iv. Cost Trends

Q96. WHAT WERE THE TOTAL AFFILIATE O&M CHARGES TO ETI FOR THE DISTRIBUTION OPERATIONS CLASS OF SERVICES FOR THE 2010-2012 TIME PERIOD, AND FOR THE TEST YEAR?

A. The following table shows the total affiliate O&M charges to ETI for the Distribution Operations Class for calendar years 2010-2012 (end of year figures), as well as the total affiliate O&M charges to ETI for the test year:

Table 5 – Distribution Operations Class Affiliate Charges to ETI[2]

DISTRIBUTION OPERATIONS	2010	2011	2012	Test Year
	$619,962	$718,289	$711,174	$741,194

Q97. HOW DOES THIS TREND COMPARE TO THE CHARGES IN THIS CLASS IN THE TEST YEAR?

A. The amount of affiliate charges in the Distribution Operations Class in the test year was $741,194, which is higher than the trend in recent years.

[2] These charges have been adjusted to remove the 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). Otherwise, these charges exclude pro forma adjustments.

Q98. PLEASE EXPLAIN THE SIGNIFICANT CHANGES REFLECTED IN THE DISTRIBUTION OPERATIONS CHARGES.

A. At the beginning of 2010, ESI, in conjunction with ETI and the other EOCs, reorganized the Distribution Operations and T&D Support areas to better align them with customer needs and work management practices. The fluctuations in spending are attributable to the restructuring of the Utility Training group. As part of the restructuring, a new training development team was put together and several employees shifted from departments in the T&D Support Class to the Distribution Operations Class.

Q99. WHAT WERE THE TOTAL AFFILIATE O&M CHARGES TO ETI FOR THE T&D SUPPORT CLASS OF SERVICES FOR THE 2010-2012 TIME PERIOD, AND FOR THE TEST YEAR?

A. The following table shows the total affiliate O&M charges to ETI for the T&D Support Class for the calendar years 2010-2012 (end of year figures), as well as the test year:

Table 6 – T&D Support Affiliate Charges to ETI[3]

T&D Support	2010	2011	2012	Test Year
	$825,181	$664,955	$629,621	$603,940

Q100. HOW DOES THIS TREND COMPARE TO THE TEST YEAR CHARGES FOR THE T&D SUPPORT CLASS?

A. The test year expenditures were $603,940, which is lower than the trend in recent years. As noted above, the decrease in costs in this class is primarily attributable to the restructuring of the Utility Training group.

v. Staffing

Q101. DID ESI EXPERIENCE ANY SIGNIFICANT CHANGES TO STAFFING IN THE DISTRIBUTION OPERATIONS CLASS OR T&D SUPPORT CLASS?

A. Figure 12 below illustrates staffing levels from 2010 through 2012 and the test year for the Distribution Operations Class and T&D Support Class of services. Overall, the combined staffing levels from 2010 through the test year were steady. The T&D Support Class experienced an increase in headcount from 2010 to 2011, which was driven by organizational changes in the Fleet Management group. That group is not a significant

[3] These charges have been adjusted to remove the 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). Otherwise, these charges exclude pro forma adjustments.

driver of O&M costs, however, as demonstrated in the declining cost trend for the T&D Support Class. In addition, the head count in the Fleet Management group has been declining in recent years due primarily to technological advances that allow for a reduction in personnel.

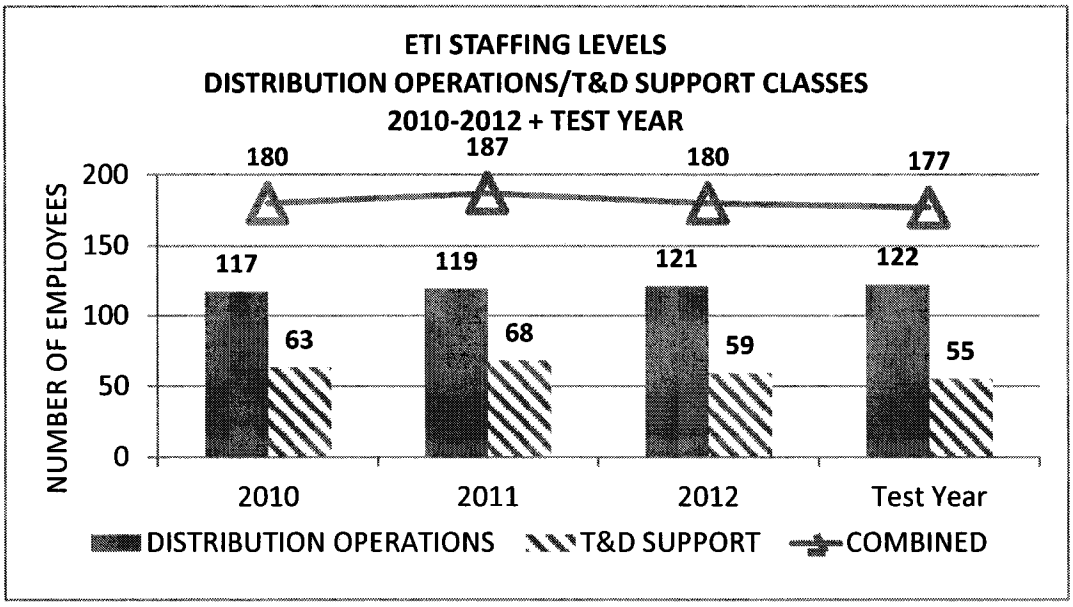


Figure 12 ETI Staffing Levels: Distribution Operations/T&D Support Classes 2010-2012 and Test Year

vi. Reasonableness of Costs

Q102. DO YOU HAVE OBJECTIVE EVIDENCE TO SUPPORT YOUR OPINION THAT THE COSTS OF THE DISTRIBUTION OPERATIONS CLASS AND THE T&D SUPPORT CLASS ARE REASONABLE?

A. Yes. A comparison of FERC Form 1 data shows that ETI's distribution costs are reasonable. While the Company does not file FERC Form 1 data strictly on the basis of the Distribution Operations Class or the T&D

Support Class, such costs are included in the overall distribution costs included in ETI's FERC Form 1 filings.

As discussed above, Exhibits SBC-2A and SBC-2B show that ETI compares favorably with similarly situated utilities in terms of its distribution costs per kWh and distribution costs per customer.

Q103. ARE THE SERVICES PROVIDED BY DISTRIBUTION OPERATIONS AND T&D SUPPORT CLASSES DUPLICATED BY OTHER DEPARTMENTS WITHIN ETI?

A. No. Although both ESI and ETI employees participated in many of the Distribution Operations Class and T&D Support Class programs, they did not perform the same activities. The relationship between ETI and its affiliates is that of a customer and a provider.

Q104. HOW DOES ETI PROVIDE INPUT AND DIRECTION FOR THE DISTRIBUTION OPERATIONS CLASS AND THE T&D SUPPORT CLASS?

A. ETI management sets goals and the direction for its operations, and the affiliate provider assists with the implementation and execution of plans to accomplish those goals. Examples of this relationship include providing economical management of contracts, vegetation management, and load planning to meet the safety, financial, operational, and reliability objectives of ETI. These practices are standard within all EOCs.

B. Distribution Capital Additions

1. Time Period for Distribution Capital Additions

Q105. AS PART OF THIS RATE CASE, IS ETI ASKING TO INCLUDE DISTRIBUTION CAPITAL ADDITIONS IN ITS RATE BASE?

A. Yes.

Q106. WHAT IS THE TIME PERIOD FOR THESE DISTRIBUTION CAPITAL ADDITIONS?

A. ETI is seeking to add to rate base those distribution facilities closed to plant in service during the period starting on July 1, 2011 and ending on March 31, 2013. The starting date for this period, July 1, 2011, is the day after the end of the test year in the most recent ETI base rate case, Docket No. 39896 (that test year ended on June 30, 2011). The ending date for this period, March 31, 2013, is the end of the test year in this current ETI rate case.

Q107. WHAT IS THE DOLLAR AMOUNT OF THE DISTRIBUTION CAPITAL ADDITIONS THAT ETI IS REQUESTING IN THIS DOCKET?

A. The total dollar amount of Distribution Line and distribution-related General Plant additions closed to plant for ETI from July 1, 2011 through March 31, 2013 is $126,424,469. This dollar amount covers 1303 Distribution Line projects totaling $124,493,909, 16 General Plant projects

totaling $1,817,958, and one Intangible project totaling $112,603, all of which are detailed on my Exhibit SBC-3.

2. Specific Distribution Capital Additions

Q108. WHAT IS ETI's OVERALL COST MANAGEMENT PHILOSOPHY FOR CONSTRUCTING, OPERATING, AND MAINTAINING ITS DISTRIBUTION SYSTEM?

A. ETI's overall philosophy for managing costs is to provide its customers with the highest level of service, safety, and reliability without compromising operational efficiency. My testimony demonstrates ETI's prudent use of funds and its commitment to this fundamental principle.

Q109. PLEASE DESCRIBE THE PROCESS ETI UTILIZES TO UNDERTAKE CAPITAL EXPENDITURES.

A. The planning and design departments in the Distribution Organization identify new capital projects based on customer requests, system growth requirements, system improvements, new customers, system-wide applications, and upgrades. The projects are designed and routed through the appropriate approval levels consistent with Entergy's Authorization Policy. The majority of these capital projects are assigned to ETI/ESI personnel or contractors for construction. Contractors are selected by an evaluated bid, which includes quality of work, safety, performance, storm response, and costs. Both during construction and

upon completion, the jobs are audited by ETI/ESI personnel for quality assurance and accuracy of invoice processing.

Q110. PLEASE DESCRIBE THE MAJOR CATEGORIES OF DISTRIBUTION CAPITAL ADDITIONS CLOSED TO PLANT IN SERVICE DURING THE PERIOD STARTING ON JULY 1, 2011 AND ENDING ON MARCH 31, 2013.

A. I am supporting three groups of distribution-related capital additions. The first group includes Distribution Line capital additions. The second group includes General Plant additions that were driven by distribution business needs. The third group is Intangible capital projects.

Q111. PLEASE DESCRIBE THE INFORMATION IN EXHIBIT SBC-3, WHICH PROVIDES THE DETAILS ABOUT THE DOLLARS CLOSED TO PLANT IN SERVICE FOR DISTRIBUTION FACILITIES AND THE ASSOCIATED AFFILIATE COMPONENT.

A. Exhibit SBC-3 provides the following information:

Column A Project Code
Column B Project Code Description
Column C Asset class
Column D In-service date
Column E Asset location description
Column F State location

Column G Business Unit ("BU")

Column H Non-Affiliate Charges Excluding Capital Suspense and Reimbursements

Column I Reimbursements

Column J Represents capital suspense overhead costs associated with administrators, engineers and supervisors to the capital projects for which they provide services. Each function charges its capital suspense to a "Capital Suspense" project, which is then allocated out to the appropriate capital projects. Capital Suspense costs and the subsequent allocation are separated by BU and function combination to more accurately match such costs on the actual projects worked on for each function within a BU.

Column K Represents the portion of capital suspense overhead costs (in Column J) from an affiliate.

Column L Represents the portion of capital suspense overhead costs (in Column J) that are charged to the project by ETI employees.

Column M Represents charges incurred by the ESI service company and allocated out to the appropriate BUs based on the ESI billing method assigned to the project plus loaned resource charges incurred at one BU and charged to another BU for services rendered on behalf of that BU.

Column N Represents the total affiliate portion of the charges included in Column O, and is the total of Columns K and M.

Column O Represents the total amount of capital additions closed to plant in service.

Q112. WHAT TYPES OF DISTRIBUTION LINE CAPITAL PROJECTS ARE YOU SUPPORTING?

A. The Distribution Line capital projects are divided into two main categories (*"Revenue"* projects and *"Non-revenue"* projects). For convenience,

Table 7, below, provides a summary of the ETI Distribution Line projects broken out between Revenue and Non-revenue projects. In addition, many of the Distribution Line capital additions are captured in what are known as "blanket" projects, which are projects that are established to account for numerous small projects. These blanket projects range from the installation of a service line and the establishment of service to individual customers to reliability and infrastructure improvements. Rather than creating a separate project for each such installation, it is common practice in the utility industry to combine these small jobs into a single project or work order to minimize administrative costs. This does not mean that the individual small jobs are not accounted for, but rather that hundreds of like jobs are combined into one blanket project for budgeting and reporting purposes.

Table 7 – ETI Distribution Line Dollars
Closed to Plant in Service
July 1, 2011 – March 31, 2013

Category	Type	Closed to Plant ($)
Revenue	Blanket Design	17,063,789
	Specific Design	6,310,862
	Non-Design	16,605,488
	Street & Private Area Lighting	1,863,195
Non-Revenue	Failure	31,816,476
	Blanket Mandated	593,829
	Specific Mandated	970,148
	Blanket System Improvements	7,271,501
	Specific System Improvements	29,638,901
	Storm Damage	12,172,398
	Hurricane Ike	186,781
	Total Distribution Line Projects	124,493,909

Q113. WHAT IS A "REVENUE" PROJECT?

A. Revenue projects are undertaken to connect new customer(s) to the system or to provide the capability to serve increased load. These projects are driven by the obligation to serve under franchise and service territory agreements. Specifically, Revenue projects include:

- projects to serve new customers;
- projects to serve load additions for an existing customer;
- projects that are fully covered under facilities charges;
- projects to install/remove metering; and
- projects to install street lighting or private area lighting.

Revenue projects are classified into one of four categories: blanket design projects; specific design projects; non-design projects; or street and private area lighting projects. Design projects are those Revenue projects that require construction in addition to a meter and service connection. Non-design projects are those Revenue projects that require only a meter and/or service connection. Street and private area lighting projects are those Revenue projects that establish street lighting or private area lighting.

Q114. WHAT IS A "NON-REVENUE" PROJECT?

A. A project is a Non-revenue project if it is undertaken to improve reliability, respond to government-mandated requirements, improve infrastructure, replace plant that has failed, or rearrange standing facilities to better serve existing customer load.

Q115. WHAT ARE THE TYPES OF NON-REVENUE PROJECTS INCLUDED IN YOUR CAPITAL EXPENDITURES?

A. Non-revenue projects are classified into the types that are listed below:

- **"Failures"** are projects to replace critical equipment that has failed and must be replaced on an emergency basis. Failures also include activities performed as a result of a "lights out" situation, usually during weather events. Some examples of these types of projects are:

- stub or replace a pole damaged by a weather event or a vehicle accident;
- repair or replace failed cable or conductor, both overhead and underground; and
- replace failed transformers, reclosers, regulators, switches, arrestors, insulators and other distribution equipment.

- **"Mandated"** are projects to relocate ETI's existing facilities for state or city governments or for other contractual agreements. Some of these projects may be partially or fully reimbursed. **"Blanket mandated"** projects are smaller projects that have been combined for accounting and reporting purposes, while **"Specific mandated"** projects are of sufficient cost and complexity to warrant accounting and reporting on an individual basis. Some examples of these types of projects are:
  - highway widening projects that require the relocation of distribution facilities;
  - relocation of city utilities, canal levees or drainage facilities;
  - upgrades or replacement of joint-use facilities; and
  - compliance with mandated avian regulations.
- **"System Improvements"** are projects that maintain the integrity and reliability of the overall distribution system. These projects include projects to plan for load growth, to plan for contingencies,

to maximize circuit availability and to minimize the number of customer interruptions. **"Blanket system improvement"** projects are smaller projects that have been combined for accounting and reporting purposes. **"Specific system improvement"** projects are of sufficient cost and complexity to warrant accounting and reporting on an individual basis. Some examples of these types of projects are:

- replacement of conductor that is overloaded or causing low voltage;
- replacement of transformers and other line equipment that no longer meet the requirements of the load;
- circuit work to improve reliability performance, such as installing lightning arresters, installing animal guards and increasing the basic insulation level;
- increasing the width and/or height of the right-of-way by removing trees, tree limbs and other vegetation; and
- removing trees that are outside of the right-of-way but are in a weakened condition and may fall into the distribution lines.

- **"Storm Damage"** projects are projects that capture the capital costs of replacing, repairing, and restoring facilities damaged as the result of a weather event.

- **"Hurricane Ike"** is a specific type of Storm Damage project that captures the Hurricane Ike-related capital additions that were not included in the Docket Nos. 36931 and 37247 securitization proceedings.

Q116. TABLE 7 CONTAINS A LINE SHOWING THE TOTAL DOLLARS FOR BLANKET DESIGN REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. Projects C6PP749030 and C6PC849030, found on Exhibit SBC-3, capture costs associated with Distribution Line blanket projects that are classified as Revenue and required design work. The total addition to plant in service for these blanket projects is $17,063,789. These blanket projects, within the Revenue category of projects, cover line extensions to serve new customers, upgrades of distribution facilities to serve increased customer load at their facilities, and replacement facilities necessary to serve a new customer or an increase in service requirements due to added load by the customer.

Q117. TABLE 7 SHOWS THE TOTAL DOLLARS FOR SPECIFIC DESIGN REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. There are 133 projects on Exhibit SBC-3 that capture costs associated with larger Distribution Line projects that are classified as Revenue and

required design work. These projects are of sufficient cost and complexity to warrant accounting and reporting on an individual basis. The total addition to plant in service for these projects is $6,310,862. These projects cover line extensions to serve new customers, upgrades of distribution facilities to serve increased customer load at their facilities, and replacement facilities necessary to serve a new customer or an increase in service requirements due to added load by customers.

Q118. TABLE 7 ALSO CONTAINS A LINE SHOWING THE TOTAL DOLLARS FOR NON-DESIGN REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. Projects C6PP749010 and C6PC849010, found on Exhibit SBC-3, capture costs associated with Distribution Line blanket projects that are classified as Revenue and that did not require design work. The total additions to plant in service for these blanket projects are $16,605,488. This category of Revenue blanket projects covers simple or non-complex installation of service and transformers. These projects are classified as non-design because the installation was simple and could be done by service personnel.

Q119. TABLE 7 SHOWS THE TOTAL DOLLARS FOR STREET AND PRIVATE AREA LIGHTING REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. Projects C6DB771897, C6DB771903, C6DB772011, C6DB772176, C6DB772526, C6PP749055, C6PP749056, C6PP749065, C6PP749650 and C6PP749660, found on Exhibit SBC-3, capture costs associated with Distribution Line blanket projects that are classified as Revenue and that are for street and private area lighting. The total additions to plant in service for these blanket projects are $1,863,195.

Q120. CONTINUING WITH TABLE 7, THE NEXT LINE SHOWS THE TOTAL DOLLARS FOR FAILURE NON-REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. There are a number of projects included on Exhibit SBC-3 that are failure non-revenue projects. These projects total $31,816,476 of capital additions to be added to rate base for this category. The term "Failure" refers to the need to repair or replace existing facilities. The work charged to these Failure projects was performed to restore service, eliminate the cause of an outage and therefore prevent future outages, eliminate a public safety hazard, or resolve power quality problems.

Q121. RETURNING TO TABLE 7, THE NEXT LINE SHOWS THE TOTAL DOLLARS FOR BLANKET MANDATED NON-REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. Projects C6PP749130, C6PP749131, C6PP749134, C6PP749135, C6PP749210 and C6PP7493604, found on Exhibit SBC-3, capture costs associated with Blanket Mandated Non-revenue projects. The total additions to plant in service for this blanket project are $593,829. These projects capture the cost of relocating existing facilities to meet the requirements of city and state governments, as well as other contractual agreements, such as road widening projects.

Q122. THE NEXT LINE ON TABLE 7 SHOWS THE TOTAL DOLLARS FOR SPECIFIC MANDATED NON-REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. There are a number of specific projects included on Exhibit SBC-3 that are mandated non-revenue projects. These projects are of sufficient cost and complexity to warrant accounting and reporting on an individual basis. The total additions to plant in service for this type of project are $970,148. These projects capture the costs of relocating existing facilities to meet the requirements of city and state governments, as well as other contractual agreements, such as road-widening projects.

Q123. THE NEXT LINE ON TABLE 7 SHOWS THE TOTAL DOLLARS FOR BLANKET SYSTEM IMPROVEMENT NON-REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. There are 24 projects included on Exhibit SBC-3 that are Blanket System Improvement projects. The total capital additions for these projects are $7,271,501. These are projects that are undertaken to improve the reliability of the distribution system, and they include projects to plan for load growth, plan for contingencies, maximize circuit availability, minimize the number of customer interruptions, and ensure the integrity of the infrastructure.

Q124. THE NEXT LINE ON TABLE 7 SHOWS THE TOTAL DOLLARS FOR SPECIFIC SYSTEM IMPROVEMENT NON-REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. There are a number of specific projects included on Exhibit SBC-3 that are System Improvement projects. These projects are of sufficient cost and complexity to warrant accounting and reporting on an individual basis. The total capital additions for these projects are $29,638,901. These are projects that are undertaken to improve the reliability of the distribution system, and they include projects to plan for load growth, plan for contingencies, maximize circuit availability, minimize the number of customer interruptions, and ensure the integrity of the infrastructure.

Q125. PLEASE EXPLAIN HOW CAPITAL ADDITIONS FOR SYSTEM IMPROVEMENT AND FAILURE REPLACEMENT HAVE IMPROVED SERVICE.

A. As mentioned earlier in my discussion of the Distribution Operations Class of affiliate services, reliability program management consists of eight major services: (1) Load and Contingency Planning; (2) Reliability and Infrastructure Management; (3) System Outage Response Management; (4) Vegetation Management; (5) Distribution Construction; (6) Distribution Standards; (7) Engineering Services; and (8) Contractor Management. Each of these services identifies and supports capital projects to improve reliability, including repairs to existing facilities. These types of projects were significant contributors to the Company's service quality improvements I discussed earlier in my testimony.

Q126. THE NEXT LINE ON TABLE 7 SHOWS THE TOTAL DOLLARS FOR STORM DAMAGE NON-REVENUE PROJECTS. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. There are 45 projects, found on Exhibit SBC-3, that capture the capital costs of replacing, repairing, and restoring facilities damaged during severe weather events. The accounting process is to capture storm charges through the use of storm job orders ("SJOs") for each severe weather event. SJOs are established for each legal entity (*e.g.*, ETI), each state (*e.g.*, Texas), and each function (*e.g.*, Distribution). When a

storm occurs, all costs are captured in the appropriate SJO(s). Each month, charges to the SJOs are reviewed and segregated into capital and O&M components. The O&M costs are charged against the appropriate loss reserve account, which I discuss in detail in the next section of my testimony. The capital costs are charged to the storm damage projects for the appropriate legal entity and state. The total additions to plant in service for this blanket project are $12,172,398, which includes damage caused by Hurricane Isaac winds and storm bands on August 29, 2012.

Q127. THE NEXT LINE ON TABLE 7 SHOWS THE TOTAL DOLLARS FOR HURRICANE IKE. PLEASE EXPLAIN HOW THESE FUNDS WERE SPENT.

A. Hurricane Ike reconstruction costs continued to be incurred subsequent to the close of the test year in Docket No. 39896, as shown on Exhibit SBC-3. The total additions to plant in service for Hurricane Ike are $186,781. This project has now been closed.

Q128. TO THIS POINT, YOU HAVE DESCRIBED THE PREDOMINANT DISTRIBUTION LINE CAPITAL PROJECTS CLOSED TO PLANT. PLEASE NOW TURN TO THE GENERAL PLANT PROJECTS THAT YOU ARE SUPPORTING AND DESCRIBE THE PREDOMINANT TYPES OF GENERAL PLANT PROJECTS.

A. Exhibit SBC-3 shows the 16 General Plant projects that I sponsor. These General Plant projects, totaling $1,817,958, are related to IT hardware and software acquisitions and upgrades; maintenance and upgrades to Distribution non-electric facilities; specialized tools and equipment purchases; Advanced Metering Infrastructure ("AMI") strategy development; and implementation of Smart Synch Metering for Major Account Billing. The IT systems are required to effectively and efficiently manage the operations, maintenance and construction of the ETI distribution system. The maintenance and upgrade of Distribution service center facilities, as well as the purchase of specialized tools and equipment, is necessary to the core function and safety of our Distribution Operations. I have classified the projects in this group into three categories, which are: (1) IT Hardware and Software Upgrades; (2) Facilities, Tools and Equipment; and (3) AMI.

Q129. PLEASE BRIEFLY DESCRIBE THE CATEGORY OF IT HARDWARE AND SOFTWARE UPGRADES.

A. This category includes IT projects necessary to operate, maintain and upgrade the IT system. This includes computer purchases for ETI transmission and distribution employees and computer hardware and software purchases to support field use of work management system and in-the-field design for customer's services.

Q130. WHAT PROJECTS RELATED TO IT HARDWARE AND SOFTWARE UPGRADES DO YOU SPONSOR?

A. Projects C1PPF17243E, C6PPFT7349 and C6PPTT7349, found on Exhibit SBC-3, capture costs associated with IT Hardware and Software Upgrades projects. The total additions to plant in service for this category of projects are $1,052,448, or 58% of the total ETI Distribution General Plant projects. These projects include computer hardware and software purchases for ETI Distribution employees, which support field use of the work management system and the use of Graphic Design Tool Software that allows in-field design of customer electrical services. The Graphical Design Tool Software provides support to designers to ensure standardized and optimal designs, and it integrates with the AM/FM System and Work Management System.

Q131. PLEASE BRIEFLY DESCRIBE THE CATEGORY OF FACILITIES, TOOLS AND EQUIPMENT.

A. The "Facilities" portion of this category allows for the maintenance of Distribution service centers and material inventory facilities. The "Tools and Equipment" portion includes the purchase of specialized tools and equipment for the benefit of safety, work techniques, and specialized jobs within Distribution. These tools are not purchased through the storeroom. The primary benefits of this category are the ability to perform tasks in a safe and efficient manner.

Q132. WHAT PROJECTS RELATED TO FACILITIES, TOOLS AND EQUIPMENT DO YOU SPONSOR?

A. There are 11 projects found on Exhibit SBC-3 that capture costs associated with Facilities, Tools and Equipment projects. The total additions to plant in service for this category of projects are $577,409, or 32% of the total ETI Distribution General Plant projects. These are projects to maintain and upgrade Distribution service center facilities and to purchase specialized tools or equipment for the benefit of safety, work techniques, and specialized jobs within Distribution.

Q133. WHAT IS THE CATEGORY OF ADVANCED METERING INFRASTRUCTURE?

A. AMI is intended to utilize new and developing technology to provide improved and efficient access to electric account information through an automated process using smart meters and associated wireless infrastructure. Effective use of this technology enables consumers to monitor and control their energy usage, reduce their monthly bills, and ensure billing accuracy.

Q134. WHAT PROJECTS RELATED TO AMI DO YOU SPONSOR?

A. Projects C6PPDW05CT and C6PPDW05KT, found on Exhibit SBC-3, capture ETI costs associated with the development and implementation of a system-wide strategy for the deployment and implementation of AMI technology. Project C6PPDW05CT is for the purchase of a specialized computer with Call Back software to be used with AMI Smart Synch Metering of commercial and industrial customers. Project C6PPDW05KT is for test kits to be used to measure and maintain accuracy of AMI Smart Synch metering and billing and ensure all meters are in compliance with Commission requirements. The total addition to General Plant in service for this category is $188,101 or 10% of the total Distribution General Plant projects.

Q135. WHAT TYPES OF INTANGIBLE PROJECTS ARE YOU SPONSORING?

A. The Intangible project (C6PPFT7243) found in Exhibit SBC-3 captures cost for training associated with the ETI Utility Operations Graphical Design Tool, which I discussed earlier.

Q136. WHAT IS A MULTI-STATE PROJECT?

A. Multi-State projects are typically projects that are large in scope, development, implementation and material costs and benefit all EOCs. An overall project cost can be significantly reduced when the project development, material purchase and field implementation is worked as an Entergy Project and each EOC is only charged their portion of the cost.

Q137. ARE THERE ANY ETI MULTI-STATE COSTS IN EXHIBIT SBC-3?

A. Yes, two projects C1PPF17243E and C6PPFT7243 are assigned to "Multi-State." These are IT projects for specialized Graphical Design software that benefit all EOCs, and the portions that are included in Exhibit SBC-3 are only the amounts charged to ETI. Project C1PPF17243E was discussed earlier regarding General Plant IT Hardware and Software Upgrade projects. Project C6PPFT7243 was discussed above regarding Intangible projects. The total additions to plant in service for these two projects are $1,047,634.

3. Distribution Capital Addition Costs Were Reasonable

Q138. WERE THE OVERALL ETI AND AFFILIATE CAPITAL COSTS FOR THE DISTRIBUTION OPERATIONS REASONABLE?

A. Yes. The capital costs were necessary to enable ETI to continue providing reliable electric service to its customers. The costs were reasonable because ETI has planned for and executed its capital projects in an effective manner with appropriate budget controls.

Q139. IS IT REASONABLE TO INCLUDE THE COSTS IDENTIFIED ON EXHIBIT SBC-3 IN ETI'S RATE BASE IN THIS DOCKET?

A. Yes. It is reasonable to include these capital costs, as adjusted by Company witness Considine, in the rate base in this docket because these projects are in service and are necessary in order for ETI to provide continuous, reliable, safe, adequate, and reasonable electric service to its customers. Moreover, ETI is committed to continually improving its service. These capital expenditures are reasonable and necessary in meeting that commitment.

Q140. EXHIBIT SBC-3 INCLUDES AFFILIATE COSTS. ARE THOSE AFFILIATE COSTS REASONABLE AND NECESSARY TO CONSTRUCT THE DISTRIBUTION FACILITIES?

A. Yes. The affiliate costs for ETI total $4,601,623 or 3.64% of the requested capital additions of $126,424,469. These affiliate charges are

generally for oversight and support costs, such as engineering standards and drafting that are necessary to design, build, operate, and maintain the distribution system for ETI. The affiliate costs in Exhibit SBC-3 are necessary as well for the oversight and support of the General Plant capital projects driven by distribution needs.

The costs of the support services provided by ETI's affiliates are the same for all EOCs. As discussed earlier in my testimony concerning the allocation and billing methods for affiliate O&M costs, the ETI affiliate costs are made up of services that are charged to one or more project codes. As Company witness Tumminello explains in her direct testimony, only one billing method is assigned to each project code. Any organization performing work associated with a project code will bill its work to that project code, but regardless of the organization that does the work, the billing method for all work done on that project code remains the same. The billing method for the project code is based on cost causation. This practice of assigning and using one billing method for each project code based upon cost causation assures that the price billed to ETI for the service provided under the project code is no higher than the price charged to other affiliates for the same or similar services and represents the actual costs of the service.

Therefore, ETI is not charged a higher or lower rate than any other company. The manner in which the affiliate services are provided creates economies of scale by utilizing centralized organizations to provide

services that are commonly needed by the affiliates. These centralized organizations support ETI's field operations in its efforts to provide safe, reliable, economic distribution service to all of its customers. If these services were not provided by the centralized organizations, they would have to be provided by duplicate organizations in each of the EOCs.

Q141. EARLIER IN YOUR TESTIMONY CONCERNING AFFILIATE O&M COSTS, YOU DISCUSSED THE REASONABLENESS OF THESE TYPES OF OVERSIGHT AND SUPPORT COSTS DURING THE TEST YEAR. HOW DOES THAT DISCUSSION APPLY TO THE CAPITAL ADDITIONS RECOVERY PERIOD (JULY 1, 2011 THROUGH MARCH 31, 2013)?

A. That same discussion also applies to these oversight and support costs for the entire period since the Docket No. 39896 test year (July 2011 through March 2013).

Q142. WHAT IS THE DIFFERENCE BETWEEN THE AFFILIATE CHARGES YOU DISCUSSED IN THOSE PORTIONS OF YOUR TESTIMONY ADDRESSING THE DISTRIBUTION OPERATIONS AND T&D SUPPORT CLASSES OF SERVICES AND THE AFFILIATE CHARGES YOU DISCUSS IN THIS SUBSECTION?

A. The affiliate charges discussed in the Distribution Operations Class and the T&D Support Class of services subsections of my testimony include

only O&M affiliate charges during the test year. On the other hand, the affiliate charges in this subsection refer to capital charges that were closed to distribution plant in service from July 2011 through March 2013.

Q143. WERE THE OVERALL ETI AND AFFILIATE DISTRIBUTION CAPITAL ADDITIONS COSTS FOR THE PERIOD JULY 2011 THROUGH MARCH 2013 REASONABLE AND NECESSARY?

A. Yes. As shown by the FERC Form 1 capital expenditure data presented in Figures 13 and 14 below, ETI's capital additions costs for the years 2008-2012 were either near or well below the mean, demonstrating that such costs were reasonable. Furthermore, the expenditures for all of the capital projects identified in Exhibits SBC-3 were necessary to enable ETI to provide continuous, reliable service to its customers.

Q144. HOW DOES ETI'S CAPITAL SPENDING COMPARE TO SIMILARLY SITUATED UTILITIES?

A. In the same manner that O&M costs were studied from the standardized FERC Form 1 filings, the Company was able to study capital construction costs from the FERC Form 1 data for the 21-utility panel described above. The capital construction costs included total Distribution capital/construction as opposed to "operations and maintenance expenses excluding fuel." The comparison in Exhibit SBC-4A is based on

distribution capital costs in dollars per kWh. This comparison places ETI below the mean in capital costs, as it was for O&M expenses.

Q145. WHAT ARE THE RESULTS OF THE ANALYSIS?

A. Figure 13 below illustrates that, for the time period 2008-2012, ETI's capital spending compares very favorably to the comparison group, even at a time when the Company was improving its quality of service. ETI's average capital costs were $0.004374/kWh, which was 18.7% lower than the 21-company mean of $.005377/kWh.

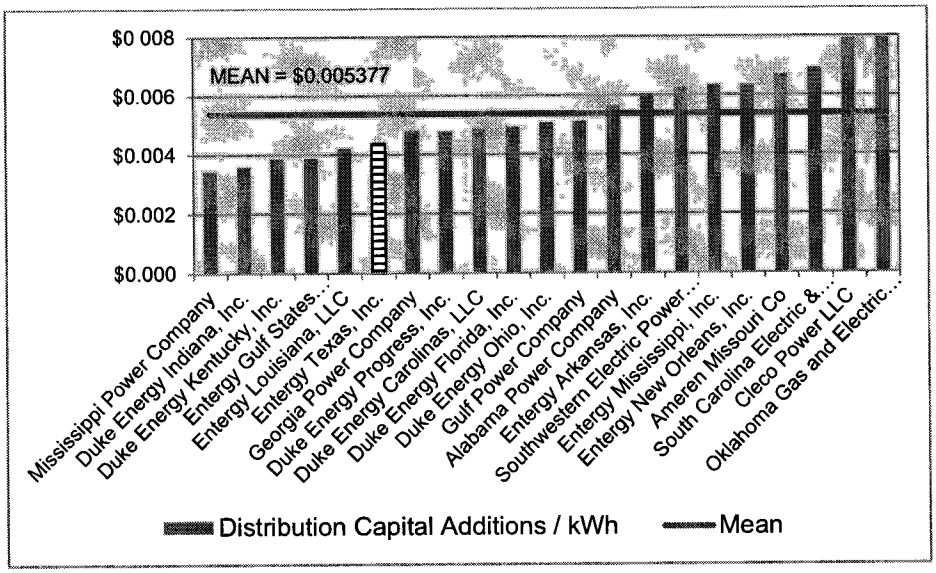


Figure 13 – 2008-2012 Distribution Capital Additions per kWh

Q146. ARE THERE ANY OTHER COMPARISONS THAT SHOW THESE COSTS ARE REASONABLE AND NECESSARY?

A. Yes. Once again using the capital costs from the FERC Form 1 data for the same 21-utility panel, I made a comparison of capital costs per customer. This comparison places ETI below the mean in capital costs per customer. The analysis of those comparisons is shown in my Exhibit SBC-4B.

Q147. WHAT ARE THE RESULTS OF THE ANALYSIS?

A. Figure 14, below, illustrates that, for the time period 2008-2012, ETI's capital spending compares favorably to the comparison group. The five-year comparison utilizes 2008–2012 data for ETI. ETI's average capital costs were $172.67/customer, which was 4.5% lower than the 21-company mean of $180.83/customer.

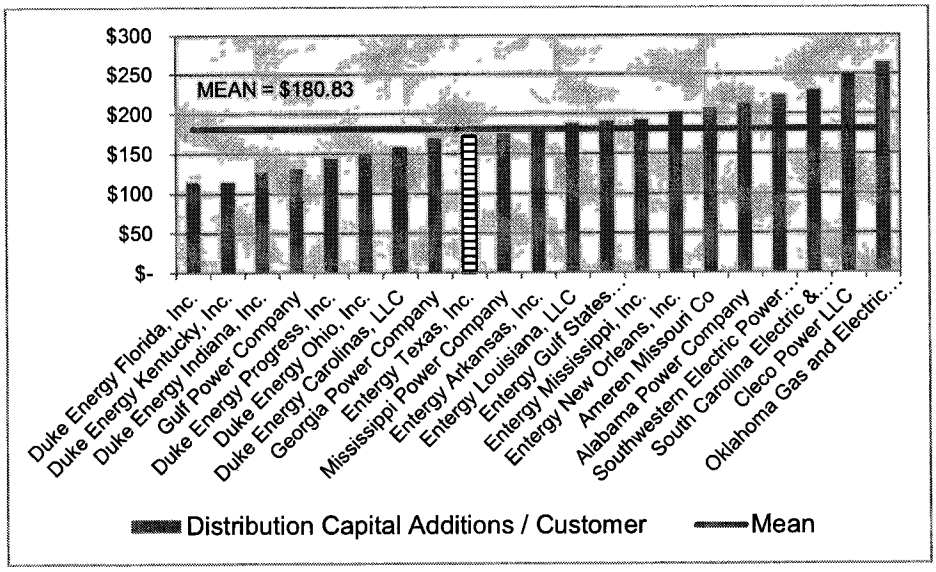


Figure 14 – 2008-2012 Distribution Capital Additions per Customer

VI. STORM RESERVE

Q148. EARLIER YOU MENTIONED THAT THE COSTS OF REPLACING, REPAIRING, AND RESTORING FACILITIES THAT ARE DAMAGED DURING SEVERE WEATHER EVENTS ARE CHARGED TO STORM JOB ORDERS (SJOS), WHICH COSTS ARE THEN SEGREGATED INTO CAPITAL AND O&M COMPONENTS ON A MONTHLY BASIS. PLEASE ELABORATE ON THAT PROCESS WITH REGARD TO THE O&M COSTS ASSOCIATED WITH STORM DAMAGES.

A. As explained in greater detail by Company witness Gregory S. Wilson, for property damage from weather events that results in combined capital and O&M restoration costs in excess of $50,000, the O&M costs are charged to the Company's self-insurance, *i.e.*, "storm" reserve. As of the end of the test year in Docket No. 39896, the storm reserve balance was negative $59.8 million. As of the end of the test year in this case, Mr. Wilson reports that the storm reserve balance is negative $55.9 million. Thus, the net change to the storm reserve balance since the end of the test year in Docket No. 39896 is a $3.9 million reduction to the deficit. My exhibit SBC-5A details the storm reserve charges and other accounting activity that occurred between July 2011 and March 2013.

Q149. ARE ALL OF THE RESTORATION CHARGES ON EXHIBIT SBC-5A DUE TO PROPERTY DAMAGE RESULTING FROM WEATHER EVENTS IN WHICH THE O&M AND CAPITAL RESTORATION COSTS EXCEEDED $50,000?

A. Yes. The charges to the storm reserve that I sponsor in Exhibit SBC-5A are a result of restoring facilities due to damage caused by weather events. By "weather events" I mean major storms (which are named storms, *e.g.,* Hurricane Ike), thunderstorms and windstorms (which can range from severe to minor and may include lightning, hail and tornados), ice storms, and wildfires. The term could include other forms of natural disasters or terrorist attack, but the list I mentioned is typical for ETI's service territory. Again, it is the total amount of damage caused by the weather event that determines whether O&M restoration costs are charged to the storm reserve as opposed to routine O&M.

Q150. PLEASE DESCRIBE THE DATA SHOWN EXHIBIT SBC-5A.

A. I can best answer this question by way of example. After a severe weather event occurs, or when a severe storm is forecast, a project is created in which to record costs associated with repairing damage caused by the weather event. For this example I selected Project C7PPSJ7281, which captures charges related to a severe storm that occurred on December 25, 2012. In Exhibit SBC-5B, all of the charges (and credits) recorded to the storm reserve under this project have been grouped

together for discussion purposes. This grouping was accomplished by sorting Exhibit SBC-5A by the "project" column.

Q151. PLEASE DESCRIBE THE DECEMBER 25, 2012 STORM AND THE DAMAGES THAT IT CAUSED.

A. On December 25, 2012, a powerful upper level storm system combined with a warm, moist air mass to produce severe weather that included damaging winds, small hail, and tornadoes. The weather affected both the East and West Regions of ETI's service territory, with a confirmed tornado touching down in Trinity, Texas, and maximum wind gusts as high as 54 mph. ETI recorded 1,175 outages as a result of this storm, which affected over 80,000 customers. The majority of outages were caused by trees and other vegetation that were blown into the distribution facilities by the high winds. Approximately 50 distribution poles were destroyed, and approximately 170 spans of wire were dislodged from their attachment points and required repair, replacement, or reinstallation.

Q152. PLEASE DESCRIBE HOW THE ELECTRIC FACILITIES WERE RESTORED.

A. ETI implemented its Emergency Operations Plan in response to this severe weather event and the resulting power outages. Accordingly, the ETI Storm Incident Command organization was implemented, and the ETI Command Center was activated. Restoration efforts began once it was

safe to do so. Those efforts included assessment of damages, deployment of line and vegetation workers, and communication of restoration progress to customers. The work force included, in addition to Command Center Staffing, approximately 45 scouts from ETI and affiliate companies for damage assessment, approximately 130 employee and base load contract line workers, approximately 120 non-base load contract line workers and line workers from affiliate companies, and approximately 130 contract vegetation workers. By the end of the day on December 25, 2012, service was restored to 62% of the customers who were affected by the storm. Service was restored to 86% of affected customers by the end of the following day, and service to all customers was restored by December 28, 2012.

Q153. WHAT WERE THE CHARGES TO THE STORM RESERVE ASSOCIATED WITH THE DECEMBER 25, 2012 STORM RESTORATION?

A. The charges to ETI's storm reserve for the December 25, 2012 storm (as recorded through the end of the test year) are shown on Exhibit SBC-5B. For illustrative purposes, those charges have been grouped into the following categories shown in the table below.

Table 8

Resource Description	Total
CONTRACT WORK	1,093,843
EMPLOYEE PAYROLL AND BENEFITS	709,626
STORM LABOR ALLOCATION	(1,435,169)
MATERIALS & SUPPLIES	256,038
TRANSPORTATION CLEARING	93,771
EMPLOYEE EXPENSES	53,791
OTHER	10,277
SERVICE COMPANY RECIPIENT	6,406
DEPRECIATION EXPENSE	4,759
OFFICE & GENERAL	953
Grand Total	**794,295**

Q154. PLEASE DESCRIBE THE CATEGORIES SHOWN IN TABLE ABOVE.

A. Contract Work includes the invoices for the contract workers who were hired to assist in the restoration. The costs were primarily for vegetation and line crews. Employee Payroll and Benefits includes the wages, benefits, and loaders associated with ETI and other Entergy employees who participated in the restoration efforts. Storm Labor Allocation is the amount of storm restoration costs that were transferred to capital. Materials and Supplies include tools and equipment fuel that were required for the restoration efforts. Transportation captures fuel and related vehicle expenses. Employee Expenses primarily captures meals and lodging for Entergy employees and contractors. Other captures costs primarily related to property claims caused by the storm (*e.g.*, damage caused to a customer's house from a pole being blown onto it during the storm). I discussed Service Company Recipient earlier in connection with

the affiliate costs discussion. Depreciation is a loader for ESI depreciation costs. Finally, Office and General captures costs associated with computer and office supplies.

Q155. DO THE CHARGES ON SBC-5A INCLUDE FINANCIALLY-BASED INCENTIVE COMPENSATION?

A. No. While, there are line items on Exhibit SBC-5A that include the term "Incentive Compensation," Company witness Considine explains that pro forma AJ24 removes financially-based incentive compensation costs from this case.

Q156. WERE THE COSTS INCURRED TO RESTORE ETI'S FACILITIES FOLLOWING THE DECEMBER 25, 2012 STORM REASONABLE AND NECESSARY?

A. Yes, the costs incurred were necessary to restore power following the damage caused by the Christmas 2012 storm. The reasonableness of the costs is supported by a number of factors.

First, ETI carries out its storm restoration activities in the same efficient and cost-effective manner as it does in performing routine construction and maintenance activities. Accordingly, the benchmarking and reliability statistics I discussed earlier are equally applicable to ETI's storm restoration activities.

Second, as discussed earlier, ETI maintains and adheres to its industry-recognized, award winning comprehensive storm plan, and it conducts annual storm drills to ensure knowledge of and compliance with its storm plan.

Third, ETI's distribution maintenance and asset improvement process, service quality and continuous improvement programs, and vegetation management practices help to minimize the amount of damages incurred as a result of severe weather events, which speeds restoration and reduces costs.

Fourth, as discussed by Company witness Reginald T. Jackson, ETI's procurement policies and procedures are designed to streamline the acquisition of materials and services through the use of strategic supply networks in order to achieve the lowest reasonable cost. Mr. Jackson specifically explains how the standardization of supply chain activities "makes possible a smoother day-to-day operation as well as a rapid response to major storm or emergencies."

Fifth, ETI maintains pre-negotiated contracts with its major line, vegetation, and logistics contactors that specify rates, hours, and scope of work for severe weather restoration efforts.

Sixth, ETI maintains a rigid supervision process to ensure that contractors are checked in and monitored by ETI or other Entergy employees during the restoration efforts.

Seventh, for this storm, ETI implemented a local process, similar to the Entergy Contractor Invoice Processing Team ("CIPT") utilized during major reconstruction efforts, in which invoices are reviewed against documentation provided by company personnel who supervised the services to verify the work performed, hours recorded, and equipment deployed. The process also includes review of invoices against contract terms to ensure compliance.

Q157. WERE ALL THE COSTS THAT WERE CHARGED TO THE STORM RESERVE DURING THE PERIOD JULY 2011 THROUGH MARCH 2013, AS SHOWN ON EXHIBIT SBC-5A, REASONABLE AND NECESSARY?

A. Yes. The same process and factors that support the reasonableness of the costs that I described above generally apply to all of the projects shown on Exhibit SBC-5A. I say generally because the entire process I described in the example above, including implementation of the Emergency Operations Plan, may not be necessary in response to relatively minor storms. On the other hand, the response to a major storm, like a Hurricane, is even more detailed and would encompass larger numbers of personnel, equipment, and additional processes like pre-staging of crews and materials and implementation of the Entergy CIPT.

VII. RATE SCHEDULE MES

Q158. DO YOU SPONSOR ANY RATE SCHEDULES?

A. Yes. I co-sponsor with Company witness H. Vernon Pierce changes to certain components of the MES (Miscellaneous Electric Service) Rate Schedule, which is included as Rate Filing Package Schedule Q-8.8 and pro forma schedule AJ-04. The combined changes have an annual monetary value of $39,807. I have included a summary of the fees included in that rate schedule as Exhibit SBC-6.

Q159. PLEASE DESCRIBE RATE SCHEDULE MES.

A. Rate Schedule MES captures fees associated with additional or unnecessary trips to perform work beyond the normal requirements of providing electric service. These fees are charged to those customers causing the extra or unnecessary trips instead of passing those costs to the entire customer base.

Q160. PLEASE DESCRIBE THE TYPES OF SERVICES THAT ARE REPRESENTED IN THE REVISED RATE SCHEDULE MES.

A. There are ten services represented in the revised rate schedule:

- **Connection Fee** – A charge associated with connecting a new point of delivery to the system.

- **Trip Fee** – A charge associated with responding to a customer's request to dispatch an employee to the customer's location when, due to no fault of the Company, the work could not be performed.
- **Non-Sufficient Funds (NSF) Charge** – The objective of this fee is to offset the expense incurred when a customer payment cannot be processed due to an erroneous account number, closed account, or insufficient funds.
- **Disconnect/Reconnect Fee** – A charge associated with reconnecting an existing account that has been disconnected from the system in certain circumstances, *e.g.*, where service has been terminated or suspended as a result of non-payment, failure of the customer to comply with the terms and conditions for service, to prevent fraud or abuse, or a reconnection of a seasonal home or camp that was disconnected at the request of the customer.
- **Temporary Metered Service Connection Charge** – A charge for a temporary service connection requested by a customer for a special need (*e.g.,* construction power for a new building).
- **Payment by Draw Draft and Levelized/Equal Payments** – This is a credit on a customer's bill for participation in those Company programs.
- **Remote Meter Installation Charge** – A charge for the installation of an Off-site Meter Reading ("OMR") meter when there is a threat

of violence against one of the Company's employees or contractors. In addition, an OMR charge should be charged to those customers refusing access to the Company's meter for reading purposes.

- **Tampering Fee** – A charge on every confirmed case of tampering with the Company's equipment.
- **Pulse Meter Installation Charge** – A charge for customer-requested installation of Company's pulse meter.
- **Meter Test Fee** – A charge for a customer-requested re-test of a customer's meter when the test determines that the meter is functioning within applicable accuracy standards.

Q161. PLEASE DESCRIBE THE COST STUDIES PRESENTED IN EXHIBITS SBC-6A THROUGH SBC6-F.

A. The cost studies presented in Exhibits SBC-6A through SBC-6F are updated version of the cost studies provided in Docket No. 39896. I sponsor the updates as they apply to the Meter Services/Meterman and Serviceman line items. Company witness Sharp sponsors the update for the "Clerical – Customer Service Center" and "Clerical – Customer Accounting Services" line items.

Q162. WHY HAVE THE COST STUDY COMPONENTS BEEN UPDATED?

A. The components have been updated, based on current O&M data, to reflect ETI's costs for vehicles, *e.g.,* bucket-trucks and pick-up trucks, as well as changes in the price of fuel. The Job Mix and Travel, Site and Clerical times have been updated based on task analysis to reflect the time that must be spent to perform each individual task. The Wage Rate has been updated to reflect current wages.

Q163. PLEASE DESCRIBE THE CONNECTION SERVICE FEE.

A. The connection service fee is the cost associated with connecting a new customer to the system. Tariff and other general service costs may also apply in addition to this fee. The price of the connection service is $20, which remains unchanged, and which is based on the cost study presented in Exhibit SBC-6A.

Q164. PLEASE DESCRIBE THE CHANGES TO THE CURRENT TRIP FEE.

A. The trip fee is the cost associated with responding to a customer's request to dispatch an employee to the customer's location when, due to no fault of the Company, the work could not be performed. Tariff and other general service costs may also apply in addition to this fee. The proposed price of the trip service is $14, which is based on the cost study presented in Exhibit SBC-6B.

Q165. DO YOU ADDRESS THE NSF SERVICE FEE?

A. No. Company witness Pierce addresses the NSF charge.

Q166. PLEASE DESCRIBE THE CHANGES TO THE CURRENT DISCONNECT/RECONNECT SERVICE FEES.

A. ETI requires a fee when an employee is dispatched to the customer's location in order to disconnect or reconnect a customer's point of delivery to the Company's electric distribution system. The two current disconnect/reconnect fees are configured as: (1) business hours and (2) after-hours. The proposed fee for business hours, defined as 8:00 a.m. to 4:30 p.m. (Monday through Friday), remains $15 per occurrence, and it is based on the cost study shown in Exhibit SBC-6C. The after-hours reconnection service fee applies when a customer requests service to be reconnected after normal business hours. The after-hours time period is 4:30 p.m. to 7:00 p.m. (Monday through Friday) and 8:00 a.m. to 3:00 p.m. (Saturday). The proposed after-hours reconnection fee is $30, which is based on the cost study shown in Exhibit SBC6-C.

Q167. PLEASE DESCRIBE THE CHANGES TO THE TEMPORARY METERED SERVICE CONNECTION FEE.

A. ETI currently provides two services to temporarily meter customer premises. Tariff and other general service costs may also apply in

addition to this fee. The first temporary meter service is for overhead construction, and the second service is for all other temporary meter services. The proposed fee for both overhead temporary meter service and all other temporary service is $124, which is based on the cost study shown in Exhibit SBC-6D.

Q168. DO YOU ADDRESS THE PAYMENT BY DRAW DRAFT AND LEVELIZED BILLING CREDIT?

A. No. Company witness Pierce addresses that credit.

Q169. PLEASE DESCRIBE THE REMOTE METER INSTALLATION FEE.

A. The cost study shown in Exhibit SBC-6E shows the costs to install an OMR meter in cases where a threat is present or the location is inaccessible to obtain a monthly reading. There is no proposed change to the remote meter installation fee.

Q170. PLEASE DESCRIBE THE TAMPERING FEE.

A. The objective of this fee is to deter the unauthorized use and/or theft of electric service from the Company's distribution system. Additionally, this fee is designed to improve safety for the Company's meter readers as well as the customer by reducing the frequency of tampering cases. A customer will be charged a $50 fee for each occurrence of tampering, which is unchanged. The current fee is based on an analysis of five other

utility companies that charge a tampering fee, and it is at the low end of the tampering fee range ($50 to $500). The customer will also be responsible for all expenses associated with the tampering in accordance with the Company's Terms and Conditions agreement.

Q171. PLEASE DESCRIBE THE PULSE METER INSTALLATION FEE.

A. Upon the customer's request, the Company will install and maintain pulse metering equipment at the Company's meter. The pulse metering installation fee of $300 (which is unchanged) is the same fee charged under the Company's Rate Schedule DTK (Datalink), which uses the same type of metering equipment. Thus, the price charged for installation of the pulse metering equipment under Schedule MES is consistent with the existing charge for installing the same equipment under Schedule DTK.

Q172. PLEASE DESCRIBE THE METER TEST FEE.

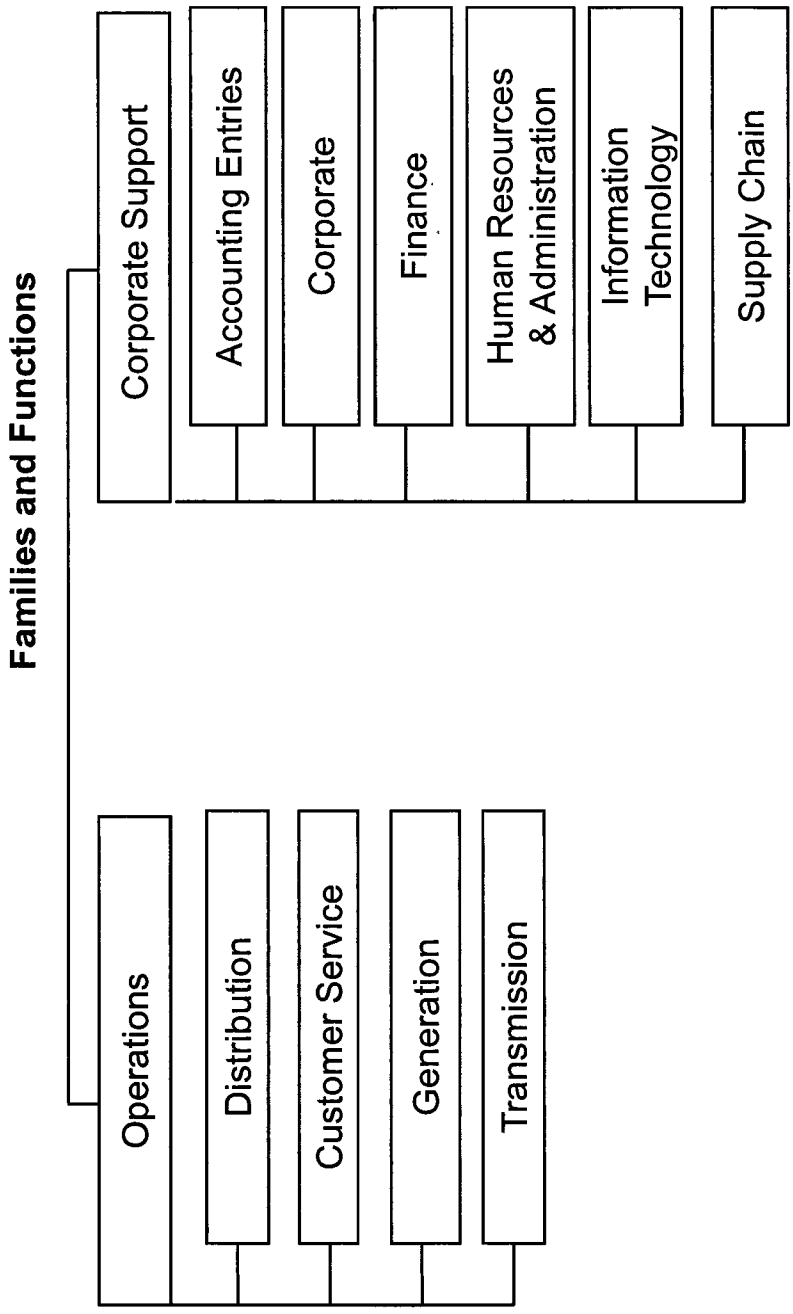
A. As described by Company witness Pierce, Section 12.1.1 of the Company's Terms and Conditions provides that, upon request, the Company will test the accuracy of a customer's meter at no charge. However, pursuant to Section 12.1.2, if the meter has already been tested within the preceding four years, and the subsequent re-test determines that the meter is functioning within the accuracy standards established by ANSI, the Company may charge the customer the cost of testing the

meter. The current maximum re-testing fee in Section 12.1.2 is $15. The Company is proposing to move the language regarding meter testing from the Terms and Condition to Schedule MES. Further, pursuant to the cost study shown in Exhibit SBC6-F, the Company is proposing that the fee for re-testing a meter within a four-year period is $30.

VIII. CONCLUSION

Q173. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.


Families and Functions
Corporate Support
Accounting Entries
Corporate
Finance
Human Resources & Administration
Information Technology
Supply Chain
Operations
Distribution
Customer Service
Generation
Transmission

This page has been intentionally left blank.