



Filing Receipt

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**SOAH DOCKET NO. 473-22-04394
PUC DOCKET NO. 53719**

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	STATE OFFICE OF ADMINISTRATIVE HEARINGS
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ENTERGY TEXAS, INC.’S LIST OF ISSUES

Entergy Texas, Inc. (“ETI” or “the Company”) submits the following proposed list of issues to be addressed in this docket in accordance with the Public Utility Commission of Texas (“Commission”) Order of Referral.¹

I. Issues to be Addressed

1. Did ETI comply with the form and instructions for the Commission’s rate-filing package?
2. Is ETI’s application administratively complete?
3. Did ETI provide notice that was adequate and consistent with the requirements of PURA §§ 36.102 and 36.103?
4. What revenue requirement will give the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses?
5. What is the reasonable and necessary cost of providing electric service calculated in accordance with PURA and Commission rules?
6. What adjustments, if any, should be made to ETI’s proposed Test Year and update-period data?

Invested capital – rate base and return

7. What is the appropriate debt-to-equity capital structure for the utility?
8. What is the appropriate overall rate of return, including return on equity, preferred stock, and cost of debt for ETI? When answering this issue, please address how the factors

¹ Docket No. 53719, Order of Referral at 1 (July 6, 2022).

specified in PURA § 36.052 and 16 TAC § 25.231(c)(1) should impact the utility's rate of return.

9. What are the reasonable and necessary components of ETI's rate base?
10. What is the original cost of the property used and useful in providing service to the public at the time the property was dedicated to public use? What is the amount, if any, of accumulated depreciation on that property?
11. What amount, if any, of ETI's invested capital has not previously been subject to a prudence review by the Commission? If there are any such amounts, what are the amounts, for what facilities, property, or equipment was the investment made, and were the amounts prudently incurred? What amount, if any, of allowance for funds used during construction (AFUDC) is being transferred to invested capital in this proceeding? If AFUDC is being transferred, for what facilities and at what rate was the AFUDC accrued?
12. Did any of ETI's invested capital arise from payments made to an affiliate? If so, for each item or class of items, does the payment conform to the requirements in PURA § 36.058?
13. Is ETI seeking the inclusion of construction work in progress? If so,
 - a. what is the amount sought and for what facilities; and
 - b. has ETI proven that the inclusion is necessary to the financial integrity of the electric utility and that major projects under construction have been efficiently and prudently planned and managed; or
 - c. for transmission investment required by the Commission under PURA § 39.203(e), do conditions warrant the inclusion of construction work in progress for such transmission investment?
14. What is the reasonable and necessary cash working capital allowance for the utility calculated in accordance with Commission rules?
 - a. Does ETI's lead-lag study for its proposed allowance for cash working capital comply with Commission rules?
 - b. If not, should cash working capital be set at a negative one-eighth of operations and maintenance expenses?

15. Does ETI have a self-insurance plan approved by the Commission? If so, what is the amount, if any, of any shortage or surplus for the reserve account for the approved plan and what actions, if any, should be taken to return the reserve account to the approved target amount?
16. What is the reasonable and necessary amount, if any, of ETI's accumulated reserve for deferred federal income taxes, unamortized investment tax credits, contingency reserves, property insurance reserves, contributions in aid of construction, customer deposits, and other sources of cost-free capital? What other items, if any, should be deducted from the utility's rate base?
17. What regulatory assets, if any, are appropriately included in rate base? If included, what is the appropriate treatment of such regulatory assets?
18. What regulatory liabilities, if any, are appropriately included in rate base? If included, what is the appropriate treatment of such regulatory liabilities?
19. What post-test-year adjustments for known and measurable rate-base changes to historical test year data, if any, should be made in compliance with the requirements of 16 TAC § 25.231(c)(2)(F)?
 - a. Does each addition comprise at least 10% of the electric utility's requested rate base, exclusive of post-test-year adjustments and construction work in progress?
 - b. Will each plant addition be in service before the rate year begins?
 - c. Have the attendant impacts on all aspects of the utility's operations (including but not limited to, revenue, expenses and invested capital) been identified, quantified, and matched?
 - d. For any post-test-year adjustments, what future filings, if any, should the utility be required to make to verify that the plant was placed in service before the rate year begins?

Expenses

20. What are ETI's reasonable and necessary operations and maintenance expenses?
21. What are ETI's reasonable and necessary administrative and general expenses?

22. What are ETI's reasonable and necessary rate-case expenses in accordance with PURA § 36.061(b)(2) and 16 TAC § 25.245? Does this amount include any anticipated expenses to appeal this docket or a prior rate-case proceeding?
23. What are the intervening cities' reasonable and necessary rate-case expenses in accordance with PURA § 33.023(b) and 16 TAC § 25.245? Does this amount include any anticipated expenses to appeal this docket?
24. What is ETI's reasonable and necessary depreciation expense? For each class of property, what are the proper and adequate rates and methods for depreciation, including service lives and salvage value?
25. What is ETI's reasonable and necessary expense for assessments and taxes, other than federal income taxes?
26. What is ETI's reasonable and necessary expense for municipal franchise fees?
27. What is ETI's reasonable and necessary expense for federal income tax?
28. Are there any tax savings derived from liberalized depreciation and amortization, investment tax credits, or similar methods? If so, are they apportioned equitably between consumers and the utility, and are the interests of present and future customers equitably balanced as required by PURA § 36.059?
29. What is ETI's reasonable and necessary expense for advertising expense, contributions, and donations?
30. What is ETI's reasonable and necessary expense for nuclear decommissioning, if any, calculated in accordance with Commission rules?
31. Is ETI seeking approval of a self-insurance plan or changes to an existing plan? If so,
 - a. Is the coverage provided by the plan in the public interest?
 - b. Does the plan provide a lower-cost alternative to purchasing commercial insurance? Will ratepayers receive the benefits of the savings?
 - c. What is the reasonable and necessary target amount for ETI's self-insurance reserve account?

- d. What is the reasonable and necessary amount of annual accruals to properly fund the self-insurance reserve account?
32. What are ETI's reasonable and necessary post-retirement benefits, if any, calculated in accordance with PURA § 36.065 and 16 TAC § 25.231(b)(1)(H)? What is the reasonable baseline level of pension and other post-employment benefits for the purposes of the expense tracker under PURA § 36.065?
- a. Has ETI established under PURA § 36.065(b) any reserve accounts for pension and other post-employment benefits?
 - b. If so, has ETI recorded the proper amounts in the reserve account?
 - c. Are the amounts recorded in the reserve account reasonable expenses? PURA § 36.065(d)(1).
 - d. Does the reserve account have a surplus or shortage? PURA §§ 36.065(c) and (d)(2).
 - e. If so, how should ETI's rate base be modified to amortize, over a reasonable time, any surplus or shortage in the reserve account? PURA § 36.065(d)(3).
33. Has the utility made any payments for expenses to affiliates? If so, for each item or class of items,
- a. Are costs appropriately assigned to the utility and its affiliates?
 - b. Has the utility met the standard of recovery of affiliate costs under PURA § 36.058 and Commission rules?
34. Are any expenditures unreasonable, unnecessary, or not in the public interest, including but not limited to executive salaries, advertising expenses, legal expenses, penalties and interest on overdue taxes, criminal penalties or fines, and civil penalties or fines?
35. Does ETI have any competitive affiliates, as defined by 16 TAC § 25.272(c)(2)? If so, has ETI conducted any transactions with its competitive affiliates? If so, what are these transactions, have all transactions with any competitive affiliates been conducted at arm's length, and has ETI met all of the requirements of 16 TAC § 25.272 regarding such transactions? If not, what amount of expenses should be disallowed?

36. What post-test-year adjustments for known and measurable changes to historical test-year data for expenses, if any, should be made? For any such adjustments, have all the attendant impacts on all aspects of a utility's operations (including but not limited to, revenue, expenses and invested capital) been identified with reasonable certainty, quantified and matched?
37. What are the appropriate amounts, if any, for transmission expenses and revenues under FERC-approved tariffs to be recovered?

Deferred Costs

38. Is ETI seeking to include in rates any costs previously deferred by an order of the Commission? If so, in what docket did the Commission approve deferral of the costs? Is inclusion of such deferred costs in rates necessary to carry out a provision of PURA? What is the appropriate standard by which to make this determination, and is the proposed assignment and allocation of that recovery appropriate?
39. Is ETI seeking to defer any costs, including any rate-case expenses, in this proceeding for recovery in a future proceeding? If so, what is the amount of such costs, and why were those costs incurred (or why will they be incurred)? Is deferral of those costs necessary to carry out a provision of PURA? If not, why is it necessary to defer these costs? What are the appropriate standards to make these determinations?

AMS Reconciliation

40. Does ETI's request for advanced metering system ("AMS") reconciliation comply with 16 TAC § 25.130(k)(6) and the Commission's Order in Docket No. 47416?²
41. Were the costs incurred and the investments made by ETI for the deployment of AMS during the reconciliation period ending December 31, 2021: (a) in accordance with ETI's AMS deployment plan approved in Docket No. 47416; and (b) therefore, entitled to a presumption of reasonableness pursuant to 16 TAC § 25.130(k)(6)?
42. Did ETI incur AMS costs that were not part of its deployment plan? If so, were the costs reasonably incurred?

² *Application of Entergy Texas, Inc. for Approval of Advanced Metering Systems (AMS) Deployment Plan, AMS Surcharge, and Non-Standard Metering Service Fees*, Docket No. 47416, Order (Dec. 14, 2017).

43. Were AMS costs and surcharge revenues appropriately accounted for during the reconciliation period?
44. Has ETI demonstrated that any differences between its estimated costs or investments and its actual expenditures were appropriately incurred and were reasonable and necessary?
45. Has ETI tracked and recorded its AMS revenues and related costs and savings consistent with the Commission's Order in Docket No. 47416?
46. Has ETI demonstrated the customer savings achieved to date?
47. What are the reasonable and necessary costs of installed AMS equipment to be included in base rates?

Rate Design and Tariffs

48. What are the just and reasonable rates calculated in accordance with PURA and Commission rules? Do the rates comport with the requirements in PURA § 36.003?
49. What are the appropriate rate classes for which rates should be determined? Is ETI proposing any new rate classes? If so, why are these rate classes needed?
50. What are the appropriate billing and usage data for ETI's test year? What known and measurable changes, if any, should be used to adjust the test year data? What changes, if any, are necessary to reflect abnormal weather conditions?
51. Was ETI's development of its demand and energy loss factors reasonable, sufficiently recent, and are the resulting demand and energy loss factors reasonable?
52. What are the appropriate allocations of ETI's revenue requirement to jurisdictions, functions, and rate classes?
 - a. Does ETI have any customer-specific contracts for the provision of transmission or distribution service? If so, identify each customer, and state whether the contract has been presented to the Commission for approval, and if so, in what docket. In addition, has ETI appropriately allocated revenues and related costs associated with such contracts? Do all allocation factors properly reflect the types of costs allocated?

- b. What are the appropriate allocations of ETI's transmission investment, expenses, and revenues, including transmission expenses and revenues under FERC-approved tariffs, among jurisdictions?
 - c. Does ETI have any FERC-approved tariffs? If so, identify each tariff and the FERC docket in which the tariff was approved. What are the appropriate allocations of ETI's transmission investment, expenses, and revenues, including transmission expenses and revenues under those tariffs? Has ETI made appropriate allocations for import to and exports from ERCOT?
- 53. Does ETI provide wholesale transmission service at distribution voltage to any customers? If so, has ETI properly allocated costs to, and designed rates for, those customers as required under PURA § 35.004(c)?
 - 54. Are all rate classes at unity? If not, what is the magnitude of the deviation and what if anything, should be done to address the lack of unity?
 - 55. Has ETI proposed any rate riders? If so, should any of the proposed riders be adopted? If so, what are the appropriate costs to be recovered through the riders, and what are the appropriate terms and conditions of the riders?
 - 56. What tariff provisions are appropriate as a result of this proceeding?
 - 57. Does ETI have any existing rate riders that should be modified or terminated? What regulatory assets or other items are currently being recovered through rate riders?
 - 58. Are ETI's proposed changes to its rules and rate tariffs reasonable?

Baselines for Cost Recovery

- 59. What are the baseline values that should be used for calculating ETI's future generation cost recovery rider, purchased power capacity cost recovery factor, transmission cost recovery factor, and distribution cost recovery factor, if any such factor is sought?

Additional Issues

60. Has ETI requested any exceptions to any requirements in any Commission rules? If so, what are those rule requirements, and has ETI demonstrated good cause for the exception? Should the Commission grant the exception?
61. Should the Commission approve ETI's requests for waivers of requirements, if any, in the Commission's rate-filing package?
62. Has ETI complied with the Commission's final order in Docket No. 48371?

Dated: July 15, 2022

Respectfully submitted,



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**ATTORNEYS FOR ENTERGY TEXAS,
INC.**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was served on all parties of record via email on July 15, 2022, pursuant to the Second Order Suspending Rules issued in Project No. 50664.

A handwritten signature in black ink, appearing to read 'George Hoyt', written over a horizontal line.

George Hoyt