Filing Receipt

Received - 2022-07-20 10:53:00 AM
Control Number - 53719
ItemNumber - 16

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

APPLICATION OF ENTERGY	**§**	**PUBLIC UTILITY COMMISSION**
TEXAS, INC. FOR AUTHORITY	**§**	
TO CHANGE RATES	**§**	**OF TEXAS**

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO ENTERGY TEXAS, INC
QUESTION NOS. STAFF 1-1 THROUGH 1-72

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that Entergy Texas, Inc. (ETI), by and through its representative of record, provide the following information and answer the following questions under oath. The questions shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Second Order Suspending Rules in Project No. 50664.

Dated: July 20, 2022

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION

Keith Rogas
Division Director

Sneha Patel
Managing Attorney

/s/ Margaux Fox
Margaux Fox
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on July 20, 2022, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Margaux Fox
Margaux Fox

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO ENTERGY TEXAS, INC
QUESTION NOS. STAFF 1-1 THROUGH 1-72

DEFINITIONS

1) "ETI" or "the Company" refers to Entergy Texas, Inc. and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.

2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond GSEC's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist, and these documents will be provided.

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO ENTERGY TEXAS, INC
QUESTION NOS. STAFF 1-1 THROUGH 1-72

INSTRUCTIONS

1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.

2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.

4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.

5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.

7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO ENTERGY TEXAS, INC
QUESTION NOS. STAFF 1-1 THROUGH 1-72

RATE-CASE EXPENSES

Please provide the following information for all requested rate-case expenses, whether directly or indirectly incurred. If provided previously, please provide a cross-reference identifying the page number of the filing which contains this information.

Staff 1-1 Please provide for ETI:

a) A summary schedule showing total rate-case expenses by vendor within each discipline (legal, engineering, accounting, etc.) with subtotals for each month for which rate-case expense reimbursement is sought, broken down as follows: estimated expenses, expenses incurred and paid to date, expenses incurred and not paid to date, remaining estimated expenses, and specific areas of work by vendor.
b) An explanation of the basis for any estimated rate-case expenses requested and when the estimated expenses are expected to be incurred.
c) Assurance that the total amounts provided in response to item (a) equal ETI's total requested rate-case expenses.
d) Please provide supporting documentation, including but not limited to paid invoices, receipts, timesheets, work descriptions, etc. to support all of the rate-case expenses that ETI seeks to recover in this case.

Staff 1-2 Please provide a detailed schedule of, and justification for, each individual whose hourly billing rate is $550 an hour or greater. The schedule should include the vendor's name, individual's name, individual's title, number of hours billed broken out by days, and specific descriptions of work hours. Please calculate the total amount of rate-case expenses that are in excess of $550 per hour.

Staff 1-3 Please provide an affidavit signed by each professional stating that the rate charged is the normal hourly billing rate charged by the professional, is comparable to the hourly rate charged by other professionals for similar services provided to other Texas utilities, and is the normal hourly billing rate charged by the professional for services to non-regulated entities.

Staff 1-4 Please provide a detailed schedule of, and justification for, any charges included in requested rate-case expenses that result from a single person billing in excess of 12 hours per day.

Staff 1-5 Please provide a detailed schedule of all hotel or lodging charges. This schedule should provide the nightly room rate for each stay, shown separately from other charges.

Staff 1-6 Please provide a detailed schedule of, and justification for, any charges included in the requested rate-case expenses that result from a hotel or lodging rate in excess of $150 per night. Please attach applicable invoices and receipts.

Staff 1-7 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses that result from the use of non-commercial aircraft. Also, please provide a detailed narrative comparing the total cost per person flying on non-commercial aircraft to the cost per person for commercial airfare (based on the same travel date and itinerary). Please attach applicable invoices and receipts.

Staff 1-8 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses that result from first class air travel. Please attach applicable invoices and receipts.

Staff 1-9 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses that result from luxury items, such as limousine services, sporting events, alcoholic beverages, gourmet coffee, bottled water, hotel movies, satellite radio, or other entertainment. Please attach applicable invoices and receipts.

Staff 1-10 Please provide a schedule of, and justification for, any charges included in requested rate-case expenses resulting from meals that cost in excess of $25 per person per meal. Please attach applicable invoices and receipts.

Staff 1-11 Please describe in detail ETI's selection procedure for consultants. For each category of consultant (legal, accounting, engineering, etc.), state whether ETI's selection procedures include provisions for:

a) Review of the prior work products of each consultant;
b) Determination that the rate does not exceed the normal hourly billing rate charged by the vendor to other clients;
c) An analysis of the rates charged by comparable consultants for similar services provided to other Texas utilities; and
d) Competitive bidding for each contract. If competitive bidding is used, please describe the factors considered in the evaluation and acceptance of bids.

Staff 1-12 Prior to submitting rate-case expenses to the Commission, did ETI perform a detailed review of all rate-case expenses (including internal expenses, as well as outside consultants' expenses) to:

a) Determine that invoice terms and amounts are in agreement with contract specifications?
b) Determine that contract limits have not been exceeded?

c) Determine that adequate supporting documentation was provided for each charge for professional or secretarial services, travel expenses, and miscellaneous expenses (consistent with documentation requirements specified above)?
d) Verify the mathematical accuracy of each invoice?
e) Determine that the calculation of the charges is correct?
f) Determine that the individual charges and rates are reasonable?
g) Determine that the amount of each service (e.g. number of hours billed) is reasonable?
h) Determine that there is no double-billing of charges?
i) Determine that each invoice was approved for payment by an appropriate person before payment was actually made?

For each item listed above, please describe in detail the procedures for making such a determination.

Staff 1-13 Prior to submitting rate-case expenses to the Commission, did ETI perform a detailed review of all rate-case expenses (including internal expenses, as well as outside consultants' expenses) to:

a) Determine that none of the charges included in requested rate-case expenses have been included in other cost of service amounts included in the rate filing package?
b) Determine that none of the charges included in requested rate-case expenses should have been directly assigned to other functions?
c) Determine that any allocation of charges between functions is reasonable?
d) Determine that none of the charges included in requested rate-case expenses have been recovered through reimbursement for other expenses?

For each item listed above, please describe in detail the procedures for making such determination.

Staff 1-14 For each category of rate-case expenses specified in the summary schedule requested in Staff 1-1, please provide a schedule of all exceptions noted upon any review of the rate-case expenses that was performed as described in Staff 1-12 and Staff 1-13 above. The schedule should be presented in the following format:

i.	Vendor ID	Invoice No.	Explanation of Exception	How Cleared

Staff 1-15 Are payments to outside consultants delayed or invoices rejected if adequate supporting documentation is not provided? Please explain.

Staff 1-16 Is any amount or retainer withheld from payments to outside consultants? If yes, please provide details.

Staff 1-17 Have any outside parties (e.g. independent auditors) or internal auditors performed a review of the requested rate-case expenses? If so, please describe the review performed and provide copies of the working papers prepared during this review.

Staff 1-18 Does ETI have the contractual right to perform audits of consultants' expenses? If ETI does have this right, has it audited any consultants currently included in requested rate-case expenses? If so, please identify the consultants audited, the procedures performed, and the results of the audit. If ETI does have this right and has not performed any audits, please explain why.

Staff 1-19 Does ETI have any procedures for evaluating total costs for rate-case expenses (actual vs. budgeted costs)? If so, please describe these procedures.

Staff 1-20 For all requested rate-case expenses, please provide details of any instances in which more than one law firm or other consultant was engaged to provide similar services for the same aspect of the rate case. Please provide evidence that such charges did not result in a duplication of services.

Staff 1-21 Please list individually by entity, person, and amount, any salaries, wages, employee benefits, or other payroll-related items that are included in requested rate-case expenses.

Staff 1-22 Has ETI excluded all expenses that are included in another component of the requested cost of service for this docket (such as payroll or lease expenses included in the historic test year) from its requested rate-case expenses? If not, please provide a schedule listing these expenses and a detailed explanation of why they are not excluded.

Staff 1-23 Are any charges included in requested rate-case expenses for legal or other services provided by ETI's employees or its affiliate's employees? If yes, please provide a schedule by employee showing the total amount included in rate-case expenses and a detailed description of how the amount was determined (e.g. based on actual salary, based on comparable outside consultants' billing rates, etc.). Please provide a justification for any charges in excess of your actual costs.

Staff 1-24 Are any of ETI's or its consultants' internal overhead charges included in requested rate-case expenses? If yes, please provide a schedule by type of overhead expense showing the total amount(s) included in rate-case expenses and a detailed description of how the amount(s) was determined (e.g. based on actual costs, based on market prices, etc.). Please provide justification for any charges in excess of actual costs.

Staff 1-25 Please identify and list any charges included in the requested rate-case expenses that are contingent upon a certain outcome. For example, any payments, bonuses or incentives based on a specific event or result should be included in this schedule. Conversely, any reimbursements that ETI will receive due to a negative outcome should also be included.

Staff 1-26 Please provide evidence and testimony or affidavits showing the reasonableness of the cost of all professional services included in rate-case expenses, including but not limited to:

a) The nature, extent, and difficulty of the work done by the attorney or other professional in the rate case;
b) The time and labor required and expended by the attorney or other professional;
c) The fees or other consideration paid to the attorney or other professional for the services rendered;
d) The expenses incurred for lodging, meals and beverages, transportation, or other services or materials;
e) The nature and scope of the rate case, including:
   (i) The size of the utility and number and type of consumers served;
   (ii) The amount of money or value of property or interest at stake;
   (iii) The novelty or complexity of the issues addressed;
   (iv) The amount and complexity of discovery;
   (v) The occurrence and length of a hearing; and
   (vi) The specific issue or issues in the rate case and the amount of rate-case expenses reasonably associated with each issue.

Staff 1-27 Please provide a copy of all engagement letters or contracts for services between ETI and all professionals and attorneys for which rate-case expense recovery is requested. To the extent that outside counsel engaged consultants for professional services related to this proceeding, please provide copies of the applicable engagement letters or contracts.

PLEASE UPDATE THE RESPONSES TO ALL APPLICABLE QUESTIONS AS ADDITIONAL RATE-CASE EXPENSES RELATED TO THIS DOCKET ARE INCURRED. SUCH UPDATES SHOULD OCCUR NO LESS FREQUENTLY THAN ON A MONTHLY BASIS.

SELF-INSURANCE

Staff 1-28 Please provide all native Microsoft Excel spreadsheets with formulas intact for the attachment GSW-3, GSW-5, and WP/GSW filed with the testimony of Gregory S. Wilson.

Staff 1-29 Does ETI have any commercial insurance for storm events? If “Yes,” please explain how it works.

Staff 1-30 What is the maximum cap amount that ETI can use from the self-insurance reserve fund in a single storm event?

Staff 1-31 What is the lowest cap amount above which ETI can use self-insurance reserve fund for a storm event?

Staff 1-32 Please provide all calculations of Monte-Carlo Simulation showing how you arrived at your conclusions. Please include statistical distribution used in the simulations. Also, provide all native Microsoft Excel spreadsheets used in your Monte-Carlo Simulation.

DEPRECIATION STUDY

Staff 1-33 Please provide the supporting schedules for Dane Watson's depreciation study DAW-2.

TAXES OTHER THAN INCOME TAXES

Staff 1-34 Please provide a copy of the Texas Franchise Tax Form due to the Texas Comptroller of Public Accounts on May 15, 2021 and 2022. If the Company has requested an extension for filing the form, provide a copy of the Company's calculation of the estimated amount due and any draft of the tax form prepared for use in filing for the extension.

Staff 1-35 Provide copies of the quarterly Texas Gross Receipts Tax Reports that were filed during the test year and for each quarter subsequent to the test year.

Staff 1-36 Please provide a copy of the Company's most recent PUC Assessment Tax Report and the amount of the payment due.

Staff 1-37 Please provide the Company's FICA Form 941 for all quarters during and subsequent to the test year. Please update this response as additional quarterly reports are filed.

Staff 1-38 Please provide a copy of the Company's most recently filed FUTA tax Form 940.

Staff 1-39 For the tax form provided in Staff 34-38 above, provide the number of employees for which the FUTA tax was paid.

Staff 1-40 Has the Company or its affiliates protested property tax valuations in Texas in the past five years? If yes, provide the results of such protests and any documents related to the result.

Staff 1-41 For any current or test year property tax valuation protest(s), provide documents related to such protest(s) including all documents and arguments provided with respect to the valuation of retired and soon-to-be retired plants.

Staff 1-42 With regards to the calculation of property tax expense, does the Company apply a CWIP and/or obsolescence factor to its gross plant in service balance? If yes, provide those factors for the test year and previous four calendar years.

Staff 1-43 Is the Company's CWIP subject to any ad valorem taxes? If so, at what rate (relative to the rate assessed on plant that is in service)? State whether the taxes are expensed or capitalized. Provide the amount of ad valorem tax associated with any requested CWIP adjustments. If the Company has included the associated expense in its requested revenue requirement, please identify where by FERC account.

Staff 1-44 Does the Company pay taxes on plant leased to others? If so, is the Company reimbursed for these taxes?

Staff 1-45 Does the Company's request for ad valorem taxes include taxes on property values deemed imprudent by the Commission? If so, please identify the amount of taxes and the associated plant balance.

Staff 1-46 Does the Company's request for ad valorem taxes include taxes on property which is not used and useful in providing utility service (including but not limited to retired plant)? If so, please identify the amount of taxes and the associated plant balance.

Staff 1-47 Provide the following regarding the Company's ad valorem taxes:

a.) Total taxes paid for the prior two calendar years in Texas and all other jurisdictions.
b.) Accounting distribution of taxes paid in each state for the prior two calendar years (expense, capital, and other by FERC account).
c.) Total gross and net book values upon which such taxes were assessed and paid in each jurisdiction for the prior two calendar years. Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.)
d.) Property taxes charged to electric expenses for each month of the test year by FERC account.

Staff 1-48 Describe in detail by Texas and other states the assessment of property taxes on fuel as well as materials and supplies.

<u>PAYROLL</u>

Staff 1-49 Has the Company experienced any reductions in force since the end of the test year or does the Company anticipate any reductions in force during the rate year? If yes, please describe and quantify.

Staff 1-50 Does the Company have a written severance policy? If yes, please provide a copy of the policy. If no, please explain why not and provide details of any non-written policies that are utilized by the Company.

Staff 1-51 Has the Company included any non-qualified pension payments in its request? If so, please provide by FERC account and identify as Company direct or affiliate allocated for such plan(s) included in the Company's request. Please provide the amounts expensed as well as the amounts capitalized.

Staff 1-52 Please provide by FERC account, the dollar amount of direct payroll expensed during the test year and each month subsequent to the test year shown separately for union vs. non-union payroll.

Staff 1-53 Please provide by FERC account, the dollar amount of affiliate/allocated payroll expensed during the test year and each month subsequent to the test year.

Staff 1-54 Please provide affiliate payroll allocated to ETI in the same format as Schedules G-1.1, G-1.3, and G-1.6.

Staff 1-55 Does the Company's requested revenue requirement include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, and FERC account separately for ETI direct expense and affiliate allocated expense.

Staff 1-56 Please provide the level of moving allowances, signing bonuses, and severance payments for the test year and previous three calendar years, plus the current calendar year to date.

Staff 1-57 Does the Company's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of the Company's policies regarding the payment of such perquisites, and the amount of such payments included in the revenue requirement by FERC account.

<u>AUDITS</u>

Staff 1-58 Please provide a list of internal and external audits performed for the Company for the previous three calendar years by its internal and external auditors.

<u>OUTSIDE SERVICES</u>

Staff 1-59 Reference Schedule G-8. Please provide the historical level of outside services expenses in the FERC 900 accounts for the previous three calendar years and the current calendar year to date.

Staff 1-60 Are there any duplications of effort for any of the outside services? Is the same function performed by two or more vendors? If so, please detail.

Staff 1-61 Are there any items included in outside services for which the Company has been reimbursed? If yes, please provide documentation.

Staff 1-62 Do any of the outside services represent legislative advocacy expenses? If so, please detail.

Staff 1-63 Do any of the outside services relate to rate case expenses that should be amortized or surcharged? If yes, please provide details.

Staff 1-64 Please provide copies of contracts, invoices, or other third-party documentation for each outside service employed by the Company in excess of $50,000 as shown on Schedule G-8.

LEASES AND RENTS

Staff 1-65 Please provide a schedule of all leases and rentals in place during and subsequent to the test year. Include the lease term, monthly payment, address, business purpose, expiration date, and whether or not the lease will be renewed. For each lease, please provide the amount requested in the Company's revenue requirement by FERC account.

ACCOUNTING CHANGES

Staff 1-66 Please identify **all** changes in accounting policy since the Company's' last rate case in Texas including those in which the Company has changed from expensing certain costs to capitalizing them or vice versa. Provide internal documentation of such policy changes. For each change, identify dollar impact of the change by cost of service component in each year since the change in accounting policy took place.

PROCUREMENT CARD

Staff 1-67 Does the Company's requested cost of service include procurement card purchases? If so, please list those purchases by FERC account and amount as well as provide the location of each in the rate filing package. Each item should detail the amount that was directly billed to the Company and the amount that was allocated from an affiliate. Please provide the information electronically.

Staff 1-68 Please provide the Company's procurement card policies.

AFFILIATES

Staff 1-69 Has the Company included any amounts for carrying costs associated with affiliate or shared assets that have been charged by an affiliate in its revenue requirement? If so, please provide by FERC account the amount in total, amount that is debt based, and the amount considered equity return.

Staff 1-70 Please provide the rate of return, cost of equity, and cost of debt utilized in determining the carrying costs associated with affiliate or shared assets that have been charged to the Company by an affiliate.

Staff 1-71 If requested in cost of service, has the Company received prior Commission approval to recover carrying costs charged by any affiliate? If so, please provide the relevant citations.

Staff 1-72 If requested in cost of service, is the Company aware of any prior Commission precedent approving the recovery of carrying costs charged to a utility by an affiliate? If so, please provide the relevant citations.

PLEASE UPDATE THE RESPONSES TO ALL APPLICABLE QUESTIONS AS ADDITIONAL INFORMATION RELATED TO THIS DOCKET INCURS. SUCH UPDATES SHOULD OCCUR NO LESS FREQUENTLY THAN ON A MONTHLY BASIS.