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APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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DIRECT TESTIMONY

OF

CHARLES S. GRIFFEY

ON BEHALF OF TEXAS INDUSTRIAL ENERGY CONSUMERS

October 26, 2022

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DIRECT TESTIMONY OF CHARLES S. GRIFFEY

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Charles S. Griffey, and I am a consultant providing services to the electric and natural gas industries. My address is 2918 Todville Rd., Seabrook, Texas 77586.

Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY?

A. I am testifying on behalf of Texas Industrial Energy Consumers ("TIEC").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I address Entergy Texas, Inc. ("ETI") witness Jess Totten's recommendation to add a bonus of 0.3% to ETI's return on equity ("ROE") to recognize what Mr. Totten believes is ETI's "high-quality performance"¹ because of three factors: (1) low rates and low operations and maintenance costs ("O&M"), (2) storm response, and (3) the construction of a combined cycle plant ahead of schedule and under budget.

Q. PLEASE OUTLINE YOUR FORMAL EDUCATION AND CERTIFICATIONS.

A. I have a Master of Business and Public Management from the Jones Graduate School of Business at Rice University and a Bachelor of Science in Chemical Engineering from Rice University. I am a Chartered Financial Analyst and a Professional Engineer registered in the State of Texas.

Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE.

A. Prior to becoming a consultant in 2009, I was employed by Reliant Energy, Inc. ("Reliant") as Senior Vice President of Regulatory Affairs and Market Design. I was responsible for Reliant's nationwide efforts in the design of competitive markets, regulatory affairs including interface with state commissions and Regional Transmission Organizations, and government affairs. As part of the market design function, I oversaw the company's efforts

¹ Totten Direct at 3.

1 in designing day-ahead and real-time markets. I also was part of the executive teams that
2 managed Reliant's generation business and its retail business. Thus, I am aware of how
3 entities chose to participate in these markets. Reliant owned generation in a number of
4 states and RTOs and had retail operations in Texas and the Mid-Atlantic region.

5 I began working for Houston Lighting and Power ("HL&P"), the electric utility
6 serving parts of Southeast Texas and the predecessor company to Reliant, in 1989 in
7 Corporate Planning where I worked on resource planning, including determining what
8 power plants to construct, what projects to cancel, evaluation of owning plants compared
9 to power purchases, and determination of marginal cost. Beginning in 1995, I was also
10 responsible for the rate department, and eventually I became Vice President of Regulatory
11 Planning, with responsibility for resource planning, financial planning, rates, and rate
12 design and cost allocation. Subsequently, I helped lead the integrated utility's efforts in
13 restructuring the ERCOT market and transitioning the company for competition,
14 integrating both wholesale and retail market design and operations, restructuring of utility
15 functions and affiliate issues, and public policy advocacy.

16 Before working for Reliant, I worked at Austin Energy, at the Public Utility
17 Commission of Texas ("Commission"), and for Bechtel Group, Inc. as an engineer on the
18 Coolwater Coal Gasification Project. At Austin Energy I was Manager of Natural Gas
19 Fuels, and was responsible for planning and purchases of natural gas for delivery to
20 Austin's power plants. While at the Commission I worked as a fuel analyst on numerous
21 fuel factor and fuel prudence cases.

22 **Q. HAVE YOU PERFORMED AND RELIED UPON BENCHMARKING STUDIES IN**
23 **THE COURSE OF YOUR WORK?**

24 **A.** Yes. I have both participated in and been a user of benchmarking studies while at HL&P
25 and Reliant.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
2 **COMMISSIONS OR COURTS?**

3 A. Exhibit CSG-1 lists the testimony I have presented and a summary of my work experience.

4 **Q. IS YOUR TESTIMONY BASED ON YOUR PERSONAL KNOWLEDGE AND**
5 **EXPERIENCE AND THE INFORMATION YOU REVIEWED IN THIS CASE?**

6 A. Yes.

7 **Q. DID YOU RELY ON SOURCES OF INFORMATION THAT YOU REGARD AS**
8 **RELIABLE AND ARE ORDINARILY AND CUSTOMARILY USED AND RELIED**
9 **ON BY THOSE INVOLVED IN THE ELECTRIC INDUSTRY?**

10 A. Yes. I have provided the discovery responses cited in my testimony as Exhibit CSG-2.

11 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

12 A. Based on my experience in the industry, as part of the regulatory compact utilities are to
13 receive a reasonable opportunity to earn a reasonable return on invested capital used and
14 useful in providing electric service, in return for which they are to provide reliable service
15 at the lowest reasonable cost to customers within a certificated service area. A utility's
16 rates and allowed ROE should be set to preserve the financial integrity of the utility.

17 Mr. Totten would have the Commission recognize what he refers to as ETI's
18 "stellar performance"² by granting ETI a 0.3% bonus to its ROE. My understanding is
19 that, based on ETI's filed case, this requested adder would increase costs to ratepayers by
20 approximately \$9 million. Mr. Totten relies on studies and data from other ETI witnesses
21 to justify his claim of "stellar performance." However, I show that ETI's claimed
22 performance is unexceptional and an ROE adder is not justified. Specifically:

- 23 • its rates are average across an appropriate proxy group and are largely due
24 to the level of gas prices;
- 25 • its level of operations and maintenance expense is average when compared
26 to the appropriate proxy group;

² Totten Direct at 2.

- its customers satisfaction levels are average;
- it has not demonstrated that its hurricane recovery efforts are exceptional;
- it has not demonstrated that its management of the construction of the Montgomery County Power Station (“MCPS”) was exceptional;
- An award to a parent company for a LIHEAP³ program is no reason for a ROE bonus, as good LIHEAP programs are in a utility’s financial interest

In summary, ETI’s management performance was within a reasonable range of average performance; it was certainly not stellar. Utilities have enjoyed a decade where the spread between awarded ROE and Treasury bonds (the risk premium) has been far above average, and every utility’s management can attempt to show stellar performance across some metric. As noted, it is already the duty of public utilities to provide reliable service at the lowest reasonable cost, and ETI has not identified any Commission proceedings in which an ROE adder or bonus was awarded to a utility based on the statutory considerations cited by Mr. Totten.⁴ The Commission should decline ETI’s invitation to deem its performance worthy of a ROE bonus in this case.

II. THE CLAIM OF LOW RETAIL RATES

Q. UPON WHAT DOES MR. TOTTEN BASE HIS RECOMMENDATION THAT ETI SHOULD RECEIVE A ROE BONUS FOR LOW RATES?

A. His believes that it is an indicator of high quality management and high quality service.⁵

Q. UPON WHAT DATA DOES MR. TOTTEN RELY TO CLAIM THAT ETI HAS LOWER THAN AVERAGE RATES?

A. He relies on a study by ETI witness Starkweather comparing ETI’s rates to those charged by other utilities both nationwide and in a region Mr. Starkweather defined as Texas-SERC.

³ LIHEAP is an acronym for Low Income Energy Assistance Program. These programs assist low income households by helping pay their energy bills in arrears or through energy efficiency repairs and improvements.

⁴ ETI Response to TIEC 2-19.

⁵ Totten Direct at 3-4.

1 **Q. DOES MR. STARKWEATHER EXPRESS AN OPINION ON WHETHER THE**
2 **CLAIMED LOW RATES IN THE 2017-2021 PERIOD WERE CAUSED BY**
3 **MANAGEMENT PERFORMANCE?**

4 A. No. He states that “to what extent a utility’s management processes and actions (or
5 decisions) lead to lower costs and rates during a specific time period (e.g., 2017-2021)
6 would require a detailed review and analysis of the utility’s business processes, cost
7 structure and rates.”⁶ Mr. Starkweather did not perform such a review, but Mr. Totten used
8 Mr. Starkweather’s analysis anyway to claim that ETI has high quality management.

9 **Q. DOES ETI ACTUALLY HAVE RATES THAT ARE MEANINGFULLY LOWER**
10 **THAN OTHER SIMILARLY SITUATED UTILITIES?**

11 A. No. As I will show below, ETI’s rates are consistently close to average for similarly
12 situated utilities and have been that way for a long time.

13 **Q. IS THE PERIOD 2017-2021 THE MOST RELEVANT PERIOD FOR**
14 **COMPARISON?**

15 A. No. Natural gas prices are a major factor in the level of rates for many utilities, including
16 ETI, so a focus on the low gas price years of 2017-2021 will favor utilities who purchase
17 more natural gas (and energy priced on natural gas) compared to utilities who have more
18 solid fuel generation.

19 **Q. IS THE LEVEL OF UTILITY RATES LARGELY INFLUENCED BY THE**
20 **PERFORMANCE OF CURRENT UTILITY MANAGEMENT?**

21 A. No. For regulated integrated utilities such as ETI, the level of rates is more influenced by
22 decisions made many years before by previous managers, particularly with respect to
23 previous choices of fuel mix, how to finance generation plant, and the level of
24 environmental controls on generation plant. For instance, many years ago I oversaw an
25 analysis that demonstrated differences in electric rates between Reliant Energy and City
26 Public Service of San Antonio (“CPS”) could be explained by (1) how each entity financed
27 the South Texas Nuclear Plant (pay as you go for CPS vs. capitalization of financing cost
28 by HL&P/Reliant), and (2) the fact that CPS did not then have SO2 controls on its coal

⁶ ETI Response to TIEC 5-9.

1 plants while HL&P did. Mr. Starkweather admits that decisions made prior to 2017 would
2 have an impact on fuel costs, operations cost, and base rate investment, but did not do a
3 study to determine the impact such earlier decisions would have on utility rates during any
4 specific time period.⁷

5 **Q. IS MR. STARKWEATHER’S DEFINITION OF A TEXAS-SERC REGION AN**
6 **APPROPRIATE COMPARISON?**

7 A. No. It is not clear why Mr. Starkweather chose Southeastern Electric Reliability Council
8 (“SERC”)⁸ utilities to be the appropriate set of utilities for a regional comparison. He
9 simply concludes that the appropriate regional group is regulated utilities that directly sell
10 to more than 10,000 customers, file a Federal Energy Regulatory Commission (“FERC”)
11 Form 1, and reside in SERC.⁹ As discussed below, Mr. Starkweather’s definition of a
12 Texas-SERC group ignores other utilities of similar size in the region without giving a
13 substantive reason why, other than they are not in SERC.¹⁰

14 **Q. WAS MR. STARKWEATHER’S CHOICE TO INCLUDE UTILITIES THAT ARE**
15 **MUCH SMALLER THAN ETI APPROPRIATE?**

16 A. No. Smaller utilities are not comparable to an entity such as ETI which has nearly 500,000
17 customers. Mr. Starkweather included utilities with as little as 10,000 customers, which is
18 about 2% of ETI’s size. Mr Starkweather ignores the economies of scale that should be
19 accounted for in such an analysis. He states that it is not simply selling power to at least
20 10,000 end-use customers that makes utilities comparable to ETI, but also filing a FERC
21 Form 1.¹¹ This does not in any way explain how small utilities are an appropriate point of
22 comparison for ETI.

⁷ ETI Response to TIEC 5-10.

⁸ SERC is an electric reliability region that contains utilities in the Southeastern United States, including Alabama, Georgia, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and portions of Arkansas, Illinois, Kentucky, Louisiana, Oklahoma, Texas, Virginia, and Florida.

⁹ ETI Response to TIEC 5-12.

¹⁰ ETI Response to TIEC 5-15.

¹¹ ETI Response to TIEC 5-13.

Q. HOW WOULD YOU BENCHMARK ETI'S RATES?

A. I would look at both the integrated utilities in Texas and in the Energy Information Agency's ("EIA") defined region of West South Central (Texas, Oklahoma, Louisiana, and Arkansas).¹² EIA uses this region to compare utilities and create a regional average and has done so for many years. I also included ETI's affiliate Entergy Mississippi so that all ETI affiliates would be in the mix.¹³

Q. WHY DO YOU BELIEVE THE WEST SOUTH CENTRAL REGION IS COMPOSED OF SIMILARLY SITUATED UTILITIES?

A. The utilities in this region are similarly situated with regard to access to natural gas and coal from the Powder River Basin. In contrast, many utilities in SERC have not had the same access to natural gas and purchase coal from other coal regions. A major difference between Mr. Starkweather's grouping and mine is that he does not include the two large Oklahoma utilities, Public Service Company of Oklahoma and Oklahoma Gas & Electric. The table below shows a comparison of residential customer count and Gwh sales between ETI, OG&E and PSO:

Figure 1
Comparison of ETI to PSO and OG&E for the Year 2020

	Residential Count	Total Gwh Sales
ETI	410,753	18,677
PSO	483,536	17,701
OG&E	679,548	24,590

These utilities bracket ETI in energy sales, and PSO has a very similar customer count.

Q. HOW DID YOU CHOOSE THE WEST SOUTH CENTRAL UTILITIES?

A. I used data from EIA Form 861 for residential, commercial, industrial and total rates. I chose all investor owned and municipal utilities with total energy sales to end-use customers that were at least one-quarter of ETI's total energy sales. The total number of

¹² West South Central is an official Census Bureau Region and is used by EIA for comparing rates. https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a.

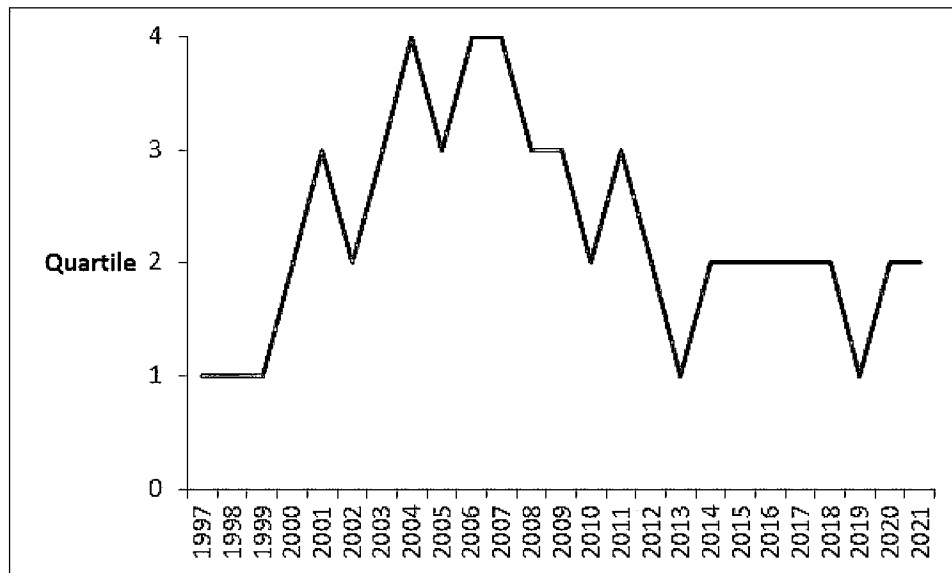
¹³ For many years in the period I analyzed, all of the Entergy Operating Companies (EOCs) were part of the Entergy System Agreement wherein they had a single dispatch and shared certain costs across the EOCs.

comparable utilities varied by year, with almost 20 in the years before ERCOT went to retail competition and gradually declining to 12 in the following years as utility mergers took place and the ERCOT integrated investor-owned utilities went to competition.

Q. DID YOU LOOK AT THE QUARTILES AS MR. STARKWEATHER DID?

A. Yes. The quartile ranking, shown below, indicates that the level of ETI's total rates was 1st quartile among the West South Central Utilities in 1997-1999, 2013 and 2019. Its total rates were third quartile or above from 2003-2009.

Figure 2
Quartiles for Total Rates
ETI vs. West South Central Utilities



Q. CAN YOU CONCLUDE ANYTHING ELSE FROM THIS FIGURE?

A. Yes. First, the general shape of the total rate quartiles suggests that ETI's relative ranking is correlated with the level of gas prices. Natural gas prices are set in a competitive continental market with increasing international influence. They are unaffected by current utility management decisions. If the ranking changes with gas prices, that is due to the existing fuel mix, which was largely determined by decisions over the last 30-40 years, not by current utility management actions. The second conclusion is that ETI's generally better ranking for total rates compared to other utilities is likely due to having a greater percentage

1 of sales being from the lower per kwh cost industrial class. Large industrial customers are
2 less costly to serve on a per kwh basis because typically they have a higher load factor. So
3 a utility that happens to serve an area with a large industrial concentration will tend to have
4 lower average rates per kwh. Over the five year period reviewed by Mr. Totten, the
5 customer mix is largely beyond utility management control. Mr. Starkweather did not
6 consider customer mix in his analysis.¹⁴

7 **Q. PLEASE DESCRIBE HOW YOU CONCLUDE THAT ETI'S RELATIVE**
8 **RANKING APPEARS CORRELATED TO GAS PRICES.**

9 A. Gas prices were low in the late 1990s, surged from 2003-2008, and began falling in the
10 2009-2010 timeframe. As gas prices surged in the 2003-2008 period, ETI ranked worse.
11 As gas prices fell after 2009-2010, ETI's ranking improved. Quartile rankings are not
12 granular enough to draw detailed conclusions, so I did a more granular analysis.

13 **Q. PLEASE DESCRIBE THAT MORE GRANULAR ANALYSIS.**

14 A. I looked to residential, commercial, industrial and total rates as Mr. Starkweather did. For
15 each year I measured how far ETI's rates were from the average rate for the proxy group
16 of utilities. For instance, in 2021, ETI's residential rate was 11.73 ¢/kwh, the average
17 residential rate in the proxy group was 11.40 ¢/kwh, and the standard deviation of the rate
18 in the proxy group was 1.25 ¢/kwh. ETI's rate was 0.33 ¢/kwh above the mean and
19 $0.33/1.25 = 0.26$ standard deviations above the mean. I denote this as +0.26 standard
20 deviation, meaning ETI's rate is 0.26 standard deviations above the mean. I did this
21 analysis for every year from 1997 – 2021 for all of the rates.

22 **Q. WHY DID YOU CHOOSE TO MEASURE STANDARD DEVIATIONS FROM**
23 **THE MEAN?**

24 A. First, standard deviation is useful because in a random distribution, 2/3 of the data points
25 will fall within +/- 1 standard deviation from the mean. I have reviewed several years of
26 data for the West South Central proxy group and the data appears to follow a normal
27 distribution. By looking at how many standard deviations a utility rate is from the mean,

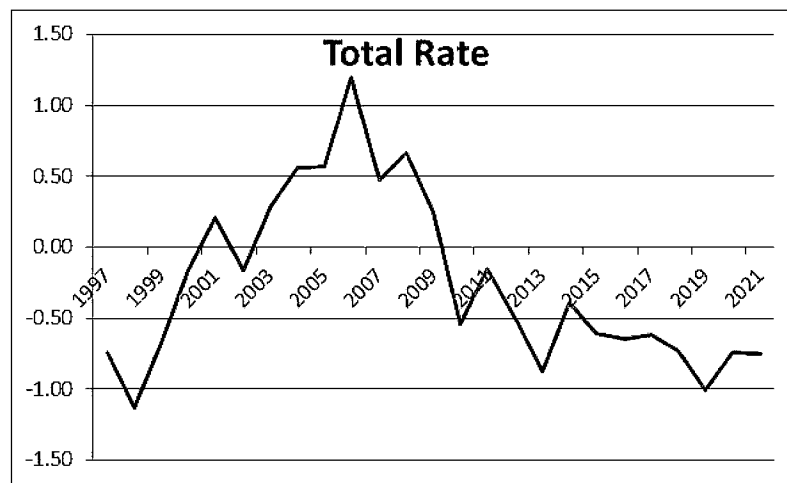
¹⁴ ETI Response to TIEC 5-14.

one can tell whether a first quartile ranking is actually meaningful or whether it is actually within one standard deviation from the mean. Rates within one standard deviation do not indicate exemplary performance.

Q. WHAT DOES YOUR STANDARD DEVIATION ANALYSIS SHOW?

A. It shows that ETI's residential rate is always within one standard deviation of the mean of the utility peer group, except in 2006 when it was almost 1.5 standard deviation above the mean. Since 2009 the residential rate has always been +/- 0.5 standard deviation of the mean. ETI's commercial and industrial rates were also generally within one standard deviation, except when gas prices were either high (e.g., 2006) or low (2019). This indicates ETI has average rates, not exceptionally low rates. ETI's total rate is usually within one standard deviation; it was more than one standard deviation higher in 2006 and more than one standard deviation below the mean in 1998. Again, there is nothing about an analysis of ETI's rates that would indicate exceptional performance.

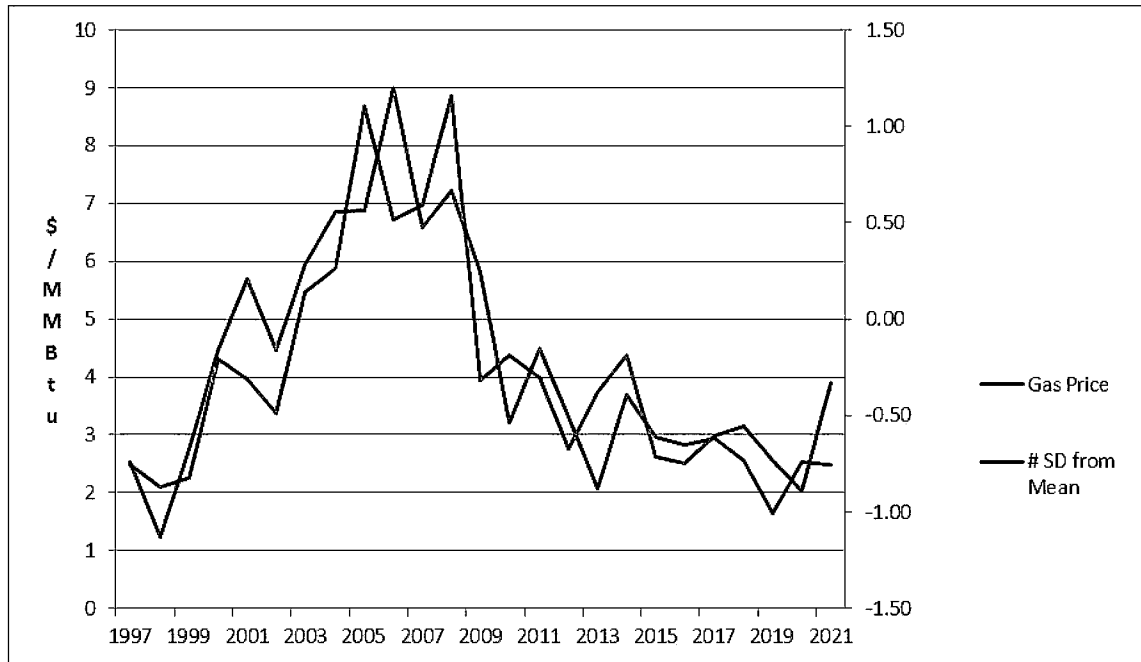
Figure 3
Number of Standard Deviations from the Mean of ETI Rates



Q. DOES THE STANDARD DEVIATION ANALYSIS ALSO INDICATE THAT ETI'S RATES ARE STRONGLY CORRELATED TO THE LEVEL OF GAS PRICES?

A. Yes. That can again be visually seen in the chart above with the knowledge of when gas price have been high or low. I have compared the total rate distance from the mean with gas prices using a two y-axis plot below:

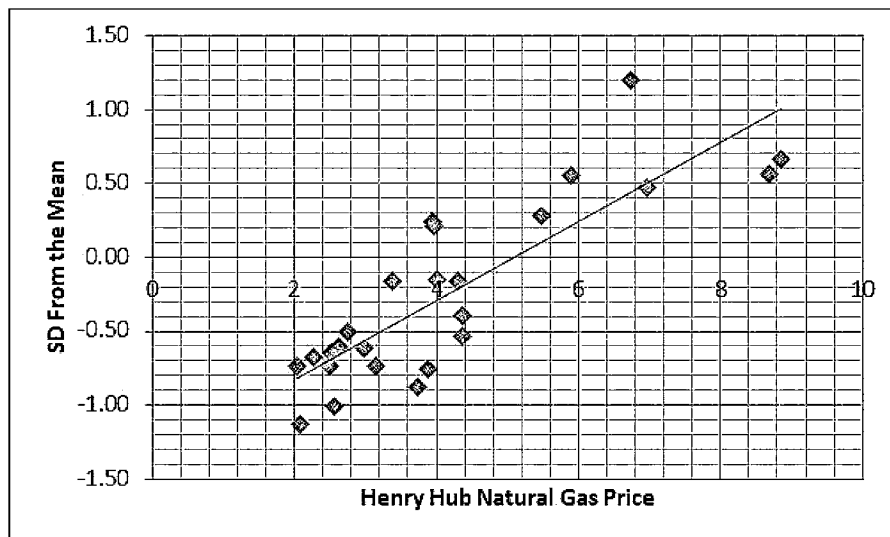
Figure 4
Gas Prices and # of Standard Deviation of ETI Total Rates from the Mean



As can be seen, the gas price and distance from the means curves lay largely on top of one another.

I have also done a regression analysis plotting the influence of gas prices upon ETI's rates. The plot is shown below:

Figure 5
Gas Price v. # of Standard Deviation of ETI Total Rates from the Mean



1 The regression line shows that gas prices and how ETI's total rate varies from the
2 mean rate of the proxy group are 84% correlated with an R^2 of 71%. This means that the
3 level of natural gas prices explains 71% of the variance in how ETI's total rate ranks within
4 the proxy group. When gas prices are high, the comparison of total rates shows ETI does
5 poorly against the proxy group. When gas prices are low, like they have largely been since
6 2009, ETI fares better in a comparison with the proxy group's total rates. Given that Mr.
7 Starkweather's focus was on 2017-2021, when gas prices were low relative to the average
8 over the 25-year period, it is natural that ETI will look good in a rate comparison. But that
9 has nothing to do with exemplary performance of management, particularly today's
10 management. Rather, it is largely driven by choices of generation made 30-40 years ago.
11 Different utilities made different choices in the 1970s through 1990s when today's utility
12 generation fleet was largely being built. Those decisions reverberate through today.

13 In the last year, as natural gas prices have risen, ETI's rates will not compare
14 favorably to less gas-dependent utilities, as evidenced by the fact that ETI's most recent
15 fuel factor is more than double what it was two years ago, and on top of that, ETI has
16 implemented a \$51.7 million fuel surcharge in the last year.¹⁵ And in any case, since ETI's
17 total rates are within one standard deviation of the mean, ETI's performance on rates is
18 average.

19 **Q. DOES THIS PATTERN ALSO HOLD FOR RESIDENTIAL RATES?**

20 A. Yes. Gas prices are 77% correlated with the amount by which ETI's residential rates vary
21 from the mean of the proxy group over the period 1997-2025.

22 **Q. WHAT DOES YOUR BENCHMARKING TO WEST SOUTH CENTRAL**
23 **UTILITIES SHOW?**

24 A. It shows that ETI's residential and total rates are (1) almost always within one standard
25 deviation of the mean for each rate comparison, and (2) whether ETI's rates are above or

¹⁵ See *Application of Entergy Texas, Inc. to Implement an Interim Fuel Surcharge*, Docket No. 53593, SOAH Order No. 2 (Aug. 2, 2022); Docket No. 53593, Stipulation and Settlement Agreement at FoF 24, OP 1 (Jul. 22, 2022).

below the mean is heavily influenced by natural gas prices and not by current management decisions.

Q. WHAT CONCLUSIONS DO YOU DRAW FROM THE BENCHMARKING?

A. In a random distribution one expects 2/3 of the data to be within one standard deviation of the average. The fact that ETI's rates are almost always within one standard deviation means that management performance has not led to exceptionally low rates. I conclude that ETI does not deserve a ROE bonus due to its rate levels. Its rate levels are not markedly lower than other utilities in the study, and in any case, the distance from the mean and whether it is above or below the mean is largely explained by changes in natural gas prices and how that flows through a largely set generation mix. The level of natural gas prices is outside of management control.

III. THE CLAIM OF LOW O&M COSTS

Q. IN ADDITION TO RATE LEVELS, WHAT ELSE DID MR. TOTTEN RELY UPON AS AN EXAMPLE OF MANAGEMENT PERFORMANCE THAT SUPPORTED HIS PROPOSED ROE BONUS?

A. Mr. Totten relied on an O&M benchmarking analysis performed by Mr. Sperandeo to support his desire for an ROE bonus.

Q. AS AN INITIAL MATTER, EVEN IF ETI WERE EXEMPLARY ON ITS LEVEL OF O&M COSTS, WOULD THAT BY ITSELF JUSTIFY A ROE BONUS?

A. No. Utility management could lower O&M by cutting customer service levels or doing less vegetation management. Such cost cutting that lowers customer satisfaction or reliability should not result in an award for management performance. Mr. Totten has not presented any evidence on those issues.

Q. IS THERE AN INDEPENDENT ENTITY THAT RATES CUSTOMERS SATISFACTION FOR ELECTRIC UTILITIES?

A. Yes. JD Power rates both residential satisfaction and commercial customer satisfaction.

Q. HOW DOES ETI RANK ON THE MOST RECENT JD POWER SURVEY?

A. For residential customers, ETI is just below the average of the rankings created by JD Power for mid-size utilities in the South, while for business customers it is just above the average:

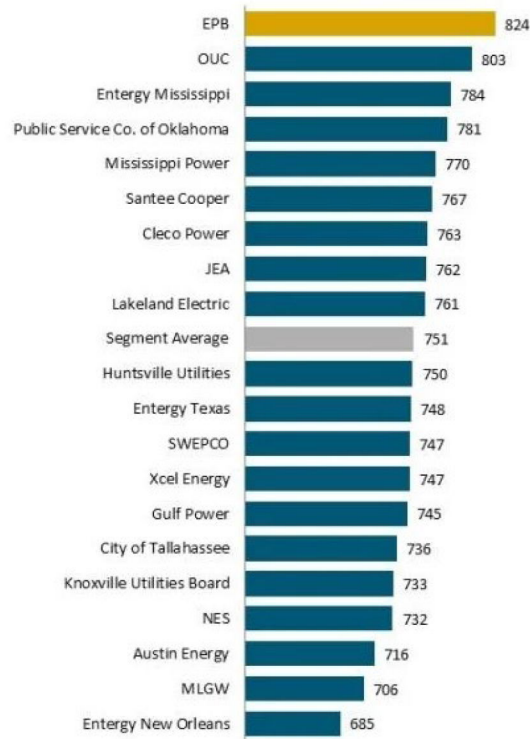
Figure 6
JD Power Rankings^{16,17}

J.D. Power
2021 Electric Utility Residential Customer
Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

South Region: Midsized Segment



¹⁶ <https://www.jdpower.com/business/press-releases/2021-electric-utility-residential-customer-satisfaction-study>.

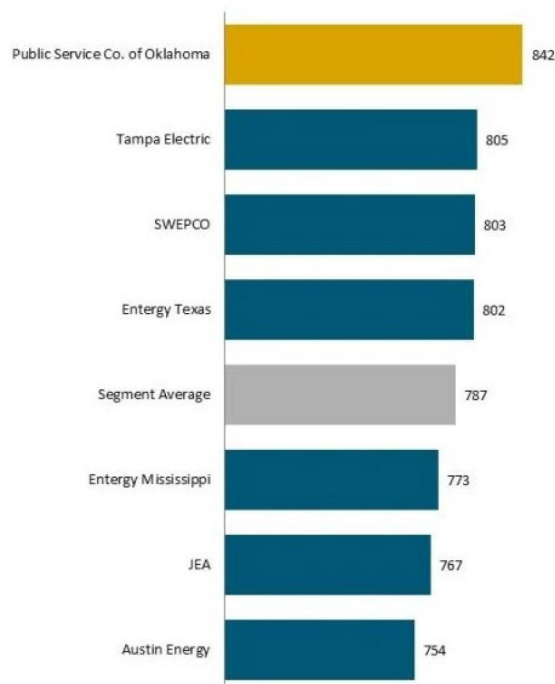
¹⁷ <https://www.jdpower.com/business/press-releases/2021-electric-utility-business-customer-satisfaction-study>.

J.D. Power
2021 Electric Utility Business Customer Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

South Region: Midsize Segment



Source: J.D. Power 2021 Electric Utility Business Customer Satisfaction StudySM

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

1 **Q. WHAT DO YOU CONCLUDE ABOUT CUSTOMER SATISFACTION WITH**
2 **ETI?**

3 A. Customer satisfaction for ETI is average among peer utilities when looking at both
4 residential and business customers.

5 **Q. HAVE YOU REVIEWED MR. SPERANDEO'S O&M ANALYSIS?**

6 A. Yes.

7 **Q. DO YOU AGREE THAT HIS ANALYSIS SHOWS THAT ETI HAS PERFORMED**
8 **EXCEPTIONALLY WELL IN ITS LEVEL OF O&M COSTS?**

9 A. No.

1 **Q. PLEASE EXPLAIN WHY NOT.**

2 A. Mr. Sperandeo chose a set of proxy utilities that I do not believe are appropriate to
3 demonstrate that ETI has performed exceptionally well. ETI is part of a much larger family
4 of utilities. Its parent, Entergy Corp., provides shared services across that family of
5 companies and is able to capture economies of scale as a result. Mr. Sperandeo chose to
6 compare ETI to all utilities in the United States with more than 20,000 customers. Mr.
7 Sperandeo admits that while “generally all operations and maintenance (“O&M”) costs can
8 be subject to economies of scale,”¹⁸ his study was made “without regard to a company’s
9 ability to achieve or actual achievement of economics of scale.”¹⁹ His analysis thus fails
10 to control for material factors that have nothing to do with utility management, such as
11 what region of the country a utility is in (e.g., it is more expensive doing business in
12 California or New York compared to Texas or the South), and whether an individual utility
13 is part of a holding company and can thus gain economies of scale. When comparing O&M
14 expense, a holding company’s subsidiary operating companies should be compared to other
15 subsidiary operating companies in the same region to get a good comparison.

16 **Q. ARE THERE OTHER THINGS THAT AFFECT A UTILITY’S RANKING IN THE**
17 **O&M BENCHMARKING STUDY?**

18 A. Yes. The customer mix can impact a utility’s cost of O&M per MWh. Utilities with a high
19 amount of industrial customers will have lower costs per MWh. This is a reason why, even
20 in Mr. Sperandeo’s own analysis, ETI does not look as good on a per customer basis as it
21 does on a per MWh basis.

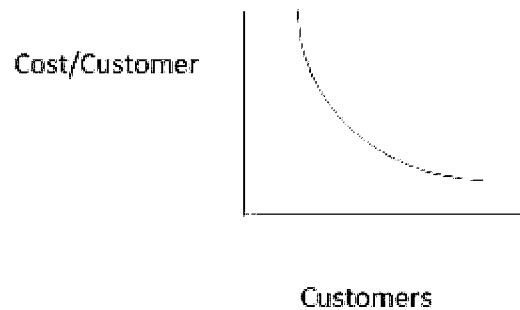
22 **Q. PLEASE DISCUSS HOW ECONOMIES OF SCALE AFFECT THE LEVEL OF**
23 **O&M?**

24 A. My previous employer, Reliant Energy did a benchmarking analysis of O&M costs for
25 residential and small commercial customers circa 2005 (this included customer care,
26 information technology (“IT”), and administrative and general (“A&G”) costs, but not
27 customer acquisition costs). The analysis showed that customer care costs varied below

¹⁸ ETI Response to TIEC 5-21.

¹⁹ ETI Response to TIEC 5-20.

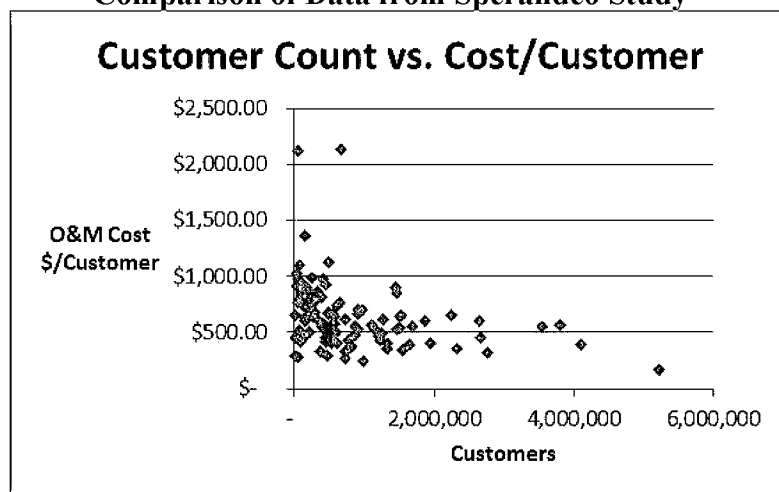
1 100,000 customers. The 100,000 customer level was a breakpoint where smaller scale
2 solutions started to become prohibitively expensive and scalable technology solutions were
3 needed. Thus, companies above 100,000 customers saw dramatic returns in unit costs until
4 they reach approximately 1,000,000 customers. Above that number of customers, the
5 advantage of economies of scale started to lessen, i.e., they no longer fell exponentially,
6 but in a more linear fashion as customers were added. The graph had the following shape:



7 **Q. IS THAT SAME GENERAL SHAPE REFLECTED IN MR. SPERANDEO'S**
8 **DATA?**

9 **A.** Yes. See below for the shape for all utilities.

10 **Figure 7**
11 **Comparison of Data from Sperandeo Study²⁰**



²⁰ Data is for the year 2021. I excluded the three California utilities as the cost of doing business in California makes them outliers.

1 **Q. WHILE THE SHAPE IS SIMILAR, THERE IS SIGNIFICANT NOISE IN THE**
2 **DATA. TO WHAT DO YOU ATTRIBUTE THAT?**

3 A. One reason is that the data is by individual utility, but utilities that are part of the same
4 family group will have costs per customer that are similar to one another compared to a
5 stand-alone utility with the same number of customers. This is because affiliated utilities
6 can attain economies of scale in significant areas: procurement, IT, A&G costs, etc. Also,
7 the regional variation in costs can be significant.

8 **Q. WHAT UTILITY HOLDING COMPANIES DO YOU THINK ENTERGY**
9 **SHOULD BE COMPARED TO?**

10 A. It should be compared to holding companies that own significant operating companies in
11 the south and in Texas where costs are generally low. I looked at the NextEra utilities, the
12 CenterPoint utilities, the Southern Company utilities, Oncor, and the Duke utilities, which
13 meet these criteria. These holding company utilities in aggregate all have at least 100
14 million MWh in sales and customer counts in excess of 2 million. The figure below shows
15 the comparison for this proxy group for 2021:

16 **Figure 8**
17 **Comparison of O&M Cost Among Major Utility Holding Company Utilities²¹**

Utility Family	O&M Cost \$/MWh	TWh Sales	O&M Cost/Customer	Customer Count (millions)
NextEra	7.39	137	176	5.7
CenterPoint	11.44	103	420	2.8
Entergy	11.70	164	549	3.0
Duke	11.86	254	373	8.1
Southern	12.85	170	501	4.4
Oncor	15.88	136	566	3.8
Average	11.89		403	

18 Among the major utilities/utility holding company groups in Texas and the South, Entergy
19 utilities rank near average on cost per MWh and below average on cost per customer. Since
20 ETI and ELL have larger percentages of industrial sales than the other Entergy operating
21 companies, their average costs per MWh are lower. ETI does have the lowest cost per

²¹ Data for the year 2021 from Mr. Sperandeo's study.

customer of any Entergy operating company, but it is still above the average in the table above.

Q. ARE THEIR OTHER WAYS TO VISUALIZE THE IMPACT OF ECONOMIES OF SCALE?

A. Yes, Simply look at Mr. Spreandeo's listing of the ten companies with the lowest O&M per MWh:

Exhibit BRS-4
2022 Rate Case
Page 1 of 6

BENCHMARKING ANALYSIS
ENTERGY TEXAS, INC. AND THE ELECTRIC UTILITY INDUSTRY
TOTAL NON-PRODUCTION O&M PER MWH
(\$/MWh)
2021

Rank	Company	Total Non-Prod O&M (\$000)	Total Sales (MWh)	Total O&M Per MWh
1	MidAmerican Energy Company	\$ 301,690	44,085	\$ 6.84
2	Florida Power & Light Company	\$ 863,170	122,767	\$ 7.03
3	Kingsport Power Company	\$ 13,455	1,627	\$ 8.27
4	Mississippi Power Company	\$ 150,634	17,607	\$ 8.56
5	Superior Water, Light and Power Company	\$ 6,845	795	\$ 8.61
6	Duke Energy Progress, LLC	\$ 640,811	66,882	\$ 9.58
7	Entergy Texas, Inc.	\$ 211,972	22,052	\$ 9.61
8	Duke Energy Ohio, Inc.	\$ 201,304	20,536	\$ 9.80
9	Gulf Power Company	\$ 140,591	14,018	\$ 10.03
10	Entergy Louisiana, LLC	\$ 633,335	62,347	\$ 10.16

Seven of the top ten companies are members of utility holding companies based in the Southern United States. The two small utilities (Kingsport Power Company and Superior Water, Light and Power Company) are in no way comparable to ETI and should not be in the benchmarking group.

Q. WHAT DO YOU CONCLUDE FROM THE O&M COMPARISON?

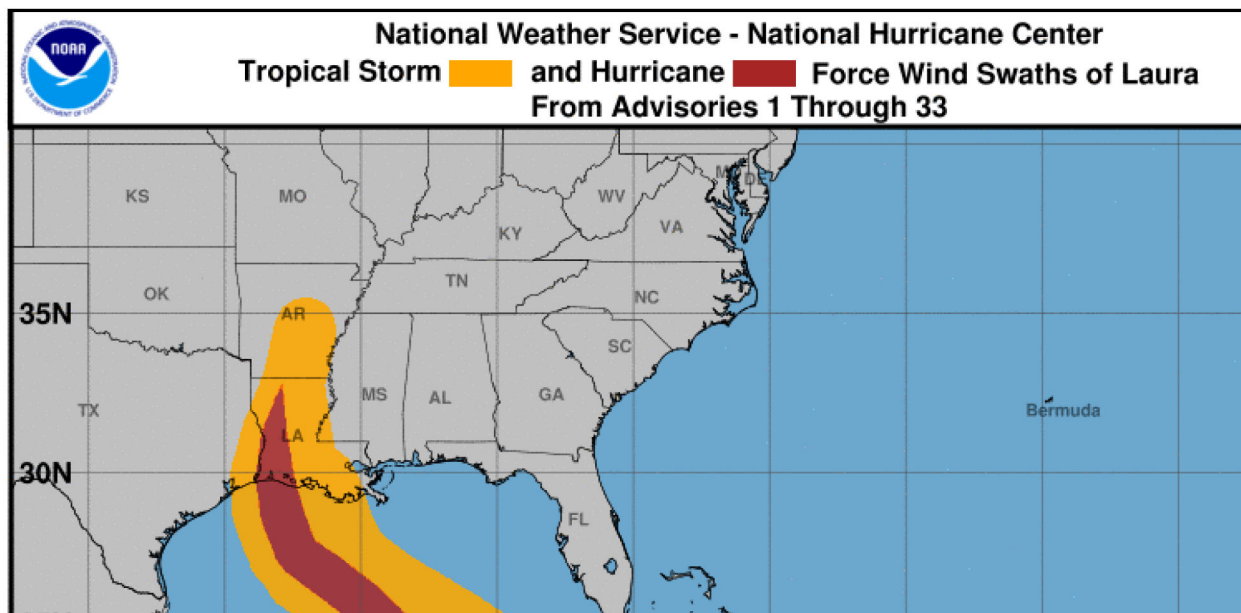
A. ETI's ranking reflects its membership in a utility holding company based in the South and its relatively large percentage of industrial sales relative to other utilities. This makes it look good on a \$/MWh comparison but below average on a cost per customer basis. I do not believe these rankings shows exemplary management performance relative to peers.

IV. STORM RESPONSE

Q. DOES MR. TOTTEN MAKE A RECOMMENDATION ON AN ROE BONUS WITH RESPECT TO ETI'S RESPONSE TO HURRICANES LAURA AND DELTA?

A. He commends ETI for having an effective and efficient response to Hurricanes Laura and Delta. Laura was a Category 4 storm that struck Cameron, Louisiana and proceeded to travel north through Louisiana before curving to the northeast. Delta was a Category 2 storm that struck 12 miles east of Laura and traveled northeast. For Laura, hurricane force winds were only recorded in extreme Southeast Texas and extreme East Texas, as shown in the graphic below:

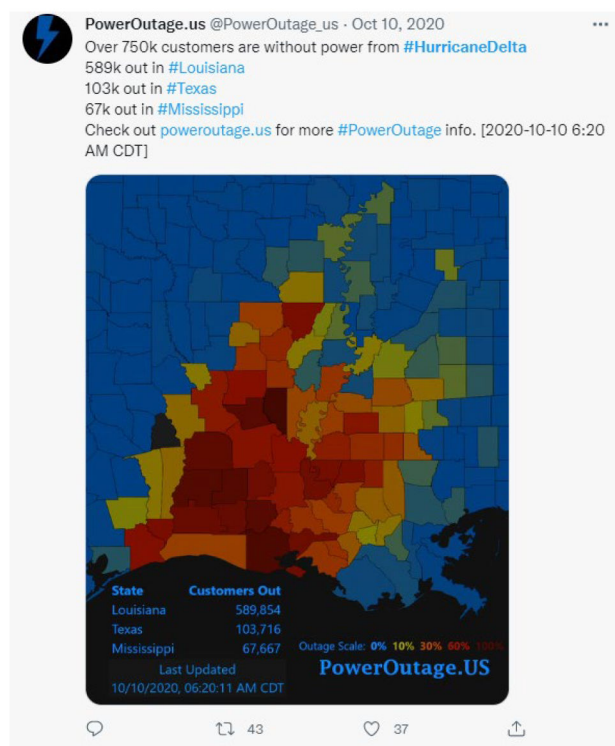
Figure 9
Hurricane Laura Wind Field²²



Hurricane Delta did not produce any hurricane force winds in Texas.²³

Q. EVEN IF WIND SPEEDS ARE BELOW HURRICANE STRENGTH, CAN THEY STILL DAMAGE ELECTRIC INFRASTRUCTURE?

A. Yes. As Mr. Totten notes over 100,000 ETI customers were without power after each storm.



Counties colored dark red are the most affected, with over 60% of customers being out. These were Jasper and Orange counties during Laura, and Sabine and Orange counties during Delta. No counties in the western part of ETI's service territory, including Montgomery County were affected in a material way.²⁵ By far the worst damage was in Louisiana outside of ETI's service territory.

Q. IS STORM RESPONSE AN INTEGRAL PART OF BEING AN ELECTRIC UTILITY?

A. Yes. One of the key responsibilities for electric utilities is restoring power. Storm response and continuity of service are part and parcel of the regulatory compact. Utilities in the United States typically have good storm response and have a mutual-aid compact to support one another, with transmission and distribution crews supporting service restoration far outside their service areas.

²⁵ The weather in Willis, Texas (site of MCPS) was fair with low wind and no precipitation on the landfall date for both hurricanes. There was some rain in the afternoon of the following day for Hurricane Laura, with wind below 20 mph. It was sunny with low wind the day after Delta. <https://www.timeanddate.com/weather/@4742170/historic?month=10&year=2020>.

1 **Q. WHAT WAS THE LEVEL OF RESPONSE ENTERGY CORP. (ETI'S PARENT)**
2 **MUSTERED FOR HURRICANES LAURA AND DELTA?**

3 A. Entergy Corporation mustered 6,000 personnel for Laura and 2,000 for Delta in Texas. In
4 total, for Hurricane Laura, Entergy used 25,000 workers,²⁶ while it used over 13,000 for
5 Delta.²⁷

6 **Q. HOW DOES THIS COMPARE TO MORE RECENT STORMS LIKE**
7 **HURRICANE IDA IN 2021 AND HURRICANE IAN IN 2022?**

8 A. Hurricane Ida made landfall in Louisiana in 2021. After Ida, almost one million customers
9 were without power and Entergy mobilized more than 28,000 workers to restore service.²⁸
10 After Category 4 Hurricane Ian, there were approximately 2.5 million customers without
11 power in Florida while 42,000 workers were mobilized.²⁹ About 90% of customers had
12 been restored within one week,³⁰ and nearly all within two weeks.

13 So recent storms, including Category 4 storms like Ida and Ian, saw much larger
14 outages and responses with millions of customers restored in a short period of time.

15 **Q. FOR HURRICANE DELTA, WHICH STATE SAW QUICKER RESTORATION**
16 **FROM ENTERGY?**

17 A. As of three days after the storm, Entergy Louisiana had restored 78% of its peak outage
18 number of 325,000 customers, Entergy Mississippi had restored 93% of 52,000 customers
19 without power, and Entergy Texas had restored only 69% of 109,000 customers.³¹

²⁶ <https://www.entergynewsroom.com/news/entergy-provides-update-on-hurricane-laura/>.

²⁷ <https://www.tdworld.com/disaster-response/article/21144554/entergy-restores-power-to-more-than-75-of-customers-following-hurricane-delta>.

²⁸ <https://www.tdworld.com/disaster-response/article/21214460/entergy-corporation-earns-eei-emergency-response-award-for-power-restoration-after-hurricane-ida>.

²⁹ <https://www.forbes.com/sites/christopherhelman/2022/09/29/as-ian-knocks-out-power-to-millions-in-florida-americas-mutual-aid-network-of-electrical-workers-springs-into-action/?sh=1e48226637fc>.

³⁰ <https://www.foxweather.com/weather-news/hurricane-ian-power-tracker>.

³¹ <https://www.tdworld.com/disaster-response/article/21144554/entergy-restores-power-to-more-than-75-of-customers-following-hurricane-delta>.

1 **Q. HAS ETI ANALYZED HOW ITS RESPONSE TO STORMS COMPARES TO**
2 **OTHER UTILITIES' RESPONSES TO STORMS?**

3 A. No. ETI has not performed an analysis comparing ETI's storm restoration performance to
4 other utilities' performance, and Mr. Totten did not perform any independent analysis
5 comparing ETI's performance on this metric with that of other utilities.³²

6 **Q. DO YOU BELIEVE THAT ETI DESERVES AN ROE BONUS FOR ITS**
7 **RESPONSE TO HURRICANES LAURA AND DELTA?**

8 A. No. Every hurricane is stressful for residents and it is important to restore power. But that
9 is also the core function of an electric utility. The main impact from the two cited
10 hurricanes in 2020 was to Louisiana, not Texas. Also, the number of outages and the
11 mobilized response cited by Mr. Totten are not exceptional relative to other Entergy
12 operating companies for the same storms, nor relative to other storms and other utilities.
13 The percent restoration relative to other Entergy operating companies or other utilities was
14 not exceptional either. To be clear, I am not criticizing ETI's performance in responding
15 to these storms. I am simply noting that this is a core part of ETI's job and that it has not
16 demonstrated that its performance was exceptional compared to other utilities under similar
17 circumstances. However, under Mr. Totten's standard, utilities would get an ROE bonus
18 for many hurricanes and other storms for performing what is expected of a utility.

19 **V. MCPS**

20 **Q. DOES THE COMPLETION OF THE MONTGOMERY COUNTY POWER**
21 **STATION AHEAD OF SCHEDULE AND UNDER BUDGET MERIT AN ROE**
22 **BONUS, AS MR. TOTTEN CONTENTS?**

23 A. No. Mr. Totten states that the construction of a CCGT is a complex undertaking, and that
24 ETI had to navigate a difficult environment due to the bankruptcy of the parent of the
25 contractor, the Covid pandemic, and the two hurricanes discussed above. I disagree that
26 construction of MCPS was an unusually complex undertaking. The CCGT technology has
27 been in commercial use since the 1970s. In the last 30 years over 292,700 MW of CCGTs

³² ETI Response to TIEC 2-12; ETI Response to TIEC 2-23.

1 have been built in the United States, with 42,600 MW of that being built in Texas.³³ MCPS
2 was the third of the same type of CCGT built by Entergy Corp., with the Lake Charles and
3 St. Charles CCGTs being started and completed before MCPS.

4 **Q. HAVE YOU COMPARED THE SCHEDULE FOR MCPS TO THAT OF ITS**
5 **SISTER PLANTS, THE LAKE CHARLES CCGT AND THE ST. CHARLES**
6 **CCGT?**

7 A. Yes, the Lake Charles plant (owned by Entergy Louisiana) was approved by the LPSC in
8 June 2017, broke ground in January 2018, and reached commercial operation in March
9 2020, ahead of its June expected commercial operation date (“COD”).³⁴ Its COD was 2.75
10 years from regulatory approval and 26 months from groundbreaking. MCPS was approved
11 in July 2017, broke ground in September of 2018, and was completed in January 2021. Its
12 COD was ~3.5 years from regulatory approval and 28 months from groundbreaking. St.
13 Charles (also owned by Entergy Louisiana) broke ground in January 2017 and went into
14 commercial operations in May 2019, so its construction period was also 28 months.³⁵
15 Therefore, MCPS’s schedule was similar to the St. Charles plant but slightly slower than
16 the construction for the Lake Charles CCGT. In other words, there was nothing spectacular
17 about the construction timeline.

18 **Q. ARE THESE CONSTRUCTION PERIODS COMPARABLE TO EXPECTED**
19 **CONSTRUCTION TIMES?**

20 A. Yes. Sargent & Lundy completed a study for the EIA published in 2020. It found a
21 construction lead time for a 2X1 CCGT like the plants built by Entergy as being 24
22 months.³⁶ MCPS is comparable but longer.

³³ E IA Form 860 for 2021, included in my workpapers.

³⁴ See <https://www.power-technology.com/projects/lake-charles-power-station-westlake-louisiana/>. See also
<https://www.entergynewsroom.com/news/lake-charles-power-station-achieves-commercial-operation/>.

³⁵ https://www.nola.com/news/business/article_78e8d8af-ab18-5222-b4d8-403a311fc4eb.html#:~:text=Entergy%20Louisiana%20has%20received%20approval,to%20start%20running%20in%202019. See also <https://www.power-technology.com/projects/st-charles-power-station-louisiana/>.

³⁶ Energy Information Agency, “Capital Cost and Performance Characteristic Estimates for Utility Scale Electric Power Generating Technologies,” February 2020, Table 7-1.

1 **Q. HAS ETI CONDUCTED ANY ANALYSIS DEMONSTRATING THAT IT**
2 **CONSTRUCTED MCPS ON AN EXCEPTIONALLY FAST TIMELINE?**

3 A. No.³⁷

4 **Q. HOW DID MR. TOTTEN CALCULATE THAT MCPS WAS \$35 MILLION**
5 **UNDER BUDGET?**

6 A. He relied on Mr. Dicken's testimony based on lower allowance for funds used during
7 construction ("AFUDC") from an earlier COD (\$31 million), not using the contingency
8 (\$32 million) and \$11 million in reduced labor and pipeline costs, offset by \$39 million in
9 increased cost due to change orders and a payment to the EPC for early completion. The
10 net is a \$35 million reduction from budget according to Mr. Totten.

11 **Q. DO RATEPAYERS GET THE FULL \$35 MILLION REDUCTION RELATIVE TO**
12 **BUDGET?**

13 A. No. Ratepayers began paying a generation rider that was trued up to the COD. So they
14 began paying for MCPS in January 2021 instead of June 2021. Effectively, they have
15 already paid the recovery of the claimed AFUDC savings amount.

16 **Q. IF THE AFUDC "SAVINGS" ARE EXCLUDED, HOW MUCH DID MCPS COME**
17 **IN UNDER BUDGET?**

18 A. \$4 million.

19 **Q. IS THAT AMOUNT DESERVING OF CONSIDERATION FOR A ROE BONUS?**

20 A. No.

21 **Q. DO YOU AGREE WITH MR. TOTTEN THAT ETI DESERVES AN ROE BONUS**
22 **FOR MANAGING THE CONSTRUCTION OF MCPS THROUGH THE**
23 **BANKRUPTCY OF THE EPC'S PARENT, COVID, OR THE FACT THAT TWO**
24 **HURRICANES HIT LOUISIANA IN THE SUMMER AND EARLY FALL OF**
25 **2020?**

³⁷ ETI Responses to TIEC 2-14, TIEC 2-15, TIEC 3-21.

1 A. No. The risk of bankruptcy of a EPC or its parent is a risk that the utility needs to consider
2 in selecting the EPC. It should not be thought of as a random event that happens to the
3 utility. With respect to Covid, the added expense noted by Mr. Dickens was only \$500
4 thousand and represented keeping the jobsite cleaner and instituting new protocols. While
5 one could debate whether many of the Covid costs and protocols were helpful in preventing
6 the spread of an airborne virus, the fact is that most companies adopted them. However,
7 an outdoor jobsite in Montgomery County, where the County Judge and Sheriff were early
8 and vociferous opponents of covid mandates,³⁸ would have been less affected than office
9 environments or jobsites in other places. Giving a ROE bonus for managing through Covid
10 is a standard that all utilities could meet. Finally, the hurricanes that struck Louisiana in
11 2020 did not have an impact on the MCPS jobsite. As can be seen from the outage maps
12 in Figure 10, Montgomery County was a long way from areas which had impacts, and in
13 fact had seasonally pleasant weather during those days.

14 **Q. DID THE HURRICANES IN 2020 HAVE ANY IMPACT ON THE**
15 **CONSTRUCTION OF MCPS?**

16 A. Not at the jobsite itself. However, ETI states that the restoration effort from the hurricanes
17 delayed some transmission upgrades by 5-7 weeks.³⁹ ETI has made no assertion that the
18 delay in the transmission upgrades had an impact on the overall schedule.

19 **Q. HAS ETI COMPARED ITS COST MANAGEMENT OF MCPS CONSTRUCTION**
20 **TO THE COST OF CONSTRUCTING PLANTS COMPARABLE TO MCPS?**

21 A. No.⁴⁰

³⁸ <https://www.texaspatriotspac.com/montgomery-county-judge#:~:text=In%20September%202020%2C%20Keough%20announced,widely%20viewed%20Facebook%2FYoutuube%20video.>

<https://communityimpact.com/houston/the-woodlands/coronavirus/2020/12/31/looking-back-on-montgomery-countys-covid-19-response-through-2020/>

<https://www.click2houston.com/news/local/2020/07/04/montgomery-county-sheriffs-office-says-they-wont-enforce-the-statewide-mask-order/>

³⁹ ETI Response to TIEC 3-17.

⁴⁰ ETI Response to TIEC 2-15.

1 **Q. WHAT ABOUT THE BENEFITS OF COMPLETING MCPS EARLIER THAN**
2 **SCHEDULED?**

3 A. The fuel savings benefit is less than ETI implies. ETI's forecast gas price in its 2015
4 Business Plan for 2021 was \$5.44/MMBtu, while average gas prices from January – May
5 2021 were \$3.25/MMBtu. So the fuel savings from an early COD were much less,
6 approximately \$■ million less,⁴¹ than expected when MCPS was planned.

7 **Q. WHAT DO YOU CONCLUDE REGARDING MCPS**

8 A. ETI has not demonstrated that its performance in constructing MCPS, an action that already
9 increased ETI's rate base significantly, is worthy of an ROE bonus.

10 **VI. OTHER CONSIDERATIONS**

11 **Q. ARE THERE EXAMPLES OF ETI MANAGEMENT NOT PERFORMING IN A**
12 **STELLAR MANNER THAT MR. TOTTEN IGNORES?**

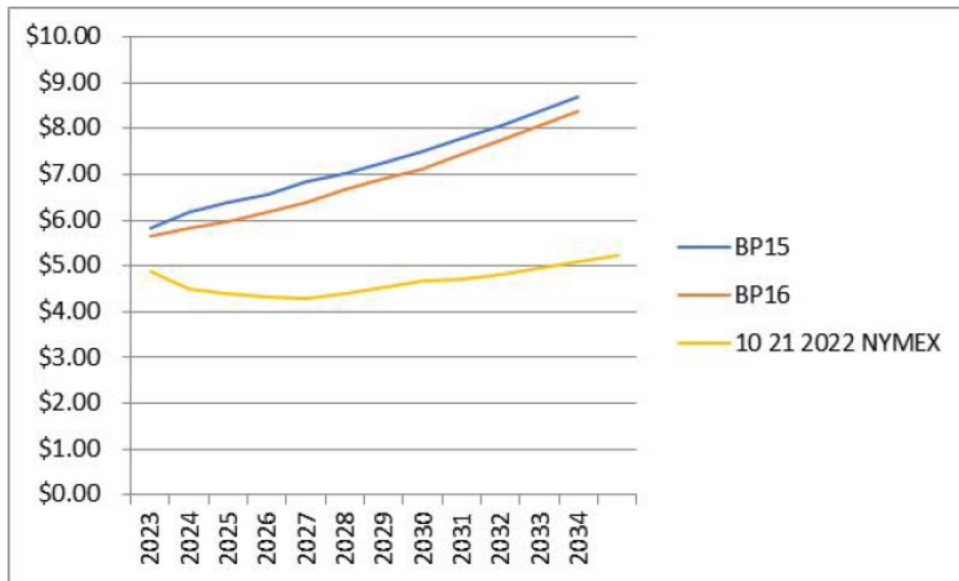
13 A. Yes. ETI's planning function has consistently overestimated natural gas prices and
14 technological change over the last decade, and has made a number of other assumptions
15 that the Commission has found overstate expected savings. Further, in a recent case, the
16 Commission found that ETI failed to demonstrate that decisions it made in procuring solar
17 power were reasonable.

18 **Q. TO DIG DEEPER INTO ETI'S FORECASTS, HOW DOES THEIR GAS PRICE**
19 **FORECAST FROM 2015 OR 2016 COMPARE TO CURRENT NYMEX?**

20 A. Even with the higher gas prices that occurred in 2022, ETI's forecasts from 2015-2016 are
21 much higher than current forward prices, as shown below:

⁴¹ 993 MW * ■ capacity factor * 5/12*8760 hours * 3 MMBtu/hr * (\$5.44-\$3.25)/MMBtu = ~\$■ million.
Calculation assumes a 3 MMBtu per MWh implied heat rate margin when MCPS is operating.

Figure 11
ETI Gas Price Forecast Compared to Current NYMEX
\$/MMBtu



BP15 is the Business Plan completed in 2015 and BP16 is the Business Plan completed in 2016.

Q. IN 2034 THE DIFFERENCE BETWEEN THEIR FORECASTS WHEN MCPS WAS BEING DEVELOPED AND CURRENT NYMEX LOOKS TO BE 40%, OR ABOUT \$3.50/MMBTU. WHAT IMPACT THAT DOES THAT HAVE ON CUSTOMER SAVINGS?

A. Assuming that MCPS had a 3 MMBtu/MWh implied heat rate savings vs. purchasing from the market, that is a reduction in savings each year of \$ million.⁴²

Q. HAS ETI CHANGED ITS FORECAST OF HOW MUCH MCPS WILL RUN IN THE FUTURE?

A. Yes. When MCPS was approved, ETI forecast that it would run on average %⁴³ of the time during 2021-2022 and of the time later in its life. In fact, for the period from July 2021 – June 2022 MCPS only had a capacity factor of Further, with the advent of new technology (advances in technology continually improve CCGT heat rates) and

⁴² 993 MW * 8760 hours * capacity factor * 3 MMBtu/MWh * \$3.5/MMBtu = \$ million.

⁴³ ETI Response to TIEC 3-16.

1 market conditions (improvements in solar technology and increases in federal subsidies),
2 ETI now forecasts MCPS to only run ■%⁴⁴ of the time. This calls into question the
3 foundation of the claims that MCPS will save customers money over the life of the project.

4 **Q. PLEASE DISCUSS THE COMMISSION FINDINGS REGARDING ETI'S**
5 **PLANNING ASSUMPTIONS AND PROCUREMENT PRACTICES IN THE**
6 **LIBERTY COUNTY SOLAR FACILITY CASE.**

7 A. The Commission denied ETI's request for a CCN for the Liberty County Solar Facility,
8 recognizing flaws in ETI's planning process. For example, ETI favored a build-own-
9 transfer alternative in lieu of a less expensive purchase power agreement from the same
10 solar developer, and the Commission found that ETI failed to justify this decision.⁴⁵
11 Additionally, the Commission found that ETI's natural gas price forecasts over the past
12 decade have significantly overstated actual prices,⁴⁶ and made additional findings
13 regarding the problems in ETI's economic analysis in that case.⁴⁷

14 **Q. DID MR. TOTTEN CONSIDER THE COMMISSION'S FINDINGS IN THE LCSF**
15 **CASE IN MAKING HIS RECOMMENDATION FOR AN ROE BONUS BASED ON**
16 **ETI'S ALLEGED STELLAR PERFORMANCE?**

17 A. No. He said it was outside the scope of his analysis.⁴⁸

18 **Q. PLEASE COMMENT ON MR. TOTTEN'S CLAIM THAT A U.S. CHAMBER OF**
19 **COMMERCE FOUNDATION AWARD FOR ENTERGY CORPORATION'S**
20 **COMMUNITY ASSISTANCE PROGRAM IS AN EXAMPLE OF EXCEPTIONAL**
21 **MANAGEMENT PERFORMANCE.**

22 A. Such an award should not lead to an ROE Bonus. First, Entergy Corporation is not ETI.
23 Second, giving to LIHEAP programs is in the utility's self-interest. LIHEAP is used to
24 pay energy bills of low income customers. A utility's contributions to LIHEAP agencies

⁴⁴ *Id.*

⁴⁵ *Application of Entergy Texas, Inc. to Amend a Certificate of Convenience and Necessity for the Acquisition of a Solar Facility in Liberty County*, Docket No. 51215, Final Order at FoF 52 (Oct. 19, 2021).

⁴⁶ *Id.* at FoF 86.

⁴⁷ *See Id.* at FoFs 67-72, 94, 102, 107, 115, 132, and 138.

⁴⁸ ETI Response to TIEC 3-19.

1 provide community goodwill, a tax deduction, and ultimately a reduction in bad debt
2 expense. The Commission should not provide a fourth reason via a ROE bonus.

3 **VII. CONCLUSION**

4 **Q. WHAT IS YOUR RECOMMENDATION IN THIS CASE?**

5 A. ETI has a duty to provide reliable service at the lowest reasonable cost as part of the
6 regulatory company. None of the factors ETI cites warrant a special bonus to its ROE,
7 which would increase customer rates by up to approximately \$9 million per year.
8 Specifically, ETI's rates and O&M cost are perfectly average over time when compared
9 against similarly situated utilities. Looking at rates over the period 2017-2021 coincides
10 with a period of lower gas prices. Lower gas prices make ETI's rates look better relative
11 to many other utilities. If that becomes the basis for ROE bonuses, then likewise there
12 should be ROE penalties when gas prices are high. ETI has also failed to demonstrate that
13 its storm restoration efforts or construction of MCPS (or any other factor it cites) warrant
14 ordering its captive ratepayers to pay a bonus to shareholders. Finally, Mr. Totten ignores
15 other aspects of ETI's management that the Commission has already found wanting, such
16 as its spurning of the lowest cost solar resource in favor of a company-owned project and
17 the many deficiencies in its resource planning identified in the LCSF CCN case. ETI's
18 requested ROE adder should be denied.

19 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

20 A. Yes.

Charles S. Griffey

CAREER SUMMARY

Mr. Griffey is a consultant to participants in the power industry. Previously, he was a senior energy executive who managed the regulatory planning and government affairs function for one of the nation's leading competitive electricity companies. Consulted closely with other senior executives to devise and implement commercial/regulatory/political strategies to manage risks and position the firm to be successful in competitive wholesale and retail electric markets. Recognized as leader in electric market design and as an expert witness on electric policy, market design, and resource planning matters. Skilled in:

- | | |
|--------------------------------------|------------------------------------|
| ◇ Corporate Strategy/Risk Management | ◇ Power Plant Economics |
| ◇ Electric Market Design | ◇ Rate Setting and Design |
| ◇ Policy Advocacy | ◇ Retail and Wholesale Competition |

PROFESSIONAL EXPERIENCE

Energy Consultant, Houston, Texas **2009 – Present**

Provide consulting services across the energy value chain, from generation to customer sales for both electricity and natural gas. Clients include independent power producers, large industrial consumers, and retail electric providers. Sample engagements include:

- Consulting with industrial customers on disputes arising from Winter Storm Uri
- Expert testimony on utility mergers
- Expert testimony and consulting on resource planning, solar and wind projects projects, and early retirement
- Expert testimony and consulting expert on cost of combined cycle gas turbines
- Expert testimony on rate case issues, including return, credit risk, and capital structure
- Expert testimony on transmission planning
- Expert testimony on mitigation of generation market power
- Expert testimony on prudence of a decision to construct a coal-fired generating plant
- Expert testimony on distributed generation
- Expert testimony in civil litigation regarding commercial reasonability of retail electric contracts.
- Consulting services regrading prudence of planning to build nuclear and IGCC facilities
- Consulting services related to decision to build cogeneration at industrial facilities
- Consulting services to large industrial companies regarding electric market design.
- Consulting services to a large retail electric provider regarding market opportunities and regulatory/government affairs.
- Consulting services to a developer of compressed air energy storage on regulatory and government affairs.
- Expert testimony regarding market design, the meaning of PURPA and the appropriate payment to Qualifying Facilities for power provided to the grid.
- Expert testimony in a contract dispute between a retail electric provider and a customer regarding pass-through charges.
- Consulting expert on interpretation of purchased power contract between an investor-owned utility and a municipally-owned utility.
- Expert testimony on retail rate design.
- Develop and implement advocacy plan to avoid power plant retirements from a proposed policy to ban once-through cooling in a coastal state; manage compliance filing for two power plants.
- Advise on the economics of energy storage technologies.
- Advise on the feasibility of opening additional retail gas markets to competition.
- Advise on how to structure a regulatory and government affairs organization.

Charles S. Griffey

Adjunct Professor of Management at Rice University's Jones Graduate School of Business 2010-2016, specializing in the economics of the electricity value chain, management of risk, and related public policy considerations.

RRI ENERGY (RELIANT ENERGY, INC.), Houston, Texas

1989 – 2009

Sr. VP Regulatory Affairs and Market Design

2007 - 2009

Reporting directly to the CEO, co-managed the company's national, regional, and state level government, regulatory, community affairs, and communications functions, with emphasis on electricity regulation, competitive market design, and associated legislation. Oversaw a staff of 70 people and managed a budget of \$30 million.

- Managed to an outcome wherein no laws or regulations harmful to the company were passed.
- Analyzed risk associated with the company's retail business (~ 1.8 million customers) and the wholesale business (~14,000 Mw installed capacity) and implemented regulatory risk mitigation strategies that aligned with corporate vision and goals.
- Coordinated policy between retail and wholesale business units to establish sound policy and design principles and to present a single voice to external stakeholders.
- Testified on electric policy, smart energy, and demand response in legislative, regulatory, and judicial arenas, drawing effectively on significant industry knowledge and experience.
- Achieved outstanding results on employee survey regarding departmental leadership and management capability (100% score on treating employees fairly, holding them accountable, making use of their skills, trusting them to make appropriate decisions, and improving own performance based on employee feedback).

Sr. VP Regulatory Affairs

2003 - 2007

- Managed Reliant's national regulatory and market design efforts and legislative efforts in Texas.
 - Achieved Texas PUC ruling on excess mitigation credits that effectively averted requirement that Reliant Energy pay \$375 million to CenterPoint Energy to lower stranded cost; and,
 - Successfully designed rules at Texas PUC regarding provider of last resort, price to beat, customer protections, and financial standards for retailers.
- Collaborated closely with legislative and executive branches in Texas, including Governor, Lt. Governor, Speaker, Chairs and members of Senate Business and Commerce and House Regulated Industries to achieve:
 - Successful transition to retail competition in Texas, creating a political/regulatory environment to allow Reliant's \$500 million contribution margin retail business the opportunity to thrive with appropriate government oversight; and,
 - Settlement of the political/regulatory intervention in retail pricing following Hurricanes Katrina and Rita. The settlement led to a phase-in of price increases which set the stage for a successful 2007 legislative session and emergence into full competition
- Provided expert witness testimony in regulatory, government, and court proceedings.
- Intimately involved in settlement of Reliant Energy's issues regarding the 2000-2001 California Energy crisis. Led response to FERC's March 2003 report accusing Reliant Energy of "churning" in its purchases of natural gas for its California power plants.

Charles S. Griffey

VP Regulatory Strategy and Planning

1998 - 2003

Directed Reliant's Texas regulatory and market design efforts. Responsible for financial forecasting, rates, and capital budgeting for Reliant Energy HL&P through 2001, including analysis of capital investment and mothball decisions, power purchase and sales agreements.

- Created and developed risk adjusted wholesale price forecasting tool that provided a distribution of future prices for use in investment analysis to value real options in the generation fleet and the retail contract portfolio.
- Led regulatory strategy to move Reliant Energy from being a regulated utility to becoming separate companies – a wires-only transmission and distribution utility and a company involved in competitive generation and retail activities.
- Deeply involved in passage and implementation of SB 7, the Texas law establishing a competitive market:
 - Competitive market design,
 - IPO of Reliant Resources, its option to buy Texas Genco, and use of that option price as the stranded cost valuation method for purposes of the statutory stranded cost true-up, and
 - Settlement of initial Price to Beat rate, and securitization of regulatory assets worth \$760 million.

Various positions in Corporate/Regulatory Planning

1989 - 1998

Led a variety of processes that involved evaluation and establishment of company's generation, resource planning, rate setting, and load forecasting, including power plants, energy efficiency, and demand response.

AUSTIN ENERGY, Austin, Texas

1988 - 1989

Manager, Gas Purchasing and Fuel Planning

Held overall responsibility for purchasing natural gas for the utility's power plants, as well as planning construction of second gas pipeline to serve power plants.

PUBLIC UTILITY COMMISSION OF TEXAS, Austin, Texas

1986 - 1988

Fuel Analyst

Investigated prudence of utility fuel and power procurement and integrated resource planning.

BECHTEL GROUP, INC., Houston, Texas

1981 - 1983

Process Design Engineer

Worked on the Coolwater Coal Gasification Power Plant, the first IGCC ever built.

EDUCATION

JESSE H. JONES GRADUATE SCHOOL OF BUSINESS, RICE UNIVERSITY, Houston, Texas

Master of Business and Public Management, 1985

Majors - Finance and Entrepreneurship Honors - Outstanding Finance Student

RICE UNIVERSITY, Houston, Texas

BS, Chemical Engineering, 1981

PROFESSIONAL CERTIFICATIONS

CHARTERED FINANCIAL ANALYST, No. 12245

PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, No. 73184

Charles S. Griffey

Testimony before the Public Utility Commission of Texas

Docket	On behalf of	Description
6032	PUCT Staff	<i>Petition of Central Power & Light Company for fixing of refund with interest and amendment of monthly interim fuel factor. Performed fuel forecast.</i>
6611	PUCT Staff	<i>Petition of Southwestern Electric Power Company for recovery of unrecovered fuel expense with interest thereon and the setting of revised fixed fuel factors. Performed prudence investigation which resulted in fuel refunds; fuel forecast.</i>
6765	PUCT Staff	<i>Application by Houston Lighting & Power Company for authority to change rates. Prudence of fuel procurement and fuel forecast.</i>
6963	PUCT Staff	<i>Investigation regarding the reasonableness of Houston Lighting & Power Company's Spring Creek and Ken McGee Coal Contract Costs. Prudence of long-term coal contracts.</i>
6992	PUCT Staff	<i>Investigation regarding Texas-New Mexico Power Company for a Certificate of Convenience and Necessity for a proposed generating station (coal-fired) within Robertson County. Economic study of best and most economic option for utility resource acquisition.</i>
7195/6755	PUCT	<i>Application of Gulf States Utilities Company for authority to change rates. Inquiry of the Public Utility Commission of Texas into the prudence and efficiency of the planning and management of the construction of the River Bend Nuclear Generating Station. Prudence of fuel procurement and fuel forecast</i>
7460	PUCT Staff	<i>Application of El Paso Electric Company for authority to change rates. Prudence of fuel procurement and fuel forecast.</i>
7510	PUCT Staff	<i>Application of West Texas Utilities Company for authority to change rates. Prudence of fuel procurement and fuel forecast.</i>
7512	PUCT Staff	<i>Application of Lower Colorado River Authority for authority to change rates. Prudence of fuel procurement and fuel forecast.</i>
10473	HL&P	<i>Notice of Intent of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for DuPont Project, Webster Units 1 & 2 Refurbishment Project, and Greens Bayou Units 3 & 4 Refurbishment Project. Economic study of resource procurement.</i>
10832	HL&P	<i>Houston Lighting & Power Company's Standard Avoided Cost Calculation for the Purchase of Firm Energy and Capacity from Qualifying Facilities Pursuant to Subst. R. 23.66(h)(3). History of resource planning and appropriateness of marginal cost.</i>
11000	HL&P	<i>Application of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for the DuPont Project. Economic study of resource procurement.</i>
11999	HL&P	<i>Application of Houston Lighting & Power Company for Approval of Tariff for Economic Improvement Service - Rate Schedule EIS. Appropriateness of marginal cost.</i>
12138	HL&P	<i>Notice of Intent of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for Advanced Gas Turbine Projects. Economic study of resource procurement.</i>
12065	HL&P	<i>Complaint of Kenneth D. Williams Against Houston Lighting & Power Company, Prudence of utility planning; industry restructuring.</i>

Charles S. Griffey

Testimony before the Public Utility Commission of Texas, con't

Docket	On behalf of	Description
12957	HL&P	<i>Application of Houston Lighting & Power Company for Approval of Experimental Tariff for Special Contract Pricing, Rate Schedule SCP. Appropriateness of marginal cost.</i>
15000	HL&P	<i>An Investigation into Issues Related to the Electric Utility Industry and Regulatory Restructuring. Industry restructuring.</i>
15001	HL&P	<i>An Investigation into Potentially Stranded Investment in the Electric Utility Industry in Texas. Industry restructuring.</i>
15002	HL&P	<i>An Investigation into the Scope of Competition in the Electric Utility Industry in Texas. industry restructuring.</i>
21665	Reliant	<i>Application of Reliant Energy, Incorporated for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs. Industry restructuring and securitization of regulatory assets.</i>
21956	Reliant	<i>Application of Reliant Energy, Inc. for Approval of Business Separation Plan. Industry restructuring.</i>
22355	Reliant	<i>Application of Reliant Energy HL&P for Approval of Unbundled Cost Of Service Rate Pursuant to PURA §39.207 and Public Utility Commission Substantive Rules 25.344. Industry restructuring and recovery of stranded costs.</i>
23950	Reliant	<i>Petition of Reliant Energy, Inc. to Establish Price to Beat Fuel Factor and Request for Good Cause Exception to Subst. R. 25.47. Industry restructuring and setting of default service rate.</i>
24790	Reliant	<i>Petition to Appoint Provider of Last Resort Pursuant to PURA 39.706 for Residential and Small Non-Residential Customers in the Entergy, TXU East-DFW, and TXU West-DFW Service Areas and for Large Non-Residential Customers in the Reliant North, Reliant South, CPL Gulf Coast, CPL Valley, WTU, and SWEPCO Service Areas. Industry restructuring and setting of POLR rate.</i>
29526	Reliant	<i>Application Of CenterPoint Energy Houston Electric For A True-Up Filing. Rate design for stranded cost true-up</i>
35620	Reliant	<i>Application of CenterPoint Houston Electric LLC for Approval to Implement Advanced Meter Information Network Pursuant to PURA 39.107(i). Benefits of smart meter deployment.</i>
37361	Occidental	<i>Application of Southwestern Public Service Company for Authority to Revise Its Tariff for Purchase of Non-Firm Energy from Qualifying Facilities. Appropriate price to pay for non-firm energy deliveries in SPP</i>
38448	Just Energy	<i>Petition of Just Energy Texas, LP for the Commission to Resolve a Billing Dispute. Nature of unaccounted for energy and how to calculate the amount of unaccounted for energy to bill a customer under a contract allowing pass-through of such charges</i>
40443	TIEC	<i>Application Of Southwestern Electric Power Company For Authority To Change Rates And Reconcile Fuel Costs. Prudence of decision to continue construction of Turk coal plant and impact of Turk Plant on Texas</i>
40449	Occidental	<i>Complaint of Ascendant Renewable Energy Corp. Against Southwestern Public Service. Appropriate interconnection procedure for a distribution level Qualifying Facility in SPP and interpretation of SPS tariffs and contracts</i>
40545	PUCT Staff	<i>Petition of Calpine for Approval of Voluntary Mitigation Plan. Evaluation of market power mitigation under proposed plan</i>
41223	Occidental	<i>Application Of Entergy Texas, Inc. and ITC Holdings Corp. for Approval of Change of Ownership and Control of Transmission Business. Determination of whether transaction is in the public interest</i>

Charles S. Griffey

- 41437 *Occidental* *Application of Entergy Texas, Inc. for Approval of LQR Tariff.* Appropriate price to pay for deliveries of non-firm energy from QFs
- 42511 *TIEC/Luminant* *Complaint Of Calpine Corporation And NRG Energy, Inc., Against The Electric Reliability Council Of Texas And Appeal Of Decision Concerning The Houston Import Project.* Determination of whether ERCOT followed its procedures in approving the Houston Import Project
- 43695 *Occidental* *Application Of Southwestern Public Service Company For Authority To Change Rates.* Issues regarding post test year adjustments, transmission charges, and cost allocation and rate design
- 44547 *TIEC/Luminant* *Application of Centerpoint Energy Houston Electric, LLC to Amend a Certificate Of Convenience and Necessity for a Proposed 345-Kv Transmission Line Within Grimes, Harris, And Waller Counties.* Appropriate transmission planning procedures.
- 45188 *TIEC* *Joint Report And Application Of Oncor Electric Delivery Company Llc, Ovation Acquisition I, L.L.C., Ovation Acquisition II, L.L.C., And Shary Holdings, L.L.C. For Regulatory Approvals Pursuant To Pura §§ 14.101, 37.154, 39.262(L)-(M), And 39.915.* Public interest findings with respect to the sale/transfer/merger of a utility with a REIT.
- 45624 *TIEC* *Application Of The City Of Garland, Texas, For A Certificate Of Convenience And Necessity For The Proposed Rusk To Panola Double-Circuit 345-Kv Transmission Line In Rusk And Panola Counties, Texas.* Conditions for the line to be in the public interest and proper way to do a cost/benefit analysis for a DC tie.
- 46050 *TIEC* *Application Of AEP Texas Central Company, AEP Texas North Company, And AEP Utilities, Inc. For Approval Of Merger.* Estimation of merger savings.
- 46238 *TIEC* *Joint Report And Application of Oncor Electric Delivery Company LLC And Nextera Energy, Inc. for Regulatory Approvals Pursuant to Pura §§ 14.101, 39.262 And 39.915.* Public interest findings with respect to the sale/transfer/merger of a utility.
- 45414 *TIEC* *Review of the Rates of Sharyland Utilities, L.P., Establishment of Rates for Sharyland Distribution & Transmission Services, L.L.C., and Request For Grant of A Certificate of Convenience And Necessity and Transfer of Certificate Rights.* Whether to include federal income tax as expense of a public utility REIT, issues regarding transfer of development of transmission lines among affiliates of electric utility, recovery of regulatory asset.
- 46416 *TIEC* *Application of Entergy Texas, Inc. for a Certificate of Convenience and Necessity to Construct Montgomery County Power Station.* Appropriate method to use to analyze resources of different lives, and appropriateness of including imputed debt as a cost for PPAs.
- 46831 *FMI* *Application of El Paso Electric Company to Change Rates.* Appropriateness of cost allocation, issues regarding interruptible rates and customers contracts, rates for residential distributed solar resources, possible directed purchase options.
- 47576 *TIEC* *Application of The City of Lubbock Through Lubbock Power and Light for Authority to Connect a Portion of Its System with the Electric Reliability Council of Texas.* Appropriate method to evaluate whether a utility outside of ERCOT joining ERCOT is in the public interest.
- 48400 *TIEC* *Joint Application of Rayburn Country Electric Cooperative, Inc. and Lone Star Transmission, LLC to Transfer Load to Ercot, and for Sale of Transmission Facilities and Transfer of Certificate Rights in Henderson and Van Zandt Counties.* Evaluate whether a utility outside of ERCOT joining ERCOT is in the public interest and best method to interconnect to ERCOT.
- 48929 *TIEC* *Joint Report And Application Of Oncor Electric Delivery Company LLC, Sharyland Distribution & Transmission Services, L.L.C., Sharyland Utilities, L.P., And Sempra Energy For Regulatory Approvals Under Pura §§ 14.101, 37.154, 39.262, And 39.915.* Public interest findings with respect to the sale/transfer/merger of a utility.

Charles S. Griffey

48973 TIEC	<i>Application of Southwestern Public Service Company for Authority to Reconcile Fuel and Purchased Power Costs.</i> Prudence of decision to enter into solar power contracts and proper analysis techniques for resource planning.
49421 TIEC	<i>Application of Centerpoint Energy Houston Electric, LLC for Authority to Change Rates.</i> Financial ring-fencing and context for return on equity, debt, and capital structure.
49737 TIEC	<i>Application of Southwestern Electric Power Company for Certificate of Convenience and Necessity Authorization and Related Relief for the Acquisition of Wind Generation Facilities.</i> Reasonableness of proposal to acquire new wind facilities.
49831 TIEC	<i>Application of Southwestern Public Service Company for Authority to Change Rates.</i> Appropriate capital structure, credit risks, and return on equity.
49849 TIEC	<i>Joint Report and Application of El Paso Electric Company, Sun Jupiter Holdings LLC, And IIF US Holding 2 LP for Regulatory Approvals Under PURA §§ 14.101, 39.262, And 39.915.</i> Public interest findings with respect to the sale/transfer/merger of a utility.
50584 TIEC	<i>Joint Report and Application Of Wind Energy Transmission Texas, LLC; Axinfra US LP; Hotspur Holdco 1 LLC; Hotspur Holdco 2 LLC; And 730 Hotspur, LLC, for Regulatory Approvals Under Pura §§ 14.101, 39.262, And 39.915.</i> Public interest findings with respect to the sale/transfer/merger of a utility.
51547 TIEC	<i>Joint Report And Application of Texas-New Mexico Power Company, NM Green Holdings, Inc. and Avangrid, Inc. For Regulatory Approvals Under Pura §§ 14.101, 39.262, And 39.915.</i> Public interest findings with respect to the sale/transfer/merger of a utility.
51215 TIEC	<i>Application of Entergy Texas, Inc. to Amend its Certificate Of Convenience and Necessity for the Acquisition of a Solar Facility in Liberty County.</i> Reasonableness of proposal to build a new solar facility.
51802 TIEC	<i>Application of Southwestern Public Service Company for Authority to Change Rates.</i> Appropriate capital structure, credit risks, off-system sales margins, and return on equity.
52210 TIEC	<i>Application Of Southwestern Public Service Company For Authority To Implement An Interim Net Surcharge For Under-Collected Fuel Costs.</i> Off-system sales margin, financing costs, appropriate recovery period.
52322 TIEC	<i>Application of Electric Reliability Council of Texas, Inc. for A Debt Obligation Order Pursuant To Chapter 39, Subchapter N, of The Public Utility Regulatory Act.</i> Process for securitization and recovery of Winter Storm Uri uplift.
52397 TIEC	<i>Application Of Southwestern Electric Power Company For Authority To Implement An Interim Net Surcharge For Under-Collected Fuel Costs.</i> Financing costs, appropriate recovery period.
52487 TIEC	<i>Application Of Entergy Texas, Inc. to Amend its Certificate of Convenience and Necessity to Construct Orange County Advanced Power Station.</i> Reasonableness of proposal to build a new CCGT facility capable of co-firing with hydrogen.
53034 TIEC	<i>Application of Southwestern Public Service Company for Authority to Reconcile Fuel and Purchased Power Costs for the Period July 1, 2018 through June 20, 2021.</i> Off-system sales margins.
53442 ARM & TCPA	<i>Application of CenterPoint Energy Houston Electric, LLC for Approval to Amend its Distribution Cost Recovery Factor.</i> Prudence of decision to lease 500 MW of mobile generation and related issues.

Charles S. Griffey
Colorado Public Service Commission

- 16A-0396E *Coalition of Ratepayers* *In The Matter Of The Application Of Public Service Company Of Colorado For Approval Of Its 2016 Electric Resource Plan. Whether retirement of two coal units and implementation of the Colorado Energy Plan is the lowest cost alternative for ratepayers.*
- 17A-0797E *Coalition of Ratepayers* *Re: In The Matter Of The Application Of Public Service Company Of Colorado To Modify The Depreciation Schedules For The Early Retirement Of Comanche 1 And Comanche 2 Generating Units, Establish A Regulatory Asset To Collect Incremental Depreciation, Reduce The Renewable Energy Standard Adjustment Collection To One Percent, And Implement A General Rate Schedule Adjustment, Contingent On The Approval Of The Colorado Energy Plan Portfolio In Proceeding No. 16A-0396E. Issues with PSCo's evaluation of economics of early retirement in favor of Colorado Energy Plan and deferral of accelerated depreciation into a regulatory asset.*

Indiana Utility Regulatory Commission

- 45806 Alliance Coal *Verified Petition of Southern Indiana Gas and Electric Company D/B/A Vectren Energy Delivery of Indiana, Inc., for: (1) Authority to Construct, Own and Operate a Solar Energy Project and a Finding that Such Project Constitutes a Clean Energy Project Pursuant to Ind. Code Ch. 8-1-8.8; (2) Issuance of a Certificate Of Public Convenience And Necessity for the Construction of the Solar Energy Project Pursuant to Ind. Code Ch. 8-1- 8.5; and (3) Authority to Timely Recover Costs Incurred During Construction and Operation of the Project in Accordance with Ind. Code § 8-1-8.5-6.5 and Ind. Code § 8-1- 8.8-11. Economics of a solar project in Indiana.*
- 45159 ICARE, ICC *Petition Of Northern Indiana Public Service Company LLC Pursuant To Ind. Code §§ 8-1-2-42.7, 8-1-2-61 And, Ind. Code § 8-1- 2.5-6 For (1) Authority To Modify Its Rates And Charges For Electric Utility Service Through A Phase In Of Rates; (2) Approval Of New Schedules Of Rates And Charges, General Rules And Regulations, And Riders; (3) Approval Of Revised Common And Electric Depreciation Rates Applicable To Its Electric Plant In Service; (4) Approval Of Necessary And Appropriate Accounting Relief; And (5) Approval Of A New Service Structure For Industrial Rates. Flaws in NIPSCO's Integrated Resource Plan.*
- 45194 ICC *Verified Joint Petition Of Northern Indiana Public Service Company Llc ("Nipsco") And Rosewater Wind Generation Llc (The "Joint Venture") For (1) Issuance To Nipsco Of A Certificate Of Public Convenience And Necessity For The Purchase And Acquisition Of A 102 Mw Wind Farm ("The Rosewater Project"); (2) Approval Of The Rosewater Project As A Clean Energy Project Under Ind. Code § 8-1-8.8-11; (3) Approval Of Ratemaking And Accounting Treatment Associated With The Rosewater Project; (4) Authority To Establish Amortization Rates For Nipsco's Investment In The Joint Venture; (5) Approval Pursuant To Ind. Code § 8-1-2.5-6 Of An Alternative Regulatory Plan Including Establishment Of Joint Venture Through Which The Rosewater Project Will Support Nipsco's Generation Fleet And The Reflection In Nipsco's Net Original Cost Rate Base Of Its Investment In Joint Venture; (6) Approval Of Purchased Power Agreements Through Which Nipsco Will Receive The Energy Generated By The Rosewater Project, Including Timely Cost Recovery Pursuant To Ind. Code § 8-1-8.8-11 Through Nipsco's Fuel Adjustment Clause; (7) Authority To Defer Amortization And To Accrue Post-In Service Carrying Charges On Nipsco's Investment In Joint Venture; (8) To The Extent Generally Accepted Accounting Principles Would Treat Any Aspect Of Joint Venture As Debt On Nipsco's Financial Statements, Approval Of Financing; (9) Approval Of An Alternative Regulatory Plan For Nipsco In Order To Facilitate The Implementation Of The Rosewater Project; And (10) To The Extent Necessary, Issuance Of An Order Pursuant To Ind. Code § 8-1-2.5-5 Declining To Exercise Jurisdiction Over Joint Venture As A Public Utility. Reasonableness of proposal to build a 102 MW of wind project.*
- 45195 ICC *Verified Petition Of Northern Indiana Public Service Company LLC For Approval Pursuant To Ind. Code §§ 8-1-2-42(A), 8-1-8.8-11, And To The Extent Necessary Ind. Code § 8-1-2.5-6, Of A Renewable Energy Power Purchase Agreement With Jordan Creek Wind Farm LLC, Including Timely Cost Recovery. Reasonableness of proposal to purchase 400 Mw of wind energy.*

Charles S. Griffey

45196 ICC *Verified Petition Of Northern Indiana Public Service Company LLC For Approval Pursuant To Ind. Code §§ 8-1-2-42(A), 8-1-8.8-11, And To The Extent Necessary Ind. Code § 8-1-2.5-6, Of A Renewable Energy Power Purchase Agreement With Roaming Bison Wind, LLC, Including Timely Cost Recovery. Reasonableness of proposal to purchase 300 Mw of wind energy.*

Kansas Corporation Commission

12-KG&E-17-CON *Occidental* *Application Of Kansas Gas And Electric Company For Approval Of The Energy Supply Agreement Between Kansas Gas And Electric Company And Frontier El Dorado Refining Company LLC. Economics of special contracts and customer bypass of utility service.*

LOUISIANA PUBLIC SERVICE COMMISSION

Dockets On behalf of	Description
U-32538 <i>Occidental</i>	<i>In Re: Joint Application of Entergy Louisiana, LLC, Entergy Gulf States Louisiana, LLC, Mid South Transco, LLC, Transmission Company Louisiana I, LLC, Transmission Company Louisiana II, LLC, ITC Holdings Corp. and ITC MidSouth LLC for Approval of Change of Ownership of Electric Transmission Businesses, For Certain Cost-Recovery Related Adjustments and for Related Relief. Determination of whether transaction is in the public interest</i>
U-33950 <i>Occidental</i>	<i>In Re: Entergy Louisiana, LLC Compliance Submission Regarding Deactivation Of Little Gypsy I, Ninemile 3, And Willow Glen 2 And 4, As Required By Order No. U – 33510. Evaluation of economics of decision to deactivate Willow Glen 2 and 4.</i>
U-34283 <i>Occidental</i>	<i>In Re: Application of Entergy Louisiana, LLC for Approval to Construct Lake Charles Power Station, and for Cost Recovery. Appropriate method to use to analyze resources of different lives, and appropriateness of including imputed debt as a cost for PPAs.</i>
U-34447 <i>Occidental</i>	<i>Application Of Entergy Louisiana , LLC Regarding Continued Participation In The Midcontinent Independent System Operator, Inc. Regional Transmission Organization. Recommended conditions to for ELL to continue membership in MISO, recommended change case for measurement of benefits of MISO membership.</i>

MARYLAND PUBLIC SERVICE COMMISSION

9063 *Reliant* *In The matter of The Optimal Market Design For The Electric Industry In Maryland. Wholesale and Retail Market design.*

Mississippi Public Service Commission

2015-UN-80 *Greenleaf* *Notice Of Intent Of Mississippi Power Company For A Change In Rates Supported By A Conventional Rate Filing Or, In The Alternative, By A Rate Mitigation Plan In Connection With The Kemper County IGCC Project. Amount of investment to count as prudent for the CCGT portion of an IGCC. Reasons why Kemper IGCC project should be abandoned.*

2017-AD-112 *Greenleaf* *Encouraging Stipulation of Matters In Connection With the Kemper County IGCC Project. Amount of prudent investment in Kemper CCGT that should be allowed in rates, and setting of O&M expense and annual revenue requirement.*

Charles S. Griffey

New Mexico Public Resource Commission

19-00018-UT *Westmoreland* *In The Matter Of Public Service) Company Of New Mexico's Consolidated Application For Approvals For The Abandonment, Financing And Resource Replacement For San Juan Generating Station Pursuant To The Energy Transition Act. Consideration of Replacement Resources.*

Pennsylvania Public Utilities Commission

P-00032071 *Reliant* *Duquesne Light Company Petition for Approval of Plan for Post Transition POLR Service. Wholesale and Retail Market design and supply procurement.*

P-00052188 *RESA¹* *Petition of Pennsylvania Power Co. for Approval of Interim PLR Supply Plan. Wholesale and Retail Market design.*

Testimony Filed with the Federal Energy Regulatory Commission

FERC Dockets	On behalf of	Description
ER98-927-000	Reliant	Application of Reliant Energy Mandalay, L. L. C., to sell energy, capacity and ancillary services at market based rates. Market Power study.
ER98-928400	Reliant	Application of Reliant Energy Ellwood, L.L. C., to sell energy, capacity and ancillary services at market based rates. Market Power study.
ER98-930-000	Reliant	Application of Reliant Energy Etiwanda, L.L. C., to sell energy, capacity and ancillary services at market based rates. Market Power study.
ER98-93 1400	Reliant	Application of Reliant Energy Cool Water, L. L. C., to sell energy, capacity and ancillary services at market based rates. Market Power study.
ER98-2878-000	Reliant	Application of Reliant Energy Ormond Beach, L. L. C., to sell energy, capacity and ancillary services at market based rates. Market Power study.
ER99-3 143-000	Reliant	Application of Reliant Energy Indian River, L. L. C., to sell energy, capacity and ancillary services at market based rates. Market Power study.
EL13-61-000	Occidental	Exelon Wind et al Complaint and Petition for Enforcement. Determination of whether a Legally Enforceable Obligation was established between a QF and a utility
ER19-1486-000	Load/Customer Coalition	PJM Interconnection, L.L.C. Comments on ORDC design
EL19-58-000	Load/Customer Coalition	PJM Interconnection, L.L.C. Comments on ORDC design

CIVIL LITIGATION

CAUSE NO. C-356-10-A *Lorali, Ltd, Danhana, Ltd, RGV Warehouse, Ltd, and Richann, Inc. v. Sempra Energy Soutlion, LLC and Priority Power, LL, 92nd Judicial Court, Hidalgo County, Texas. Commercial Reasonability of Retail Electric Contracts and Wholesale and Retail Market Design.*

¹ Retail Electric Suppliers' Association

Charles S. Griffey

CAUSE NO. A-09-CA-917-SS

JD Wind v. Public Utility Commission of Texas, United States District Court, Western District of Texas, Austin Division. History of PURPA implementation and avoided cost.

CAUSE NO. D-1-GN-10-004130

Exelon Wind v. Public Utility Commission of Texas, State District Court, Austin, Texas. History of PURPA implementation and avoided cost.

CAUSE NO. D-1-GN-12-0021S6

Lower Colorado River Authority v. Central Texas Electric Cooperative, Fayette Electric Cooperative and San Bernard Electric Cooperative. Damages calculation for breach of purchased power contract.

CAUSE NO. 121-001-B

Lower Colorado River Authority v. City Of Kerrville, Acting By And Through Kerrville Public Utility Board. Damages calculation for breach of purchased power contract.

CAUSE NO. 3:08-cv-780-CWR-LRA

The State Of Mississippi, Ex Rel. Jim Hood, Attorney General For The State Of Mississippi, Plaintiff, v. Entergy Mississippi, Inc., Et Al., Defendants. Reasonableness of power procurement by utility.

CIVIL ACTION NO. 4:21-cv-01447

OLIN CORPORATION Plaintiff, v. TENASKA POWER SERVICES CO. Defendant. Operation of the ERCOT market for RRS.

LEGISLATIVE TESTIMONY

Joint Meeting of Texas House Interim Committee of Natural Resources and House Regulated Industries, May 2009

Texas House Regulated Industries, February 2007 - State of the Electric Industry

Texas Senate Business and Commerce, February 2007 – State of the Electric Industry

Texas House Regulated Industries, March 2005 - State of the Electric Industry

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Jess K. Totten
Sponsoring Witness: Jess K. Totten
Beginning Sequence No. EV2057

Ending Sequence No. EV2057

Question No.: TIEC 2-12

Part No.:

Addendum:

Question:

Please describe and provide a copy of any analysis conducted by ETI, or on ETI's behalf, that supports the conclusion that ETI has performed better than other utilities in restoring service to retail customers after major storms and provide supporting documents.

Response:

Entergy Texas, Inc. ("ETI") has not performed an analysis comparing ETI's performance to that of other utilities. Jess K. Totten's conclusion that ETI performed well is based on the testimony from ETI witnesses that he cites in his testimony and his prior experience as a manager at the Public Utility Commission of Texas where he observed the performance of utilities in responding to the impacts of hurricanes and other weather events.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Russell Cochran
Sponsoring Witness: Gary C. Dickens
Beginning Sequence No. EV2058

Ending Sequence No. EV2058

Question No.: TIEC 2-14

Part No.:

Addendum:

Question:

Please provide a copy of any analysis or survey in ETI's possession comparing the projected/actual in-service dates for placing new combined cycle gas turbine generation into service in the past ten years.

Response:

The Company is not in possession of any documents responsive to this request. However, Entergy's Capital Projects team is familiar with timelines for certain technologies through the experience of its employees working on projects past and present. Generally, Capital Projects measures the actual schedule against the expected schedule for the duration of the project, and, through the experience of its employees, predicts adjustments to work activities as needed.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Russell Cochran
Sponsoring Witness: Gary Dickens
Beginning Sequence No. LC435

Ending Sequence No. LC435

Question No.: TIEC 2-15

Part No.:

Addendum:

Question:

Please describe and provide a copy of any analysis conducted by ETI, or on ETI's behalf, that supports the conclusion that ETI's cost/time management of the construction of the MCPS was superior to other utilities that have installed power plants comparable to MCPS and provide supporting documents.

Response:

Such an analysis has not been performed by Entergy Texas, Inc. ("ETI") or on its behalf. The Montgomery County Power Station ("MCPS") project was the last of three projects that were executed using the same contractor and most of the same leadership team. ETI was able to apply lessons learned from the previous two projects at MCPS, which contributed to the early completion of the construction, a successful safety outcome, and equipment enhancements to improve reliability for the future operation of the plant.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Jess K. Totten
Sponsoring Witness: Jess K. Totten
Beginning Sequence No. PI1435

Ending Sequence No. PI1435

Question No.: TIEC 2-19

Part No.:

Addendum:

Question:

The following RFIs pertain to the Direct Testimony of Jess K. Totten:

Please identify any PUC proceedings of which you are aware in which the PUC approved an adder or bonus to the utility's ROE, or approved a higher ROE than otherwise would have been adopted, based on Public Utility Regulatory Act (PURA) Section 36.052 or the considerations listed within that statutory provision.

Response:

Entergy Texas, Inc. is currently not aware of any case in which such an adder or bonus has been granted by the Commission. The docket number provided as an example in response to TIEC 2-18 was settled and this issue was not brought to the Commission for consideration.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Second Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Jess K. Totten
Sponsoring Witness: Jess K. Totten
Beginning Sequence No. PI1431

Ending Sequence No. PI1431

Question No.: TIEC 2-23

Part No.:

Addendum:

Question:

The following RFIs pertain to the Direct Testimony of Jess K. Totten:

Please state whether Mr. Totten has conducted independent analysis comparing ETI's storm restoration timelines with other utilities. If so, provide a copy of the analyses.

Response:

Jess K. Totten has not performed an independent analysis comparing Entergy Texas, Inc.'s ("ETI") performance to that of other utilities. His conclusion that ETI performed well is based on the testimony from ETI witnesses that he cites in his testimony and his prior experience as a manager at the Public Utility Commission of Texas where he observed the performance of utilities in responding to the impacts of hurricanes and other weather events.

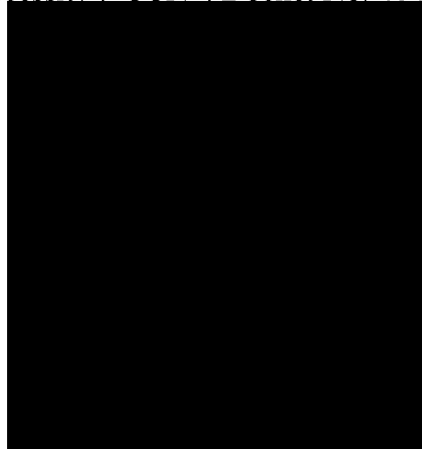
Prepared By: Charles DeGeorge, Ryan Gay
Sponsoring Witnesses: Anastasia R.
Meyer, Beverley Gale
Beginning Sequence No. LR895
Ending Sequence No. LR897

- a. By year, the projected capacity factors from ETI' s base case from the MCPS CCN;
- b. By year, the projected variable energy cost savings from ETI' s base case from the MCPS CCN;
- c. By year, the projected capacity factors from ETI' s base case from the Orange County Advanced Power Station CCN analysis; and
- d. By month, the actual capacity factor for MCPS from June 2021 - June 2022.

Response:

Information included in the response contains highly sensitive protected (“highly sensitive”) materials. Specifically, the responsive materials are protected pursuant to Texas Government Code Sections 552.101 and/or 552.110. Highly sensitive materials will be provided pursuant to the terms of the Protective Order in this docket.

- a. See the highly sensitive table below for the projected capacity factors for Montgomery County Power Station (“MCPS”) from the MCPS Certificate of Convenience and Necessity (“CCN”) Docket No. 46416.



- b. See the highly sensitive table below for the projected variable supply cost savings for MCPS from the MCPS CCN Docket No. 46416.



- c. See the highly sensitive table below for the projected capacity factors for MCPS from the Orange County Advanced Power Station CCN Docket No. 52487.



- d. See the highly sensitive table below for the actual monthly capacity factors for MCPS for June 2021 through June 2022.



ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Third Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Russ Cochran
Sponsoring Witness: Gary C. Dickens
Beginning Sequence No. LR891
Ending Sequence No. LR891

Question No.: TIEC 3-17

Part No.:

Addendum:

Question:

How did the two hurricanes that hit during the summer of 2021 affect the construction of MCPS?

Response:

While it is unclear which 2021 hurricanes are being referred to in the question, the Montgomery County Power Station ("MCPS") was substantially complete and placed in service on January 1, 2021. During the mid to late 2020 hurricane season, transmission upgrades associated with the MCPS project were delayed approximately 5-7 weeks due to the effects of hurricanes Laura and Delta. However, the Company was successful in bringing the project to a close ahead of the original project schedule.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Third Set of Data Requests
of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Jess K. Totten
Sponsoring Witness: Jess K. Totten
Beginning Sequence No. LR893
Ending Sequence No. LR893

Question No.: TIEC 3-19

Part No.:

Addendum:

Question:

Did Mr. Totten consider the Commission's rejection of ETI' s CCN for the Liberty County Solar facility in his consideration of whether ETI's management was effective and efficient? If not, please explain why not. If yes, please explain in detail how Mr. Totten included that rejection in his consideration.

Response:

No. The outcome of regulatory proceedings was not in the scope of Jess K. Totten's analysis.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.

to the Third Set of Data Requests

of Requesting Party: Texas Industrial Energy
Consumers

Prepared By: Jess K. Totten, Richard D.
Starkweather, Bobby R. Sperandeo

Sponsoring Witnesses: Jess K. Totten, Richard D.
Starkweather, Bobby R. Sperandeo
Beginning Sequence No. LR903

Ending Sequence No. LR904

Question No.: TIEC 3-21

Part No.:

Addendum:

Question:

Please provide any documents, including but not limited to analyses, comparing ETI's performance relative to other utilities, regionally or nationally, in the following categories:

- a. Efforts or achievements in conserving resources;
 - b. Quality of service;
 - c. Quality of management;
 - d. Retail rates;
 - e. Operations and maintenance costs; and
 - f. Bringing new generation online relative to the construction/acquisition schedule and budget estimates.
-

Response:

Pursuant to an agreement with counsel for TIEC, this RFI has been amended as follows:

Please provide any analyses or studies conducted since 2017 comparing ETI's performance relative to other utilities, regionally or nationally, as well as all documents provided to, reviewed by, or prepared by or for Mr. Totten and Mr. Starkweather in anticipation of the expert's testimony in this proceeding that are not communications between counsel and expert witnesses except as provided for in Texas Rule of Civil Procedure § 195.5(c), in the following categories:

- a. Efforts or achievements in conserving resources;

- b. Quality of service;
- c. Quality of management;
- d. Retail rates;
- e. Operations and maintenance costs; and
- f. Bringing new generation online relative to the construction/acquisition schedule and budget estimates.

The only responsive documents Jess K. Totten reviewed were the analyses provided in the Direct Testimony of Richard D. Starkweather and Bobby R. Sperandeo. Other than the analysis included in his testimony, Mr. Starkweather has not completed any analyses or conducted any studies directly comparing ETI's performance relative to other utilities, regionally or nationally, since 2017.

However, Entergy Texas Inc. ("ETI"), along with many other utilities, was included in the peer groups for analyses completed by Mr. Starkweather in the last five years for Southwestern Public Service Company. These analyses addressed retail rates, operations and maintenance expenses and capital investments (Docket Nos. 49831 and 51802).

Mr. Starkweather and Bobby R. Sperandeo are not aware of any other documents provided to, reviewed by, or prepared by or for them in anticipation of testimony in this proceeding.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Richard D. Starkweather
Sponsoring Witness: Richard D.
Starkweather

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2344

Ending Sequence No. EV2344

Question No.: TIEC 5-9

Part No.:

Addendum:

Question:

What portion of the level of utility rates in the benchmark group during the period 2017 - 2021 was from decisions made by utility management during that time period?

Response:

Changes in a utility's rates over time can be an indicator of the utility's underlying management processes and actions. For example, more efficient business processes – all other things being the same – could lead to lower costs and rates. To what extent a utility's management processes and actions (or decisions) lead to lower costs and rates during a specific time period (*e.g.*, 2017-2021) would require a detailed review and analysis of the utility's business processes, cost structure, and rates.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Richard D. Starkweather
Sponsoring Witness: Richard D.
Starkweather

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2345

Ending Sequence No EV2345

Question No.: TIEC 5-10

Part No.:

Addendum:

Question:

Please admit or deny that decisions made by utilities, such as what generation should be built, taken up to 30-40 years prior to 2017 have a substantial impact on utility rates during 2017-2021.

Response:

Richard D. Starkweather admits that decisions made by utilities, such as what generation should be built, several years prior to 2017 can have an impact on utility rates during 2017-2021, though it is unclear how substantial this impact may be. Certainly, decisions about generation mix would impact fuel and operating costs, and the inclusion of different assets with differing depreciation rates in rate base would also impact utility rates. However, a detailed analysis of a utility's underlying rate base and operating costs would have to be completed to determine the impact of such earlier decisions on utility rates during a specific time period.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Richard D. Starkweather
Sponsoring Witness: Richard D.
Starkweather

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2346

Ending Sequence No. EV2346

Question No.: TIEC 5-12

Part No.:

Addendum:

Question:

Please explain why Mr. Starkweather chose all utilities in SERC to be part of a peer group. In your explanation, please explain what similar characteristics all utilities in SERC share with ETI.

Response:

As explained in the Direct Testimony of Richard D. Starkweather, page 11, "...a Texas (only) peer group would have only included four utilities, including [Entergy Texas, Inc.]. It is often very difficult to draw meaningful conclusions about the relative performance of different utilities in such small peer groups."

While Mr. Starkweather's analysis includes a national peer group, he also wanted to include a more regional view of average retail prices in his analysis. As a result, a peer group was formed including the investor-owned utility members of the SERC Reliability Corporation ("SERC"), as well as the utilities operating outside of the Electric Reliability Council of Texas ("ERCOT") region (the four "non-ERCOT" Texas companies).

In addition to being members of SERC, the companies included in the SERC_Texas peer group share the following characteristics, as explained on page 10 of Mr. Starkweather's Direct Testimony:

- a. The company must be of sufficient size to warrant comparison. For the purposes of this effort, companies with less than 10,000 customers were eliminated.
- b. The company must be regulated and provide electric service (directly or indirectly) to retail end-use customers. This criterion eliminated generation-only companies, transmission-only companies, and generation and transmission-only companies; however, distribution-only, transmission and distribution, and generation and distribution companies are included in the peer groups.
- c. The company must have comparative Federal Regulatory Commission Form 1 data to enable the development of the metrics used in the benchmarking analysis.

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ENTERGY TEXAS, INC.
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Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Richard D. Starkweather
Sponsoring Witness: Richard D.
Starkweather

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2419

Ending Sequence No. EV2419

Question No.: TIEC 5-13

Part No.:

Addendum:

Question:

Please explain how utilities with between 10,000 and 50,000 customers are similar to ETI.

Response:

The purpose of the benchmarking analysis was to compare Entergy Texas, Inc.'s ("ETI") retail rates to those of other utilities in Texas, the investor-owned utility members of SERC Reliability Corporation, and other utilities across the United States. The peer groups included companies with varying customer counts in order to compare ETI to a broad population of other utilities. However, the study does not suggest that companies with between 10,000 and 50,000 customers are similar to ETI based on that characteristic alone.

As explained in the Direct Testimony of Richard D. Starkweather, at page 10, the following additional characteristics were considered in developing the peer groups:

- The company must be regulated and provide electric service (directly or indirectly) to retail end-use customers. This criterion eliminated generation-only companies, transmission-only companies, and generation and transmission-only companies; however, distribution-only, transmission and distribution, and generation and distribution companies are included in the peer groups.
- The company must have comparative Federal Energy Regulatory Commission Form 1 data to enable the development of the metrics used in the benchmarking analysis.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Richard D. Starkweather
Sponsoring Witness: Richard D.
Starkweather

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2347

Ending Sequence No. EV2347

Question No.: TIEC 5-14

Part No.:

Addendum:

Question:

Please state whether Mr. Starkweather made any attempt to account for the proportion of industrial customers in a utility's customer mix in evaluating the total rate benchmarking?

Response:

Richard D. Starkweather did not evaluate the proportion of industrial customers in a utility's customer mix in evaluating the total rate benchmarking.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Richard D. Starkweather
Sponsoring Witness: Richard D.
Starkweather

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2348

Ending Sequence No. EV2348

Question No.: TIEC 5-15

Part No.:

Addendum:

Question:

Given that Southwestern Public Service Company and Southwestern Electric Power Company were included in the smaller benchmarking group, please explain why Mr. Starkweather did not include Public Service Company of Oklahoma and Oklahoma Gas & Electric in his peer group. Does Mr. Starkweather believe that Public Service Company of Oklahoma is not a peer to ETI? Does Mr. Starkweather believe that Oklahoma Gas & Electric is not a peer to ETI?

Response:

Richard D. Starkweather did not include the Public Service Company of Oklahoma and Oklahoma Gas & Electric in the SERC_Texas peer group, because they are not members of the SERC Reliability Corporation.

Both the Public Service Company of Oklahoma and Oklahoma Gas & Electric were included in the national peer group as they are considered peers to Entergy Texas, Inc. See the national peer group criteria shown in the Direct Testimony of Richard D. Starkweather, page 10.

ENTERGY TEXAS, INC.
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Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Bobby R Sperandeo Jr.
Sponsoring Witness: Bobby R Sperandeo
Jr.

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2352

Ending Sequence No. EV2352

Question No.: TIEC 5-20

Part No.:

Addendum:

Question:

At what number of customers does Mr. Sperandeo believe economies of scale are not a major factor in O&M cost?

Response:

Bobby R. Sperandeo does not have an opinion as to what number of customers render economies of scale not a major factor in operations and maintenance (“O&M”) cost. The comparison was not designed around assumptions on economies of scale. The study compared Entergy Texas, Inc. (“ETI”) to the national group without regard to a company’s ability to achieve or actual achievement of economies of scale.

ENTERGY TEXAS, INC.
PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 53719

Response of: Entergy Texas, Inc.
to the Fifth Set of Data Requests

Prepared By: Bobby R Sperandeo Jr.
Sponsoring Witness: Bobby R Sperandeo
Jr.

of Requesting Party: Texas Industrial Energy
Consumers

Beginning Sequence No. EV2353

Ending Sequence No. EV2353

Question No.: TIEC 5-21

Part No.:

Addendum:

Question:

What facets of O&M costs does Mr. Sperandeo believe are not subject to economies of scale (e.g., customers service, distribution O&M, transmission O&M, A&G costs).

Response:

Aside from costs that are fixed on a per unit basis (e.g. per customer or per MWh), generally all operations and maintenance ("O&M") costs can be subject to economies of scale. The extent to which any given company can work to achieve economies of scale may vary.