy	83.10	2.64	3.18%	5.63%	8.8%
20 Southern Co.	43.75	2.08	4.75%	5.63%	10.4%
21 UNS Energy Corp.	47.42	1.76	3.71%	5.63%	9.3%
22 Westar Energy	32.14	1.40	4.36%	5.63%	10.0%
23 Wisconsin Energy	41.52	1.52	3.66%	5.63%	9.3%
24 Xcel Energy Inc.	28.87	1.15	3.98%	5.63%	9.6%
GROUP AVERAGE	47.05	1.85	3.99%	5.63%	9.6%
GROUP MEDIAN			3.97%		9.6%

Sources: Value Line Investment Survey, Electric Utility (East), Aug 23, 2013; (Central), Jun 21, 2013; (West), Aug 2, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Entergy Texas, Inc.
Low Near-Term Growth
Two-Stage Growth DCF Model

	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
			Annual	CASH FLOWS							ROE=Internal
Company	2014 Div	2017 Div	Change to 2017	Recent Price	Year 1 Div	Year 2 Div	Year 3 Div	Year 4 Div	Year 5 Div	Year 5-150 Div Growth	Rate of Return *(Yrs 0-150)*
1 ALLETE	1.96	2.20	0.08	-50.30	1.96	2.04	2.12	2.20	2.32	5.63%	9.3%
2 Alliant Energy Co.	1.96	2.20	0.08	-50.85	1.96	2.04	2.12	2.20	2.32	5.63%	9.3%
3 American Elec. Pwr.	2.04	2.30	0.09	-44.99	2.04	2.13	2.21	2.30	2.43	5.63%	10.0%
4 Avista Corp.	1.28	1.40	0.04	-27.42	1.28	1.32	1.36	1.40	1.48	5.63%	10.0%
5 Black Hills Corp	1.56	1.70	0.05	-50.27	1.56	1.61	1.65	1.70	1.80	5.63%	8.5%
6 CMS Energy Corp.	1.08	1.30	0.07	-27.31	1.08	1.15	1.23	1.30	1.37	5.63%	9.6%
7 Cleco Corporation	1.58	2.00	0.14	-46.85	1.58	1.72	1.86	2.00	2.11	5.63%	9.2%
8 DTE Energy Co.	2.73	3.15	0.14	-67.66	2.73	2.87	3.01	3.15	3.33	5.63%	9.6%
9 Duke Energy	3.15	3.35	0.07	-68.37	3.15	3.22	3.28	3.35	3.54	5.63%	9.8%
10 Great Plains Energy	0.96	1.20	0.08	-23.13	0.96	1.04	1.12	1.20	1.27	5.63%	10.0%
11 Hawaiian Electric	1.24	1.30	0.02	-25.78	1.24	1.26	1.28	1.30	1.37	5.63%	9.9%
12 IDACORP	1.68	1.90	0.07	-49.90	1.68	1.75	1.83	1.90	2.01	5.63%	8.8%
13 Integrys Energy	2.72	2.80	0.03	-59.25	2.72	2.75	2.77	2.80	2.96	5.63%	9.7%
14 Nextera Energy	2.88	3.60	0.24	-82.16	2.88	3.12	3.36	3.60	3.80	5.63%	9.3%
15 NorthWestern	1.56	1.80	0.08	-41.07	1.56	1.64	1.72	1.80	1.90	5.63%	9.3%
16 Pinnacle West	2.28	2.60	0.11	-56.39	2.28	2.39	2.49	2.60	2.75	5.63%	9.5%
17 Portland General	1.12	1.25	0.04	-30.75	1.12	1.16	1.21	1.25	1.32	5.63%	9.1%
18 SCANA Corp.	2.08	2.25	0.06	-50.03	2.08	2.14	2.19	2.25	2.38	5.63%	9.5%
19 Sempra Energy	2.64	3.00	0.12	-83.10	2.64	2.76	2.88	3.00	3.17	5.63%	8.7%
20 Southern Co.	2.08	2.30	0.07	-43.75	2.08	2.15	2.23	2.30	2.43	5.63%	10.1%
21 UNS Energy Corp.	1.76	2.28	0.17	-47.42	1.76	1.93	2.11	2.28	2.41	5.63%	9.7%
22 Westar Energy	1.40	1.52	0.04	-32.14	1.40	1.44	1.48	1.52	1.61	5.63%	9.7%
23 Wisconsin Energy	1.52	2.00	0.16	-41.52	1.52	1.68	1.84	2.00	2.11	5.63%	9.7%
24 Xcel Energy Inc.	1.15	1.35	0.07	-28.87	1.15	1.22	1.28	1.35	1.43	5.63%	9.6%
GROUP AVERAGE											9.5%
GROUP MEDIAN											9.6%

Sources: Value Line Investment Survey, Electric Utility (East), Aug 23, 2013; (Central), Jun 21, 2013; (West), Aug 2, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Entergy Texas, Inc.
Discounted Cash Flow Analysis
Column Descriptions

Column 1: Three-month Average Price per Share (Jun 2013-Aug 19, 2013)

Column 2: Estimated 2014 Div per Share from Value Line

Column 3: Column 2 Divided by Column 1

Column 4: "Est'd '10-'12 to '16-'18" Earnings Growth Reported by Value Line

Column 5: "Next 5 Years" Company Growth Estimate as Reported by Zacks.com

Column 6: "Next 5 Years (per annum) Growth Estimate Reported by Thomson Financial Network (at Yahoo Finance)

Column 7: Average of Columns 4-6

Column 8: Column 3 Plus Column 7

Column 9: See Column 1

Column 10: See Column 2

Column 11: Column 10 Divided by Column 9

Column 12: Average of GDP Growth During the Last 10 year, 20 year, 30 year, 40 year, 50 year, and 60 year growth periods. See Exhibit SCH-3

Column 13: Column 11 Plus Column 12

Column 14: Estimated 2014 Div per Share from Value Line

Column 15: Estimated 2017 Div per Share from Value Line

Column 16: (Column 15 Minus Column 14) Divided by Three

Column 17: See Column 1

Column 18: See Column 14

Column 19: Column 18 Plus Column 16

Column 20: Column 19 Plus Column 16

Column 21: Column 20 Plus Column 16

Column 22: Column 21 Increased by the Growth Rate Shown in Column 23

Column 23: See Column 12

Column 24: The Internal Rate of Return of the Cash Flows in Columns 17-22 along with the Dividends for the Years 6-150 Implied by the Growth Rates shown in Column 23

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Entergy Texas, Inc.

Risk Premium Analysis-Electric

(Based on Projected Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1 08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3 01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3 34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
2006	6.08%	10.36%	4.28%
2007	6.11%	10.36%	4.25%
2008	6.65%	10.46%	3.81%
2009	6.28%	10.48%	4.20%
2010	5.55%	10.34%	4.79%
2011	5.13%	10.29%	5.16%
2012	4.27%	10.17%	5.90%
AVERAGE	8.68%	12.09%	3.41%

INDICATED COST OF EQUITY	
PROJECTED TRIPLE-B UTILITY BOND YIELD*	5.78%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-2.90%
INTEREST RATE CHANGE COEFFICIENT	-42.81%
ADUSTMENT TO AVG RISK PREMIUM	1.24%
BASIC RISK PREMIUM	3.41%
INTEREST RATE ADJUSTMENT	1.24%
EQUITY RISK PREMIUM	4.65%
PROJECTED TRIPLE-B UTILITY BOND YIELD*	5.78%
INDICATED EQUITY RETURN	**10.43%**

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Projected triple-B bond yield is 161 basis points over projected long-term Treasury bond rate of 4.17%.

The triple-B spread is for 3 months ended July 2013 from Exhibit SCH-2, p. 2.

The projected Treasury bond rate is the 30 year rate at 12/31/2014 from Exhibit SCH-2, p. 3.

Entergy Texas, Inc.

Risk Premium Analysis-Electric

(Based on Current 3-Month Average Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
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2007	6.11%	10.36%	4 25%
2008	6.65%	10.46%	3.81%
2009	6.28%	10.48%	4.20%
2010	5.55%	10.34%	4.79%
2011	5.13%	10.29%	5.16%
2012	4.27%	10.17%	5.90%
AVERAGE	8.68%	12.09%	3.41%

INDICATED COST OF EQUITY	
CURRENT TRIPLE-B UTILITY BOND YIELD*	4.98%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-3.70%
INTEREST RATE CHANGE COEFFICIENT	-42.81%
ADUSTMENT TO AVG RISK PREMIUM	1.58%
BASIC RISK PREMIUM	3.41%
INTEREST RATE ADJUSTMENT	1.58%
EQUITY RISK PREMIUM	5.00%
CURRENT TRIPLE-B UTILITY BOND YIELD*	4.98%
INDICATED EQUITY RETURN	**9.98%**

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Current triple-B utility bond yield is three month average of Moody's Baa Public Utility Bond Yield through July 2013 from Exhibit SCH-2, p. 2.

Entergy Texas, Inc.

Risk Premium Analysis-Electric

(Based on Current Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
2006	6.08%	10.36%	4.28%
2007	6.11%	10.36%	4.25%
2008	6.65%	10.46%	3.81%
2009	6.28%	10.48%	4.20%
2010	5.55%	10.34%	4.79%
2011	5.13%	10.29%	5.16%
2012	4.27%	10.17%	5.90%
AVERAGE	8.68%	12.09%	3.41%

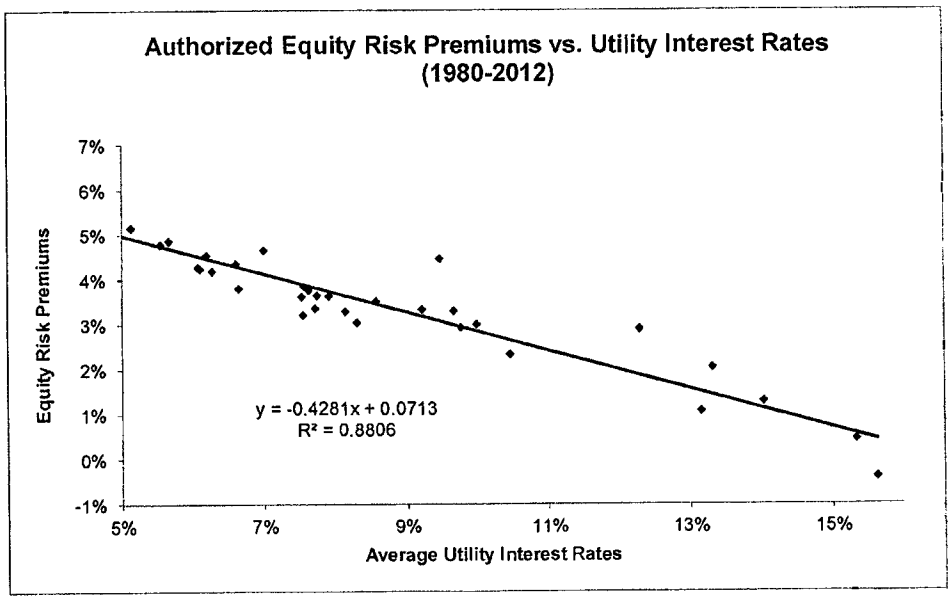
INDICATED COST OF EQUITY	
AVERAGE TRIPLE-B UTILITY BOND YIELD FOR AUGUST*	5.26%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-3.42%
INTEREST RATE CHANGE COEFFICIENT	-42.81%
ADUSTMENT TO AVG RISK PREMIUM	1.46%
BASIC RISK PREMIUM	3.41%
INTEREST RATE ADJUSTMENT	1.46%
EQUITY RISK PREMIUM	4.88%
AVERAGE TRIPLE-B UTILITY BOND YIELD FOR AUGUST*	5.26%
INDICATED EQUITY RETURN	**10.14%**

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Triple-B utility bond yield is Moody's Baa Public Utility Bond Yield for August 2013 month to date (through August 19) from Exhibit SCH-2, p. 4.

Entergy Texas, Inc.
Risk Premium Analysis-Electric
Regression Analysis & Interest Rate Change Coefficient



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.938398087
R Square	0.88059097
Adjusted R Square	0.876739066
Standard Error	0.00472491
Observations	33

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.005103707	0.005103707	228.6118562	7.45897E-16
Residual	31	0.000692068	2.23248E-05		
Total	32	0.005795775			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.07127957	0.002591562	27.50448302	2.42768E-23	0.065994045	0.076565095	0.065994045	0.076565095
X Variable 1	-0 428076736	0.028312111	-15.11991588	7.45897E-16	-0.485819666	-0.370333805	-0.485819666	-0.370333805

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

JAY A. LEWIS

ON BEHALF OF

ENTERGY TEXAS, INC.

SEPTEMBER 2013

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF JAY A. LEWIS
2013 RATE CASE

TABLE OF CONTENTS

EXHIBITS

I. INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, EMPLOYER AND JOB TITLE.

A. My name is Jay A. Lewis. I am employed by Entergy Services, Inc. ("ESI")[1] as Vice President, Regulatory Strategy. My business address is 639 Loyola Avenue, New Orleans, Louisiana 70113.

Q2. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am submitting this testimony on behalf of Entergy Texas, Inc. ("ETI" or "the Company").

Q3. PLEASE STATE YOUR EDUCATIONAL, PROFESSIONAL AND WORK EXPERIENCE.

A. I have a Masters of Business Administration from Tulane University and a Bachelor of Business Administration in Accounting from the University of Louisiana at Monroe. I am a Certified Public Accountant and licensed to practice in Louisiana and Mississippi. I am a member of the American Institute of Certified Public Accountants and the Society of Louisiana

[1] ESI is a subsidiary of Entergy Corporation that provides technical and administrative services to all the Entergy Operating Companies. ESI frequently acts as agent on behalf of all the Operating Companies in proceedings before FERC. The Entergy Operating Companies include Entergy Arkansas, Inc.; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc.

Certified Public Accountants. I am also a member and past Chairman of the Accounting Standards Committee of the Edison Electric Institute.

I began my career with ESI in 1999 as Director of Accounting Policy and Research. Beginning in 2004, I served as the Vice President and Chief Financial Officer of the Utility Operations Group. In 2008, I was named Vice President and Chief Accounting Officer-Designate for Enexus, a company proposed to be created by Entergy Corporation through a spin-off transaction. I assumed the position of Vice President, Finance for ESI in May 2010 and transferred to my present position in July 2011. Prior to my career with ESI, I was employed in public accounting roles with Legier & Materne and Deloitte & Touche.

Q4. PLEASE DESCRIBE YOUR RESPONSIBILITIES WITH ENTERGY.

A. As the Vice President, Regulatory Strategy, I am responsible for providing regulatory financial modeling and strategic analytical support to all the Entergy Operating Companies (also referred to as "EOCs") and executive management to enable them to satisfy their regulatory obligations. The Regulatory Strategy group is a part of the overall Regulatory Services department. During the Test Year (April 2012 through March 2013) the Regulatory Services department consisted of the following areas:

1. Regulatory Strategy
2. System Regulatory Planning & Support, which includes:
    - Regulatory Accounting;

- Revenue Requirements & Analysis;
- Rate Design & Administration;
- Regulatory Litigation Support ;
- Fuel & Energy Cost Recovery; and
- Regulatory Projects

3. Integrated Energy Management

4. System Regulatory Affairs

Each of these areas provides the analytical support for their respective area to each of Entergy's various jurisdictional regulatory affairs groups.

The Regulatory Accounting group provides per book and proformed accounting data used in the various EOC regulatory filings along with analytical support of accounting related data.

The Regulatory Strategy group assists Entergy's jurisdictional regulatory affairs organizations in assessing strategies for addressing issues that are pertinent to those organizations.

The Revenue Requirement & Analysis group provides regulatory support for various revenue requirement calculations and analysis including cost of service studies.

The Rate Design & Administration group develops the rate design for each EOC to recover various revenue requirement elements of the EOC cost. This group also administers and interprets the EOC tariffs once approved by the various regulators.

Regulatory Litigation Support facilitates the processes required to research answers to requests for information and other interrogatories posed by parties in various regulatory proceedings, and provides support for the physical production of regulatory filings.

The Fuel and Energy Cost Recovery group is responsible for making the periodic filings associated with the EOCs' fuel cost recovery mechanisms along with other periodic filings such as securitized storm cost updates.

The Integrated Energy Management ("IEM") group is responsible for the regulatory strategy and general oversight and coordination of energy efficiency initiatives across the EOCs.

I am familiar with the various cost controls, billing, and allocation methodologies utilized by ESI for the Regulatory Services Class of affiliate costs that I sponsor in this testimony. As such, I can provide the Public Utility Commission of Texas ("PUC" or the "Commission") with the overall context in which costs that I sponsor were incurred on behalf of ETI during the test year encompassed by this proceeding.

II. PURPOSE

Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I address three topics in this testimony. First, I sponsor the Regulatory Services Class of affiliate costs. I explain why this class and its costs are reasonable and necessary, that the prices charged to ETI by affiliates for

the costs reflected in this class are no higher than the prices charged to other affiliates for the same or similar services or items, and that the prices charged represent the actual cost of these services or items. My affiliate cost class presentation also includes my sponsorship of certain affiliate-related capital additions that were placed into service subsequent to the end of the test year in ETI's last base rate case; that is, after June 2011.

Second, I describe the Company's request to include the impact of the Company moving to the Mid-Continent Independent System Operator Regional Transmission Organization ("MISO") as approved in Docket No. 40346 in its base rate request in this docket.

Third, I support the Company's request to implement a modified transmission cost recovery factor ("Rider TCRF") to address recovery of transmission costs incurred by the Company under the MISO Federal Energy Regulatory Commission ("FERC")-approved Open Access Transmission, Energy and Operating Reserve Markets Tariff ("MISO Tariff"). Rider TCRF is designed to address recovery of such incremental transmission costs incurred by ETI following ETI's transfer of its transmission business to ITC Holdings Corp. ("ITC") in what I will refer to as the "ITC Transaction." ETI and ITC previously requested approval of the ITC Transaction in Docket No. 41223 and plan to refile that application. I also provide support for the Company's alternative request to defer the incremental transmission cost incurred by ETI following the

ITC Transaction with the deferral being recovered in subsequent general rate case proceedings.

Q6. DO YOU SPONSOR ANY EXHIBITS IN THIS FILING?

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

III. AFFILIATE REGULATORY SERVICES

Q7. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section, I address and support the Regulatory Services Class of affiliate costs for the Test Year ended March 31, 2013. I also address capital additions related to this affiliate class.

Q8. WHAT IS THE BASIS OF YOUR KNOWLEDGE OF THE REGULATORY SERVICES CLASS?

A. In my role as ESI's Vice President of Regulatory Strategy, I report directly to the Vice President of Regulatory Services and I am familiar with all of the operations of the Regulatory Services department.

A. Description of Regulatory Services Class and Department

Q9. PLEASE DESCRIBE THE REGULATORY SERVICES CLASS OF AFFILIATE SERVICES.

A. As can be seen from Exhibits JAL-1 and JAL-2, the Regulatory Services Class that I sponsor falls within the Corporate Function of the Corporate Support Family of ESI affiliate costs. The ESI Regulatory Services Class reflects costs associated with a single class of service given the task of providing the services outlined in my introduction above, which describes the Regulatory Services Class.

Services provided by ESI Regulatory Services are driven fundamentally by requirements imposed either through statute or regulation at both the state and federal levels. In general, requirements associated with regulation at the state and federal level involve the conduct of rate and other regulatory proceedings before this Commission and other state and federal regulatory bodies. Consequently, Regulatory Services activities performed for ETI are not only necessary but essential to the discharge of the Company's statutory and regulatory responsibilities as a regulated utility.

Further, the ESI Regulatory Services activities performed by regulatory accounting, revenue requirement analysis, rate design, rate administration, regulatory litigation support, regulatory strategy, and integrated energy management are not being performed or duplicated at the local level by Entergy's Operating Companies, such as ETI. While ETI

also has certain regulatory personnel, those ETI personnel do not perform the same work performed at ESI because of the organizational configuration of ESI and ETI. The ESI Regulatory Services function provides common, centralized services, on a cost-effective basis, that are needed to respond to the statutory and regulatory requirements to which ETI is subject.

Q10. WHAT IS THE PRIMARY NATURE OF SERVICES PROVIDED BY THE REGULATORY SERVICES CLASS DURING THE TEST YEAR?

A. Primary activities and services provided within the ESI Regulatory Services Class during the Test Year for ETI are as follows:

1. Vice President – Regulatory Services provides the principal coordination and oversight of all System Regulatory Services matters.

2. Regulatory Strategy provides regulatory financial modeling and strategic analytical support to jurisdictional regulatory and executive management.

3. System Regulatory Planning & Support provides all technical support required for the following activities:

- Revenue requirement and cost of service analysis;
- Fuel and energy cost recovery;
- Design, development, implementation, and administration of all regulated retail tariffs, policies, and regulations, and rates/prices contained therein;
- Principal support for and facilitation of the development of responses to discovery requests for information and requests for production for all regulatory filings and proceedings and maintains systems and resources integral to electronic storage

and retrieval of relevant documents supporting all such filings and proceedings;

- Support for large regulatory filings and coordination of process improvement activities for the regulatory support group; and

- Additionally, the Regulatory Accounting group in System Regulatory Planning & Support provides per book and proformed accounting data used in the various EOC regulatory filings along with analytical support of accounting related data.

4. Integrated Energy Management develops the system regulatory strategy and general oversight and coordination of energy efficiency initiatives across the EOCs. IEM provides support to the EOCs in the areas of appropriate regulatory cost recovery, technology assessment, project planning, and performance measurement. During the test year, IEM also provided support on smart grid and electric vehicle issues.

5. System Regulatory Affairs provides the oversight, facilitation, and coordination, from an EOC's perspective, of filings and other required or requested information with FERC.

B. Overview of Costs

Q11. WHAT IS THE TOTAL ETI ADJUSTED AMOUNT FOR THE REGULATORY SERVICES CLASS OF SERVICES?

A. The Total ETI Adjusted amount for this class of services is $1,422,392. Of this amount, ESI directly billed 29.5% of the Total ETI Adjusted amount and allocated 70.5% of the total adjusted amount to ETI. This information is summarized in Table 1 for the Regulatory Services Class. Table 1 shows for each 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 JAL-A, JAL-B, and JAL-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
Percent Direct Billed vs. Allocated

		Total ETI Adjusted		
Class	Total Billings	Amount	% Direct	% Allocated
REGULATORY SERVICES	$27,039,449	$1,422,392	29.5%	70.5%

Q12. PLEASE DESCRIBE THE EXHIBITS THAT SUPPORT THE INFORMATION INCLUDED IN TABLE 1.

A. Attached to my testimony are exhibits showing, for the Regulatory Services Class, the calculation of the Total ETI Adjusted amount. In Exhibit JAL-A, the information is shown broken down by the departments comprising the class. Exhibit JAL-B shows the same information broken down by project code and the billing method assigned to each project code. Exhibit JAL-C shows the information by class, department and

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, 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 Stephanie B. 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 testimony, Company witness Tumminello describes the calculations that take the dollars of support services in Column A to the Total ETI Adjusted numbers shown on Column H.

Q13. WHAT ARE THE MAJOR COST COMPONENTS OF THE CHARGES FOR THE REGULATORY SERVICES CLASS?

A. As shown on Exhibit JAL-A, the Total ETI Adjusted Amount for the Regulatory Services Class during the test year was $1,422,392. The major cost components of those costs are reflected in Table 2.

Table 2

Cost Component	$	% of Total
Payroll and Employee Costs	$1,189,908	83.6%
Service Company Recipient	$133,504	9.4%
Office and Employee Expenses	$53,634	3.8%
Outside Services	$45,126	3.2%
Other	$220	0.0%
Total (Total ETI Adjusted)	$1,422,392	100%

Q14. WHAT IS THE SIGNIFICANCE OF THESE COST CATEGORIES?

A. The table is significant because other Company witnesses provide additional support for the reasonableness of the costs included in many of these categories on behalf of all the affiliate witnesses. Table 2 shows 83.6% of the costs are for compensation, benefits, and labor-related expenses. Company witness Jennifer A. Raeder addresses the reasonableness and necessity of the Company's compensation and benefits programs. The Outside Services row shows costs that were paid

to outside consultants and vendors for this class. Office and Employee Expenses covers the costs of maintaining work spaces, office supplies, and necessary travel for company business as discussed by Company witness Thomas C. Plauché. The Service Company Recipient row of the table pertains to costs incurred by ESI in providing services to ETI and other operating companies, such as information technology services, rents, human resources services, etc. These Service Company Recipient costs are allocated across all affiliate classes as explained by Company witness Tumminello.

Q15. ARE THERE ANY PRO FORMA ADJUSTMENTS TO THIS CLASS?

A. Yes. The pro forma adjustments for the Regulatory Services Class (including the rate case pro forma) are shown on Exhibit JAL-D, which also indicates the Company witnesses who sponsor those pro forma adjustments.

C. Necessity of Regulatory Services

Q16. WHY IS THE ESI REGULATORY SERVICES CLASS OF SERVICES NECESSARY FOR ETI?

A. Any regulated utility company, such as ETI, must comply with requirements that are imposed by the statutes and regulations of the various regulatory bodies, which both oversee its rates and charges and the adequacy of the provision of service to customers. In light of this,

complex and comprehensive rate filings required to support both the reasonableness of the rate levels and the adequacy of service must be made periodically in all jurisdictions. These filings generally are supported by testimony and include detailed analysis of costs, revenue, rates, tariffs, etc. Regulatory Services is charged with ensuring that the filings are properly supported and requirements are met, as well as responding to all requests for information from regulators and intervenors. The types of services provided by the Regulatory Services Class that I have previously described are those services necessary to satisfy statutory or regulatory requirements that are imposed on ETI related to the provision of electric service, both now and in the future.

In particular, the types of services provided to ETI, which include the preparation of extensive cost data, regulatory reports, rate filings and other documents and filings, are generally of a similar nature, and/or require a common set of knowledge and skills, across jurisdictional boundaries and are most efficiently and consistently provided through a centralized staff of professionals. Examples of these services are regulatory accounting, cost of service and revenue requirement analyses, allocation factor development, rate design, rate administration, and processing responses to data requests. These services are necessary in that they must be performed in order to ensure compliance with applicable statutes, rules, and regulations.

In addition this class of services includes costs focused on the impact of activities at the federal level before FERC. Because actions at the federal level also affect (or involve) actions at the state level, this portion of the class represents the costs of coordinating or facilitating interaction between the federal and state activities within the Entergy System. In this light, this class is charged with an advisory role with the EOCs' state regulatory organizations, ensuring that the activities of those organizations meet the overall corporate regulatory policy, as well as a more direct responsibility of handling all federal regulatory matters for the EOCs' retail jurisdictions. It must be emphasized that the types of services provided by this class are those services necessary to satisfy statutory and/or regulatory requirements that are imposed on ETI related to the provision of electric service. These types of advisory and consulting services provided for ETI's benefit are generally similar across jurisdictional boundaries and are most efficiently and consistently provided through a centralized staff of experts. These services are necessary in that they must be performed in order to ensure compliance with applicable State and Federal statutes, rules, and regulations.

In addition, this class coordinates strategy, development, and implementation plans for the EOCs' low-income assistance and related initiatives for the overall Entergy System. These services also are necessary to fulfill ETI's commitments to its customers.

Q17. PLEASE PROVIDE ADDITIONAL DETAIL REGARDING THE LOW-INCOME ASSISTANCE AND RELATED INITIATIVES.

A. Low-income and related initiatives fall into two main categories: (1) services that coordinate and oversee programs, at the EOCs' level, to design, produce, and distribute materials used to show low-income customers ways to reduce and manage their electric bills; research on best practices and utility policy matters that can assist in the long-term development of services to better aid these customers; and the development and maintenance of data required to provide such information; and (2) services that provide direct assistance to low-income customers, in coordination with EOCs, including ETI, at the state level through programs such as weatherization and energy-saving measures; providing energy efficiency information via conferences and direct contact; and providing information about the EOCs' programs, such as the Public Benefit Fund and "Pick-A-Date" for Texas.

Q18. HAVE YOU OR PERSONS UNDER YOUR SUPERVISION REVIEWED THE REGULATORY SERVICES EXPENSES INCURRED BY OR ON BEHALF OF ETI TO ENSURE THAT THEY ARE NECESSARY?

A. Yes. Internal review mechanisms, including budget variance analyses, are in place to ensure that unnecessary costs are not incurred. Before resources are committed to a specific project, those with direct responsibility and, in consultation with other appropriate staff members,

determine how the work will be performed, and whether and to what extent, resources external to the Entergy System will be required. For example, when the Company is involved in a regulatory proceeding, we must obtain and utilize resources, both internal and external to the Entergy System, that are necessary to satisfy the applicable regulatory standards and requirements. Operating within, and guided by, the requirements of the regulator, and in consultation with appropriate staff and other internal personnel, we decide upon a course of conduct designed to furnish the required regulatory support in the most cost-effective manner.

D. Reasonableness of Regulatory Services Expenses

Q19. ARE THE COSTS INCURRED DURING THE TEST YEAR ON BEHALF OF ETI IN CONNECTION WITH THE REGULATORY SERVICES CLASS REASONABLE?

A. Yes. Evidence of the reasonableness of this cost can be determined by looking at the following areas:

- Cost Control Measures;
- Staffing Levels;
- Trends in Cost; and
- Benchmarking.

I will address each of these areas.

1. Cost Control Measures

Q20. DOES REGULATORY SERVICES HAVE IN PLACE A BUDGETING PROCESS TO CONTROL COSTS?

A. Yes. Budgets are developed in coordination with the financial departments. Monthly and year-to-date reports are reviewed and compared to budget. Variance explanations are provided for my review for the Regulatory Services function. In addition, quarterly estimates of year-end spending are also made and submitted to finance/accounting. Variance descriptions are provided and the Regulatory Services management group discusses the variances and determines the appropriate course of action. Variances of any major consequence are also addressed with utility executive management and a course of action determined.

2. Staffing Levels

Q21. WHAT IS THE STAFFING LEVEL FOR THE REGULATORY SERVICES CLASS?

A. At the end of the Test Year, Regulatory Services at ESI was staffed by 114 Full Time Equivalent employees. The breakdown of this staffing level, by area, is as follows:

Oversight (Vice President and Exec. Asst.)	2
Regulatory Strategy	8
System Regulatory Planning & Support	76
Integrated Energy Management	2
System Regulatory Affairs	26
Total	114

Q22. HAVE YOU UNDERTAKEN A STAFF TRENDS ANALYSIS?

A. Yes. In the table below, I show a comparison of the number of Regulatory Services Class employees for each of the years 2010, 2011, 2012 and at the end of the Test Year applicable to this docket (April 1, 2012 – March 31, 2013).

Table 3
Analysis of Regulatory Services Class
Employee Count[2]

2010	112
2011	115
2012	116
Test Year	114

As noted in Table 3, the total number of employees dedicated to the provision of Regulatory Services Class has increased since calendar

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

year 2010 by four persons from 2010 to 2012, but then decreased by two employees from the calendar year 2012 figure to the Test Year level.

The net increase in the total number of employees within the Regulatory Services class since 2010 has primarily occurred for three reasons. The Integrated Energy Management group has decreased in size by six employees from 2010 to the test year level. The Regulatory Strategy group and the System Regulatory Planning & Support groups experienced an increase of four employees. The System Regulatory Affairs group experienced an increase of four employees.

3. Trends in Costs

Q23. WHAT WERE THE ACTUAL AFFILIATE CHARGES TO ETI FOR SERVICES PROVIDED BY THE REGULATORY SERVICES CLASS FOR THE LAST THREE YEARS?

A. ESI's total O&M charges to ETI for each of the past three calendar years and the Test Year for this class of services are shown in Table 4 below. These charges have been adjusted to remove the MISO and ITC-related costs that the Company is removing from the requested cost of service (as explained by Company witness Michael P. Considine), as well as the nuclear and gas department codes (as explained by Company witness Tumminello).