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APPLICATION OF ENTERGY
TEXAS, INC. TO ADJUST ITS
ENERGY EFFICIENCY COST
RECOVERY FACTOR

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BEFORE THE STATE OFFICE OF PUBLIC UTILITY COSTS
OF THE PUBLIC UTILITY COMMISSION
ADMINISTRATIVE HEARINGS

SETTLEMENT TESTIMONY

OF

JOHN K. CARSON

ON BEHALF OF

ENTERGY TEXAS, INC.

AUGUST 2019

ENTERGY TEXAS, INC.
SETTLEMENT TESTIMONY OF JOHN K. CARSON
PUC DOCKET NO. 49493
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I. INTRODUCTION

A. Introduction and Qualifications

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John K. Carson. My business address is 10055 Grogan’s Mill Rd., The Woodlands, Texas, 77380.

Q2. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY ON BEHALF OF ENTERGY TEXAS, INC. (ETI OR THE COMPANY) IN THIS PROCEEDING?

A. Yes, I did.

B. Purpose of Settlement Testimony

Q3. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. I am providing testimony to support the Stipulation and Settlement Agreement (Stipulation) that was filed in this proceeding.

II. BACKGROUND OF ETI’S APPLICATION

Q4. PLEASE DESCRIBE THE PROCEDURAL HISTORY OF THIS CASE.

A. On May 1, 2019, ETI filed its Application and supporting testimony with the Public Utility Commission of Texas (Commission) to adjust its energy-efficiency cost recovery factor (EECRF) rates. On May 16, 2019, ETI filed Errata No. 1 and on July 17, 2019, ETI filed Errata No. 2.

1 On August 14, 2019, ETI filed the Stipulation, which resolved all issues in
2 this case. All parties to this proceeding either support or do not oppose the
3 Stipulation.

4
5 Q5. PLEASE DESCRIBE THE COMPANY'S REQUESTED RELIEF.

6 A. ETI initially sought Commission approval to adjust its EECRF to recover
7 \$8,010,790¹ during program year 2020, which included: (a) forecasted energy-
8 efficiency costs in program year 2020 of \$7,508,671; (b) projected evaluation,
9 measurement, and verification (EM&V) expenses to be collected in 2020 in the
10 amount of \$106,180; (c) a performance bonus of \$1,673,201 associated with the
11 results of ETI's 2018 energy-efficiency programs; (d) an over-recovery of
12 \$1,386,600 for program year 2018; and (e) EECRF proceeding costs of \$109,336
13 (including \$98,064 for ETI's expenses and \$11,273 for Cities' expenses).

14 In Errata No. 1, ETI revised the performance bonus resulting in an increase
15 to \$1,673,206. ETI later filed Errata No. 2, which corrected the amount and
16 allocation of the EM&V costs for review of the 2017 programs to reflect actual
17 charges per program. This resulted in impacts to the over-recovery amounts, bonus
18 calculation, and rates. The amended application, including Errata Nos. 1 and 2,
19 requests 8,010,785² comprised of the following: (a) forecasted energy-efficiency
20 costs in program year 2020 of \$7,508,671; (b) projected EM&V expenses to be
21 collected in 2020 in the amount of \$106,180; (c) a performance bonus of

¹ Due to rounding, this amount differs by \$2 from the sum of the four component amounts that follow it.

² Due to rounding, this amount differs by \$1 from the sum of the four component amounts that follow it.

1 \$1,673,207 associated with the results of ETI's 2018 energy-efficiency programs;
2 (d) a refund of \$1,386,610 for the net over-recovery of 2018 energy-efficiency
3 costs; and (e) EECRF proceeding costs of \$109,336 (including \$98,064 for ETI's
4 expenses and \$11,273 for Cities' expenses).

5

6 III. DISCUSSION OF SETTLEMENT TERMS

7 Q6. PLEASE DESCRIBE THE SETTLEMENT REACHED IN THIS CASE
8 REGARDING THE COMPANY'S APPLICATION.

9 A. In the Stipulation, Signatories agreed to ETI's amended request reflecting the
10 changes ultimately made in Errata 2. The Signatories also agreed that the revised
11 EECRF rates will be effective beginning with the first billing cycle of the
12 Company's January 2020 billing month.

13 Q7. WHY, IN YOUR OPINION, IS THE STIPULATED AMOUNT FOR THE 2020
14 EECRF REASONABLE?

15 A. As detailed in my direct testimony, the past costs, on which the 2020 EECRF is
16 premised, were reasonable and necessary and incurred consistent with the
17 requirements of the Commission's energy-efficiency rule. The projected costs for
18 2020 programs are reasonable projections of the costs needed for ETI to meet its
19 demand and energy savings goals for 2020 consistent with the requirements of the
20 Commission's energy-efficiency rule. Further, an agreed resolution of this
21 proceeding pursuant to the terms of the Stipulation is desirable and in the public

1 interest because the result is reasonable under the circumstances and will conserve
2 the public's and the Signatories' resources and eliminate controversy.

3

4 Q8. DID THE COMPANY CALCULATE THE EFFECT OF THE AGREED COSTS
5 UPON EACH OF THE RATE CLASSES?

6 A. Yes. ETI provided to the parties a revised version of Table 10 from my Exhibit
7 JKC-1 that shows the allocation of the revised rate case expenses, a revised version
8 of the bonus calculation in my Exhibit JKC-8 to reflect the agreed rate case
9 expenses, and revised versions of Exhibits JCL-1 and JCL-3 that detail the
10 calculation of the EECRF rates with the agreed levels for the 2018 EECRF rate case
11 expenses. These revised documents were attached to ETI's Errata No. 2, filed on
12 July 17, 2019.

13 Q9. HAS THE COMPANY PREPARED A TARIFF THAT REFLECTS THE
14 PROPOSED RATES RESULTING FROM THE STIPULATION?

15 A. Yes, the agreed EECRF tariff is attached to the Stipulation as Attachment 2.

16

17 Q10. HAS THE COMPANY ADDRESSED IN THE STIPULATION THE
18 PRELIMINARY ORDER ISSUES RAISED BY THE COMMISSION IN THIS
19 PROCEEDING?

20 A. Yes, the Proposed Order that is attached to the Stipulation as Attachment 1
21 addresses the Preliminary Order Issues for this proceeding.

22

1

IV. CONCLUSION

2 Q11. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?

3 A. Yes.