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In utility rate making, the sinking fund (compound interest) method can be applied with either a depreciated or undepreciated rate base. The depreciation expense used with the depreciated rate base is the total accrual of the annuity plus interest. This is sometimes termed the modified sinking fund method. The depreciation expense to be used with the undepreciated rate base is the annuity only. The two results will give the same total cost of service if the interest rate and the rate of return are the same. If an interest rate less than the rate of return is used, only the modified sinking fund method avoids an overallowance for return.

Equalizing return and depreciation under the sinking fund method ignores the many other utility costs which are seldom equal from year to year. Compared to the straight-line method, the sinking fund method produces lower early accruals and higher accruals in the later years. This difference increases with an increase in interest rate. Conversely, sinking fund advocates say that the straight-line method is a sinking fund solution with an interest rate of zero. The heavy accruals due to greater interest toward the end of a property's life can produce wide differences between the accumulated accruals and the cost being recovered if retirements occur only a year or two from the estimated time. In other words, the sinking fund method requires closer accuracy in service life and net salvage estimates.

The sinking fund and related interest methods were widely adopted at the time retirement and replacement accounting were being discontinued. At that time, they caused substantial increases in depreciation expenses for many companies. The sinking fund method is rarely used today due to the advance of tax depreciation, first on a straight-line basis and now with more "liberalized" methods; problems of annuity mathematics; and difficulties of proper accruals near the end of a property's life.

Summary

The straight-line method is almost universally used in the utility rate making process. The particular procedure used will vary depending upon the regulatory jurisdiction involved.

The accelerated methods identified above are not generally used for regulatory purposes. The Internal Revenue Service has permitted their use, and modifications of them, in computing tax depreciation, along with other specialized depreciation procedures for taxes. Interest methods, such as the sinking fund method, are no longer in general use.

Category Grouping Procedures

The group plan of depreciation accounting is particularly adaptable to utility property but raises many questions concerning the makeup of the group or category selected for analysis. Rather than one single group containing all utility plant, each group should contain homogeneous units of plant that are generally alike in character, used in the same manner throughout the plant, and operated under the same general conditions. However, even within the framework of this definition, it must be realized that there will be differences in the lives of the individual units.

Consider the case of poles. Some poles will be retired because of storms or other casualties, some because of public convenience or decay, some because of the substitution of underground for aerial facilities, and many more for a combination of the several causes of retirement. There

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will be a wide dispersion of retirements by age. What then is the proper grouping for a study of poles? Should it be all of the poles owned by the company analyzed en masse? This has not always proven satisfactory because there was a time when it was evident that the life characteristics of untreated poles differed materially from those of treated poles. Accordingly, during the time when untreated poles were substantial in number, it was appropriate to study poles in two separate categories: untreated and treated.

Regardless of which depreciation method is used, several alternatives are available for grouping individual plant units within a depreciation category. The most commonly used grouping procedures are as follows:

1. The Single Unit. Under this procedure each unit of property is depreciated separately. Because the procedure requires separate record-keeping for each unit, it is not practical for most types of property. Thus, it is not widely used by utilities.
2. The Broad Group. Under this procedure all units of plant within a particular depreciation category, usually a plant account or subaccount, are considered to be one group. The Broad Group is widely used and produces reasonably stable depreciation rates from year to year because of its averaging effects. It is a procedure that requires at least accounting records of annual additions and balances. Retirements by vintage are desirable.
3. The Vintage Group. Under this procedure each vintage or placement year within the depreciation category is considered to be a separate group. This combines, into one group, all of the poles placed in a single calendar year, or vintage. Even within each vintage group there will be dispersions of retirements by age, due to the many causes of retirements mentioned above. This requires that each vintage group be analyzed separately to determine its average life; all vintages are composited to produce the average service life for the plant class. Then the depreciation rate may be based on this estimated average service life of the units making up the group.
4. The Equal Life Group (ELG). Under this procedure the plant units are grouped according to their service lives, with the units from each vintage expected to experience the same service life being included in the same life group. This procedure permits accruing the full cost of the shorter-lived units to the depreciation reserve while they are in service. Thus the longer-lived units bear only their own costs. This is accomplished by dividing each vintage group (plant placed in a single year) into smaller groups, each of which is limited to units that are expected to have the same life. This distribution is based on life tables developed from the recorded experience, with respect to the mortality of utility plant. While it is not possible to identify the individual units of plant that will have a given life, it is possible to estimate statistically the number of units or dollars of plant in each equal life group, provided

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mortality data were accumulated. The prediction of future retirement patterns is also necessary in application of the vintage group procedure. However, ELG is much more sensitive to these predictions. ELG may be expected to produce greater fluctuations in depreciation expense from year to year than the broad group procedure.

The Broad Group procedure does not require that an assumption be made concerning the shape of the appropriate survivor curve (see Chapter VI) in the grouping process. However, Vintage Group, as generally applied, and ELG require such a determination. ELG depends upon the survivor curve forecast to determine the subgroups. With the FCC's agreement, the ELG procedure has been widely adopted by telephone companies subject to FCC jurisdiction. Some of the state commissions, however, have disallowed its use for intrastate rate making on both practical and technical grounds. The Vintage Group and Equal Life Group procedures are discussed in more detail in Chapter XII.

Application Techniques

There are two techniques commonly used to determine the depreciation rate to be applied to a utility's plant depreciation categories: Whole Life and Remaining Life.

Whole Life

The Whole Life technique bases the depreciation rate on the estimated average service life of the plant category. Whole life depreciation results in the allocation of a gross plant base over the total life of the investment. However, to the extent that the estimated average service life assigned turns out to be incorrect, (and precision in these estimates cannot reasonably be expected), the Whole Life technique will result in a depreciation reserve imbalance. For example, such over-accrual or under-accrual may remain in the reserve indefinitely unless offset by later overages or underages in the opposite direction. However, when a depreciation reserve excess or deficiency is reasonably certain, the Whole Life technique may be modified to include an adjustment to the accrual rate designed to eliminate the reserve imbalance in the future. For example, a special amortization of the difference may be allowed.

Remaining Life

The Remaining Life technique seeks to recover the undepreciated original cost less future net salvage over its remaining life. With this technique, the gross plant less book depreciation reserve is used as the depreciable cost and the remaining life or future life expectancy is used in the denominator. The formula is:

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$$D = \frac{B - U - C'}{E} \quad (11)$$

where D is the depreciation expense or annual accrual
 where B is the book cost of the Gross Plant
 where U is the book depreciation reserve at start of the year
 where C' is the Estimated Future Net Salvage in dollars
 where E is the Estimated Average Remaining Life

The following formula is used to arrive at the depreciation rate in percent:

$$\text{depreciation rate } d = \frac{D}{B} \times 100 \quad (12)$$

This rate may also be derived by dealing entirely in percentages as follows:

$$\text{depreciation rate } d = \frac{100 - u - c'}{E} \quad (13)$$

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$$\text{where, in percent reserve, } u = \frac{U}{B} \times 100 \quad (14)$$

$$\text{where, in percent future net salvage, } c' = \frac{C'}{B} \quad (15)$$

A review of the depreciation reserve is appropriate at the commencement of use of the remaining life technique to ensure consistency with prior accounting and regulatory policies. The desirability of using the remaining life technique is that any necessary adjustments of depreciation reserves, because of changes to the estimates of life on net salvage, are accrued automatically over the remaining life of the property. Once commenced, adjustments to the depreciation reserve, outside of those inherent in the remaining life rate would require regulatory approval.

The Depreciation Model

The foregoing sections of this chapter discussed several depreciation Methods (e.g., Unit of Production, Straight-Line, Declining Balance), Procedures (e.g., Broad Group, Vintage Group, Equal Life Group) and Techniques (Whole Life and Remaining Life). A complete "depreciation model" is composed of a Method, a Procedure and a Technique, e.g., Straight-Line, Vintage Group, and the Remaining Life techniques. Subsequent chapters will also utilize this terminology.

CHAPTER VI

MORTALITY CONCEPTS

Introduction

From the previous discussions of depreciation, it is evident that an estimate of the life of property is essential to most of the common methods of computing depreciation accruals. Estimates may range from somewhat arbitrary assumptions of average life by management to informed judgment based upon highly technical mathematical models derived from actuarial science.

Through observation and classification of peoples' ages at death, actuaries have developed mortality tables. These tables reveal the death rate and life expectancy for people at different ages as a basis for determining life insurance premiums and reserves.

Mortality tables reflect the various risks affecting groups of people. While many people die purely from chance, the great majority of deaths are related to age. This age relationship is shown by the increasing death rate as age increases. Although the life of an individual cannot be predicted with surety, the number of people of a given age who will die in any year can be predicted fairly accurately.

Analogously, physical property is subject to forces of retirement. These forces include those related to the property's physical condition (e.g., wear and tear, accident), functional obsolescence or inadequacy, or termination of the need or enterprise. Industrial counterparts to insurance actuaries assemble and classify the ages at retirement of different types of industrial property in order to study the property's life characteristics.

For life analysis purposes, the ages at retirement are usually expressed in the form of retirement or survivor curves. The graph of the number of retirements at each age is termed the *retirement frequency curve*. The sum of the points on the retirement frequency curve from a specified age to maximum life represents the survivors from the original placements at the specified age. The graph of these survivors at each age is known as the *survivor curve*.

If a group is fully retired, the survivor curve will extend to the maximum life; if the group is not fully retired, the survivor curve is incomplete and is termed a stub survivor curve. Typically, a generalized survivor curve is used. Here, the survivors are expressed as percentages of the total number of units or dollars installed and the points on the curve are referred to as percents surviving.

The survivor curve may be used to obtain an indication of the average of the lives of all the units, or dollars, in the group, i.e., the *average life* of the property. The average life is found by dividing the area under the survivor curve from age zero to maximum life by 100%.

Since the survivor curve must reach maximum life in order for the average life calculation to be made, a stub survivor curve may be extended to maximum life using curve fitting techniques (see Chapter VIII). The vintage average lives may be composited to generate an average life for a group of vintages (e.g., an account) (see Chapter IX).

In lieu of extending the survivor curve, the area under the future portion of the curve, termed the *unrealized life*, may be estimated directly and added to the area under the stub curve,

referred to as the *realized life*. The future area may be estimated by multiplying the percent surviving at any age by the vintage's forecasted average remaining life. As explained herein, unrealized life is not synonymous with remaining life nor is realized life synonymous with age.

Average remaining life represents the future years of service expected for the surviving property. The average remaining life for a vintage of any age is found by dividing the area under the estimated future portion of the survivor curve by the percent surviving at that age. Vintage average remaining lives may be composited to generate a remaining life for a group of vintages (e.g., an account).

The *probable life* of a vintage at a given age is the total years of service expected from the survivors. It is found by summing the vintage's age and remaining life.

Ratios may be calculated from the property records to describe the life characteristics of property. A *retirement ratio* for an age interval is the ratio of retirements during the interval to the property exposed to retirement at the beginning of the interval.

Retirement ratios calculated from the property records may be used to develop the observed life table, as discussed in Chapter VIII. In lieu of calculating the observed life table directly from the retirement ratios, *survival ratios* calculated from the retirement ratios may be used to calculate the percents surviving. A survival ratio is the complement of a retirement ratio.

Physical property retirements generally follow definable patterns that can be standardized. The *Iowa curves* are standard curves that were empirically developed to describe the life characteristics of most industrial and utility property. They are used throughout the utility industry, as well as in other applications¹ where life characteristics are sought. Their use in extending stub survivor curves and forecasting life characteristics is discussed in Chapter VIII.

The curves were placed into *L*, *R*, or *S* families depending upon whether the highest point (mode) of the retirement frequency curve was *left* of, *right* of, or *symmetrical* to the curve's average life. The curves in each family were then ordered according to the magnitude of the mode from low (e.g., *L0*) to high (e.g., *L5*).

The Iowa curve set was expanded to 31 curve types. This was accomplished by combining the original curves to form *half* curves (e.g., *S0.5*) and adding the *O* curves, so-called because their mode is at the origin. For any one of the 31 curve types, curves with different average lives may be generated by varying the area under curves of a given type. The development and validation of the curves are discussed in Appendix A, part 3.

Standard curves other than the Iowa curves may be used to describe history and predict the future. One such set of curves is the *New York h curves*. These curves are not empirical but were developed by truncating the normal frequency curve. The *h* curves are used by the New York Department of Public Service and most New York utilities, as well as some other utilities and several consultants. The development and application of the *h* curves are discussed further in Appendix A, part 5.

Another mortality formula, the Gompertz-Makeham formula, was not developed from empirical testing of industrial property but was formulated to describe human mortality. The

¹ An example is their use to describe the life of bank accounts.

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development of the formula and its application to utility data are discussed in Appendix A, parts 1 and 2.

Retirement and Survivor Curves

Fundamental to the appropriate use of the survivor curve methodology is an understanding of the development and underlying properties of survivor curves and other curves associated with them. The retirement frequency and survivor curves are defined and developed in this section.

Retirement Frequency Curve

For a group of property, retirements do not typically occur at a single age but are distributed from age zero to the group's maximum age (i.e., maximum life). The graph of the number of retirements at each age is termed the retirement frequency curve.

The age at which the greatest number of retirements occurs is termed the modal age, and the associated point on the retirement frequency curve is referred to as the mode of the curve. Generally, the modal age is positioned near the average of all the retirement ages (i.e., average life) (see Figure 6-1).

A retirement frequency curve may be expressed in units or dollars. Alternatively, the curve may be generalized by expressing the retirements at each age as percentages of the total number of units or dollars (see Figure 6-1). The area under such a generalized curve from age zero to maximum life is 100%. The ages may also be generalized by expressing them as percentages of average life (see Iowa curve discussion in Appendix A, part 3).

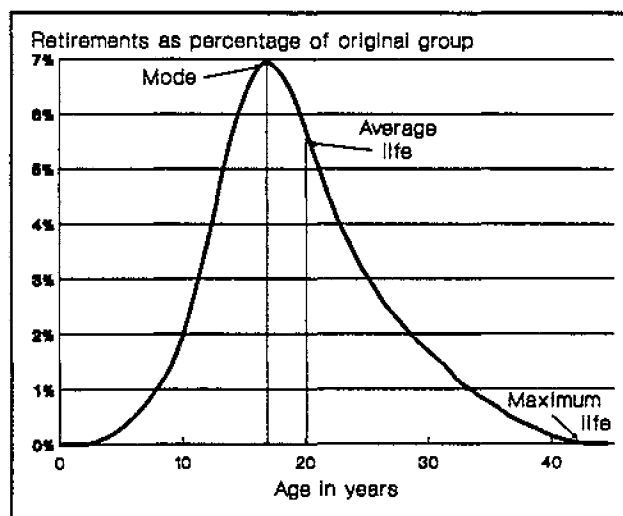


Figure 6-1. Retirement Frequency Curve.

Survivor Curve

The sum of the points on the retirement frequency curve from a specified age to maximum life represents the plant remaining in service (i.e., the survivors from the original placements) at the specified age. The graph of the survivors at each age beginning with age zero is known as the survivor curve. If a group is fully retired, the survivor curve will extend to maximum life; otherwise, it is referred to as a *stub* survivor curve.

The survivors may be expressed in units or dollars. Typically, a generalized survivor curve is used; here the survivors are expressed as percentages of the total number of units or dollars installed and the points on the curve are referred to as percents surviving (see Figure 6-2). The ages may also be generalized by expressing them as percentages of average life (see Iowa curve discussion in Appendix A, part 3).

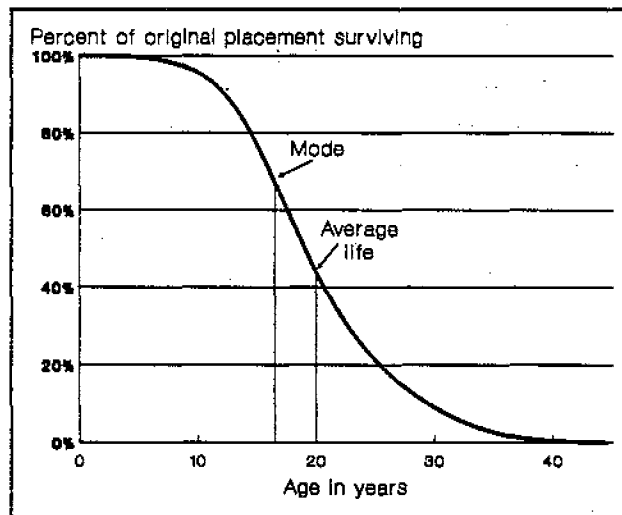


Figure 6-2. Survivor Curve.

The greatest decrease in percent surviving (i.e., the steepest slope of the curve) occurs at the age that is the modal age of the retirement frequency curve. Generally, this point of inflection of the survivor curve is positioned near the group's average life.

If the survivor curve is known, the retirement frequency curve may then be calculated. The number retired (or percent retired) during an age interval (e.g., 2.5 years to 3.5 years) is the difference between the number surviving (or percent surviving) at the beginning and the end of the age interval.

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Types of Lives

Various types of average lives may be calculated to describe the life characteristics of property. The following terms are used to refer to the types of lives discussed in this section: *average, realized, unrealized, remaining, probable.*

Average Life

A commonly used statistic in life analysis and life estimation is the average life² of the property. This is the average of the lives of all the units, or dollars, in the group from age zero to maximum life. The average life (AL) is calculated by weighting each age (i) at which property was retired by the number retired (R) at that age and dividing the sum of these products by the total installed, as shown below:

$$AL = \frac{\sum_{i=0}^{\text{max life}} (i * R_i)}{\text{total installed}} \quad (1)$$

Where sufficient mortality data are available, an indication of average life may be determined from a survivor curve constructed for the property group. To calculate average life, the area under a survivor curve (SC) from age zero to maximum life is divided by the total installed (or 100% for a generalized curve):

$$AL = \frac{\text{area under SC from age 0 to max life}}{100\%} \quad (2)$$

The average life calculated above is a direct weighted average. To illustrate this averaging, consider a set of horizontal trapezoids constructed so as to cover the area under the survivor curve from age zero to maximum life. The trapezoids are formed by breaking the y

² When an account is considered as a single group, the terms average life and average service life are interchangeable.

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anomalies, or adjustments present in the data; how they may affect the result; and how the result of the analysis is going to be used.

Retirements Subject to Reimbursement

Retirements may be subject to reimbursement from various sources. For example, wood poles in either the telephone or electric industries may be retired subject to reimbursement from an insurance company (e.g., a pole damaged by an automobile) or the government (e.g., a line of poles that must be retired due to street or highway work). Depending on the accounting treatment for reimbursements related to retired property, the analyst may need to remove such plant from the database. If the reimbursement is recorded as salvage, no adjustment of retirement data would be necessary, assuming that such salvage is also considered in establishing future depreciation rates. Consistent treatment is the rule.

Banding

Banding is the compositing of a number of years of data in order to merge them into a single data set for further analysis. Often, several bands are analyzed. By making determinations of the life and retirement dispersion indicated in successive bands, the analyst can get a clear indication of whether there is a trend in either the life of the plant or in the dispersion of the retirements.

In general, there are three reasons to use bands:

1. *Increase the sample size.* In statistical analyses, the larger the sample size in relation to the universe (the body of all data), the greater the reliability of the result (i.e., the greater the probability that the results will be applicable to the universe as a whole).
2. *Smooth the observed data.* Generally, the data obtained from a single activity or vintage year will not produce an observed life table that can be easily fit.
3. *Identify trends.* By looking at successive bands, the analyst may identify broad trends in the data that may be useful in projecting the future life characteristics of the property.

The following sections discuss placement bands and experience bands, as well as different types of bands—rolling, shrinking, and fixed.

Placement Bands

Placement bands show, for a group of vintages, the composite retirement history from the property's placement in service to the present. Placement bands allow the analyst to isolate the effects of changes in technology and materials that occur in successive generations of plant. For example, consider a telephone company that installed air-core buried cable before a given year and jelly-filled cable thereafter. In order to identify the differences in service life and retirement dispersion between the two types of cable, one might want to look at a placement band consisting of all vintages prior to the changeover and a second band of all vintages after the changeover.

An advantage of placement bands is that they generally yield smooth curves when based on fairly narrow bands. Unfortunately, placement bands yield fairly complete curves only for the oldest vintages. The newest vintages, presumably of greater interest in forecasting, yield the shortest stub curves.

Experience Bands

Experience bands show the composite retirement history for all vintages during a select set of activity years. These bands allow the analyst to isolate the effects of the operating environment over time.

Experience bands yield the most complete curves for the recent bands because they have the greatest number of vintages (ages) included. However, they may require significant smoothing because the data for each age is independent of the data for other ages. This independence can result in an erratic retirement dispersion.

Experience bands require that during the experience band, in order to construct an observed life table, at least one vintage in the band must be at age zero.

Types of Bands

There are several ways to select placement and experience bands. Rolling bands and shrinking bands may be useful in identifying trends in the data. These bands, along with fixed bands, are discussed below.

Rolling. To set up rolling bands, the analyst selects beginning and ending years for the initial band. The second band has beginning and ending points x years (usually one year) later than those of the first band; the third band has beginning and ending points each x years (usually one year) later than those of the second band; and so on. The result is a series of "rolling" bands of identical width as shown in the sample three-year rolling bands below:

Band 1:	1990	1991	1992	
Band 2:		1991	1992	1993
Band 3:			1992	1993 1994

GLOSSARY

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Simulated Plant-Record Model (SPR)

A trial-and-error model used to estimate the average service life of a depreciable group. The SPR model simulates retirements and the resultant plant balances for combinations of standardized survivor curves and average service lives and compares the results to the historical data until a good match is found.

Sinking Fund Method

Under this method the depreciation accrual is comprised of two parts: an annuity and interest on the accumulated depreciation. As compared with the straight-line method, the sinking fund method produces lower early accruals and higher accruals in the latter part of the service life.

Statistical Aging

See **Computed Mortality**.

Straight-Line Method

A depreciation method by which the service value of plant is charged to depreciation expense (or a clearing account) and credited to the accumulated depreciation account through equal annual charges over its service life. See **Depreciation Rate**.

Survivor Curve

A plot representing the percent surviving at each age.

Survival Ratio

The ratio of the number of units (or dollars) surviving in a group at the end of a period to the number of units (or dollars) in the group at the beginning of that period. The ratio is equal to one minus the retirement ratio. See **Proportion Surviving**.

T-cut

A truncation of the observed life table values which is generally used in a mathematical fitting of a curve to the observed values.

Theoretical Depreciation Reserve

The calculated balance that would be in the accumulated depreciation account at a point in time using current depreciation parameters, such as average service and net salvage. Also known as "reserve requirement" or "calculated accumulated depreciation (CAD)." See **Accumulated Depreciation Account**.

Turnover Methods

Methods of estimating service life based on the time it takes the plant to "turn over," that is, the time it takes for the actual retirements to exhaust a previous plant balance. See **Computed Mortality**.

Statistical Analyses of Industrial Property Retirements

By

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Research Engineer



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group methods of constructing survivor curves, which methods frequently result in stub curves.

The 18 type curves can be used for this purpose. The probable average life and type of distribution are selected without computation other than the calculation and plotting of the stub curve for which the probable average life is wanted. The method involves simply plotting the survivor curve (stub or completed curve) to the same scale that the 18 type curves are plotted using the ordinates in percent of the total number of units and the abscissas in *years*. For this method the type curves need to be drawn for definite average lives, say, for each 5-year interval from 5 to 50, making about 10 patterns of the same type curve on a sheet, as illustrated by Fig. 29.

If these type survivor curves and the stub survivor curve for which the probable average life is wanted are each drawn on transparent graphs, the individual stub curve can be superimposed on each of the 18 type sheets in turn until a satisfactory agreement is found. The stub curve is classified by the type curve which it fits best, and the probable average life estimated according to the position the individual curve occupies when superimposed upon the type sheet.

Figure 29 shows curves 13-2 and 56-1 plotted on the L_3 type sheet. By the location of curve 56-1 approximately parallel to the 15-year average-life type curve, it is readily seen that the stub curve is an L_3 type of about 13 years probable average life. As shown, stub curve 13-2 does not fit the L_3 type. In the upper right corner are curves for the R_1 type with curves 13-2 and 56-1 drawn in. Here it is seen that curve 13-2 parallels the R_1 10-year average-life curve at about 11.5 years probable average life and that curve 56-1 does not fit. In comparing a stub curve with these type sheets it is best first to smooth it by eye, so that its location and shape are more definite than can be judged from the plotted points only.

It is not feasible to work in percent of average life because the individual stub curve whose probable average life is sought cannot be so expressed. But since a given type curve has the same relative distribution for any average life it is possible to plot it for any number of average lives and then to compare the individual stub curve with this series of curves to determine the probable average life and type of the stub curve. The standards for each type curve as illustrated in Fig. 29 can be drawn to any suitable scale. That found satisfactory here was 10 inches to 100 percent surviving for the vertical scale and $\frac{1}{4}$ inch to 1 year for the horizontal scale. The graph paper used was a standard sheet, 11x16 $\frac{1}{2}$ inches, ruled 20 divisions to the inch both ways.

The 18 type curves are expected to represent quite well all survivor curves commonly encountered in utility and industrial practices. For a given large organization, or for a group of smaller organizations of similar purposes, it may prove feasible to develop a set of standard curves embodying the company's own experience.

Responding Party: Cities

Docket No.: 53719

Requesting Party: ETI

Question No.: ETI-CITIES 1-2

Prepared by: Counsel, Mark Garrett, David Garrett, Karl Nalepa, Kevin O'Donnell, and Norman Gordon

Sponsoring Witness: Mark Garrett, David Garrett, Karl Nalepa, Kevin O'Donnell, and Norman Gordon

REQUEST:

ETI-CITIES 1-2 For each testifying expert, please provide:

- a. A list of all cases in which the testifying expert has submitted testimony, from 2015 to the present;
- b. Copies of all prior testimony, articles, speeches, published materials, and peer review materials written by the testifying expert, from 2015 to the present;
- c. The testifying expert's billing rate for this proceeding; and
- d. All documents provided to, reviewed by, or prepared by or for the testifying expert in anticipation of the testifying expert filing testimony in this proceeding.

RESPONSE:

Mark Garrett:

- a. A list of the cases in which Mr. Mark Garrett has submitted testimony from 2015 to present was included with the Direct Testimony of Mark E. Garrett as Exhibit MG-1.
- b. Mr. Garrett has no articles, speeches, published materials, or peer review materials that he has written from 2015 to the present. Mr. Garrett's testimony is listed on Exhibit MG-1 and is available in the public record.
- c. Mr. Garrett's billing rate is \$270 per hour.
- d. Mr. Garrett has reviewed ETI's Rate-Filing Package, ETI's witnesses' testimony, schedules, exhibits, and responses to discovery that relate to the subject matters addressed by Mr. Garrett in this docket.

David Garrett:

- a. A list of the cases in which Mr. David Garrett has submitted testimony from 2015 to present was included with the Direct Testimony of David J. Garrett as Exhibit DJG-1.

- b. Mr. David Garrett has no articles, speeches, published materials, or peer review materials that he has written from 2015 to the present. Mr. Garrett's testimony is listed in Exhibit DJG-1 and is available in the public record.
- c. Mr. Garrett's billing rate is \$225 per hour.
- d. Please see the response to ETI-Cities 1-1. Mr. Garrett also reviewed ETI's Rate-Filing Package, ETI's witnesses' testimony, schedules, exhibits, and responses to discovery that relate to the subject matters addressed by Mr. Garrett in this docket.

Karl Nalepa:

- a. A list of the cases in which Mr. Karl Nalepa has submitted testimony from 2015 to present was included with the Direct Testimony of Karl J. Nalepa as Attachment B.
- b. Please see Attachment A to the Direct Testimony of Karl J. Nalepa.
- c. Mr. Nalepa's billing rate is \$275 per hour.
- d. Mr. Nalepa was provided and/or reviewed ETI's Application, including testimony, schedules and exhibits, the functional revenue requirements model provided separately by ETI, responses to discovery issued in this case, prior Commission proposals for decision and final orders (Docket No. 50714, 48371, 47416, 46449, 43695, and 40443), and Commission rules. Mr. Nalepa also reviewed the summary of adjustments provided by other Cities' witnesses to incorporate into the Cities' revenue requirements model.

Kevin O'Donnell:

- a. A list of the cases in which Mr. Kevin O'Donnell has submitted testimony from 2015 to present was included in Appendix A to the Direct Testimony of Kevin W. O'Donnell.
- b. Mr. O'Donnell has no articles, speeches, published materials, or peer review materials that he has written from 2015 to the present. Mr. O'Donnell's testimony is listed in Appendix A to his direct testimony and is available in the public record.
- c. Mr. O'Donnell's billing rate is \$235 per hour.
- d. Mr. O'Donnell reviewed ETI's Rate-Filing Package, ETI's witnesses' testimony, schedules, exhibits, and responses to discovery that relate to the subject matters addressed by Mr. O'Donnell in this docket.

Norman Gordon:

- a. Mr. Norman Gordon submitted testimony on behalf of Cities Served by Entergy Texas in PUCT Docket 48439, Review of Rate Case Expenses Incurred in Docket 48371, in 2019. A copy of the January 25, 2019 testimony and June 12, 2019 revision is attached. Although not testimony, Mr. Gordon has also submitted declarations regarding rate

case expenses in numerous PUCT cases over the past 5 years, including Dockets 46831, 47125, 48332, 49148, 53551, 51348, 52040, 52195, and cases at the Railroad Commission of Texas.

- b. A copy of Mr. Gordon's testimony and revised testimony from Docket No. 48439 (regarding rate case expenses from Docket No. 48371) is attached. Mr. Gordon has appeared as a speaker at the 7th Annual Texas Administrative Law Seminar sponsored by the Administrative and Public Law Section of the State Bar of Texas in 2022.
- c. Mr. Gordon's billing rate is \$375 per hour.
- d. Mr. Gordon reviewed all the documents in Schedule NJG-2 to his direct testimony as well as selected portions of the filing in this proceeding, including the direct and supplemental testimony of Richard Lain and Meghan Griffiths. Mr. Gordon also reviewed the rate case expense testimony and affidavits in the other dockets cited in Schedule NJG-3.

Attachment 1 to ETI-Cities 1-2(b):

1. Docket No. 48439, Direct Testimony of Norman J. Gordon (January 25, 2019)
2. Docket No. 48439, Revised Direct Testimony of Norman J. Gordon (June 12, 2019)

**SOAH DOCKET NO. 473-18-4100
PUC DOCKET NO. 48439**

REVIEW OF RATE CASE EXPENSES	§	STATE OFFICE
INCURRED IN DOCKET NO.	§	OF
48371	§	ADMINISTRATIVE HEARINGS
	§	

Direct Testimony and Exhibits

Of

Norman J. Gordon

On Behalf Of
CITIES SERVED BY ENTERGY TEXAS

Cities' Rate Case Expenses

January 25, 2019

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EXHIBITS AND SCHEDULES

Attachment A-Biographical Data of Norman J. Gordon

Sch. NJG-1

Sch. NJG-2

Sch. NJG-3

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE IDENTIFY YOURSELF.**

3 A. I am Norman J. Gordon. My business address is 100 N. Stanton, Suite 1000 El Paso, Texas,
4 79901. I am a shareholder in the El Paso law firm Mounce, Green Myers, Safi Paxson &
5 Galatzan, A professional Corporation in El Paso, Texas

6 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

7 A. I received both a Bachelor of Arts and a Juris Doctor degree from the University of Illinois
8 at Urbana-Champaign. I was admitted to practice in Illinois in 1970 and in Texas in 1974.
9 I have also been admitted to practice in the United States District Court for the Western
10 District of Texas, United States District Court for the Eastern District of Texas, the United
11 States Court of Appeals for the Fifth Circuit, the United States Court of Military Appeals¹
12 and the United States Supreme Court. I am Board Certified in Civil Trial Law by the
13 Texas Board of Legal Specialization. I received my certificate of special competence in
14 1983 and have been recertified in 1988, 1993, 1998, and 2003, 2008, 2013 and 2018.
15 Shortly after graduation from law school, I entered the United States Army where I served
16 in the Judge Advocate General's Corps, stationed at Fort Bliss, Texas. After my military
17 service, I entered private practice in El Paso. As part of my practice in the area of civil
18 litigation, I have also worked extensively in the area of public utility regulation. Over the
19 past forty plus years, I have tried numerous major cases as lead counsel before City
20 Councils, the Railroad Commission of Texas and before this Commission. The cases in
21 which I have participated and tried have included major rate cases, amendments to

¹ The name was later changed to the United States of Appeals for the Armed Forces.

1 Certificates of Convenience and Necessity, nuclear prudence cases, merger and acquisition
2 cases, fuel cases, as well as inquiries into the reasonableness of rate case expense. I have
3 also represented clients in utility matters in appeals of orders of this and the Railroad
4 Commission in the District Courts of Travis County, the Austin Court of Appeals and the
5 Texas Supreme Court. In the course of my experience I have become familiar both with
6 the nature and complexity of issues in cases before this Commission, the rates charged by
7 counsel and expert witnesses in this area, and the amount of time necessary to provide
8 services to clients in these types of cases. My biographical information is attached as
9 Exhibit "A."

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT WITNESS?**

11 A. Yes, I have previously testified on a number of occasions as an expert witness for the City
12 of El Paso and on behalf of other cities in Texas on the question of the reasonableness of
13 rate case expenses before this Commission. I have also filed testimony on the
14 reasonableness of rate case expenses before the Railroad Commission of Texas.

15 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

16 A. I am testifying on behalf of the Cities serviced by Entergy Texas, Inc.²

17 **II. PURPOSE AND SUMMARY OF TESTIMONY**

18 **Q. WHAT IS THE PURPOSE AND SCOPE OF YOUR TESTIMONY?**

19 A. I have been requested to review and evaluate the total fees and expenses incurred in Docket
20 No. 48371 as well as the expenses to complete this docket No. 48439.

² Cities of Anahuac, Beaumont, Bridge City, Cleveland, Conroe, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota, Nederland, Oak Ridge North, Orange, Pinehurst, Port Arthur, Port Neches, Roman Forest, Shenandoah, Splendora, Sour Lake, Vidor and West Orange.

1 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.**

2 A. The Cities retained the Lawton Law Firm to represent them in this case. In turn The
3 Lawton Law firm engaged the Consultants/Witnesses who filed direct testimony on
4 various issues in the case. For Docket No. 48371, I have generally reviewed the case file
5 itself, the amount and nature of the issues, the amount of discovery and the invoices of the
6 various consultants and attorneys engaged on behalf of the Cities including all the time
7 entries. I have reviewed the invoices for service through November 2018 and find both
8 the hourly rates and total amounts invoiced to be reasonable.

9 **Q. WHAT ARE THE TOTAL AMOUNTS YOU ARE RECOMMENDING BE FOUND**
10 **REASONABLE TO DATE?**

11 A. For Docket No. 48371, I recommend the following amounts be found to be reasonable as
12 billed through November 2018:

Lawton Law Firm (Legal)	\$257,519.60
Resolve Utility Consultants(D. Garrett)	41,750.00
Garrett Group(M Garrett)	64,300.00
Nova Energy Consultants(O'Donnell)	19,533.75
ReSolved Energy Consulting(K. Nalepa, B. Murphy, E. Cromleigh)	39,701.00
TOTAL	422,804.35

III. EVALUATION OF RATE CASE EXPENSES

Q. WHAT STANDARDS DID YOU USE TO EVALUATE THE RATE CASE EXPENSES INCURRED BY THE CITIES?

A. Texas Utilities Code §33.023 provides for the reimbursement to a municipality of its reasonable rate case expenses to the extent found reasonable by the regulatory authority. I evaluated the reasonableness of the expenses pursuant to the precedents in cases before this Commission in the past. Specifically, I considered the recent decisions, including the decision in Entergy's last rate case expense docket (Docket 40295), the expressions in the Austin Court of Appeals in the *City of El Paso v. Pub. Util. Comm'n of Tex.*, 916 S.W.2d 515(Tex. App. Austin—1995, judgment vacated and writ dismiss'd by agr.), my experience and the language in Substantive Rule §25.245(b). Evaluation and evidence of reasonableness will consider:

(1) the nature, extent, and difficulty of the work done by the attorney or other professional in the rate case;

(2) the time and labor required and expended by the attorney or other professional;

(3) the fees or other consideration paid to the attorney or other professional for the services rendered;

(4) the expenses incurred for lodging, meals and beverages, transportation, or other services or materials;

(5) the nature and scope of the rate case, including:

(A) the size of the utility and number and type of consumers served;

(B) the amount of money or value of property or interest at stake;

(C) the novelty or complexity of the issues addressed;

(D) the amount and complexity of discovery;

(E) the occurrence and length of a hearing; and

(6) the specific issue or issues in the rate case and the amount of rate-case expenses reasonably associated with each issue.

Q. DID YOU APPLY OTHER STANDARDS UTILIZED BY THE COMMISSION IN THE PAST?

A. Yes, I also applied the standards utilized by the Commission in prior dockets. Specifically, I evaluated whether (a) the individual charges and rates are reasonable as compared to the usual charges for similar services; (b) the number of hours billed is reasonable; (c) the calculation of the charges is correct; (d) there is no double-billing of charges; (e) none of the charges has been recovered through reimbursement for other expenses; (f) none of the charges has been assigned to other matters; (g) there was no occasion in which there was billing in excess of 12 hours in a single day without explanation; (f) no luxury or personal items were included in expenses, such as first class travel, alcohol, valet parking, dry cleaning, designer coffee, or meals in excess of \$25 per person.³

Q. WHAT DID YOU REVIEW IN CONNECTION WITH YOUR EVALUATION?

A. I reviewed the Company's filing in general to get a sense of the issues raised, the extent of the testimony to be reviewed and any novelty in the issues. I also reviewed the amount of discovery in the case, and the testimony filed by the Cities' witnesses as well as discovery to the City. I reviewed the proposals from the consultant witness firms along with the estimates of fees they would incur. I also reviewed the Stipulation which resolved the case. I have had discussions with Ms. Molly Mayhall Vandervoort and Mr. Daniel

³ There are no meal expenses included. See e.g. *Application of El Paso Electric Company for Authority to Change Rates*, Docket No. 8363, 14 P.U.C. Bull, 2834 (1989), *Application of CenterPoint Energy Houston Electric, LLC for a Competition Transition Charge*, Docket NO. 30706, Order (Jul. 14, 2005).

1 Lawton of the Lawton Law firm about the complexities and issues in the case as well as
2 the resolution.

3 **Q. WHAT SERVICES HAVE BEEN PERFORMED TO DATE?**

4 A. Docket No. 48371 is complete. The Final Order was signed on December 18, 2018 and
5 no party filed a motion for rehearing. Through the end of November, the services
6 included initial reviews of the filing, identification of issues, identification and
7 engagement of consultants and witnesses, preparation and issuance of discovery,
8 preparation and filing of testimony, review of testimony of staff and other intervenors,
9 responses to discovery and settlement negotiations

10 **Q. WHAT SERVICES HAVE YET TO BE PERFORMED?**

11 A. As stated above, the case is now complete as the settlement has been approved.

12 **Q. HAVE YOU PERFORMED ANY OTHER ANALYSIS ON BEHALF OF THE**
13 **CITIES?**

14 A. Yes. I have also reviewed the qualifications experience and scope of work to be performed
15 by the Cities' Consultants and witnesses as well as the filed testimony of those witnesses.
16 I have also reviewed the settlement agreement, to understand the resolution of some of
17 those issues.

18 **Q. WHAT OPINION HAVE YOU FORMED CONCERNING THOSE EXPENSES?**

19 A. I have concluded that the fees charged by the Cities' consultants and witnesses as identified
20 below are reasonable and necessary. None of the consultants billed for travel or other
21 outside expenses.

1 **IV. SCOPE OF REVIEW**

2 **Q. WHAT EVALUATION DID YOU CONDUCT?**

3 A. In accordance with prior Commission cases, including those indicated above, I informally
4 audited invoices and other documentation, and based on my review I can affirm that:

5 (1) the individual charges and rates, and charges for expenses were reasonable as
6 compared to usual charges for such services;

7 (2) the number of hours billed was reasonable.

8 (2) the amount of each service was reasonable;

9 (3) the calculation of charges was correct;

10 (4) no double billing of charges occurred;

11 (5) no charges had already been recovered through reimbursement for other
12 expenses; and

13 (6) no charges should have been assigned to other matters.

14 I specifically reviewed each expense item and time entry and ascertained that no occasions
15 occurred where there was billing in excess of 12 hours for a single day. There were no
16 travel expenses, and therefore, no luxury items were included, no first class travel, and no
17 items such as alcohol. The only expenses charged were for the printing of testimony and
18 workpapers.

19 • I discussed the issues in the case with the Cities and attorneys including the nature and
20 difficulty of the analysis and cooperation by Entergy in the discovery process. There
21 were a number of unique issues in this case, some of which were related to the Tax

Cuts and Jobs Act of 2017 and the proposals for treatment of the excess accumulated deferred income taxes.

- I compared the hourly rates of each of the attorneys to rates charged by other law firms doing work in this area.
- I compared the hourly rates of the witnesses and other consultants to those charged by other firms doing work in this area.
- I reviewed the affidavits of the witnesses and attorneys which are attached to their testimony.
- I reviewed all the time entries by consultants and attorneys

Q. HOW ARE THE COSTS AND EXPENSES REVIEWED BY THE CITIES?

A. In the process, each consulting firm is responsible to review its invoices prior to submission to Mr. Lawton. Upon receipt, Mr. Lawton reviews the invoices for compliance with the standards, accuracy and mathematical errors. Upon his approval, Mr. Lawton submits the invoices, including those of his firm to the Cities' Steering Committee. Once the Steering Committee reviews the invoices, if they are approved, they are forwarded to Entergy. At any stage if there are issues, or questions about the invoices they are discussed and resolved. Based on the criteria I describe above, I have also reviewed the invoices submitted to date by the attorneys and consultants. My discussion of that review follows.

V. CITIES' EXPENSES IN DOCKET 48371

Q. WHAT REVIEW HAVE YOU PERFORMED OF INVOICES IN DOCKET 48371?

A. I have reviewed the invoices of the attorneys and consultants/witnesses submitted. Should any additional invoices be submitted prior to the time of the hearing, I will supplement

1 this testimony as appropriate. I have provided the summary of hours billed, hourly rates
2 hours and totals billed by firm and by statement on Schedule NJG-1. The affidavits of
3 each firm and statements are attached as Schedule NJG-2.

4 **VI. HOURLY RATES**

5 **Q. WHAT ARE THE HOURLY RATES CHARGED BY THE ATTORNEYS IN THIS**
6 **CASE?**

7 A. The hourly rates being charged are as follows:

8 Daniel Lawton \$295

9 Molly Vandervoort \$200

10 **Q. HAVE YOU FORMED AN OPINION REGARDING THE REASONABLENESS**
11 **OF THE RATES CHARGED BY THE ATTORNEYS FOR THE CITIES?**

12 A. Yes, the hourly rates being charged are reasonable.

13 **Q. DESCRIBE THE BASIS FOR YOUR OPINION.**

14 A. First, I am familiar with and aware of the experience of each of the lawyers. Mr. Lawton
15 has been working and practicing in the area of utility regulation administrative law for
16 many years both as an attorney and as a witness. Ms. Vandervoort has worked in this area
17 for the last nine years and had experience in previous major rate cases. Both attorneys
18 have the experience and background to justify the reasonableness of the rates charged for
19 the complex work in this case. Their previous experience, no doubt, reduced legal costs
20 to the Cities. The hourly rate charged by each of the attorneys is less than or comparable
21 to the rates charged by others for similar work. The reasonableness of the hourly rates is
22 demonstrated by the following chart which includes the hourly rates charged by other

lawyers in recent hearings before the Public Utility Commission or Railroad Commission of Texas rate proceedings. The hourly rates I have reviewed are in Schedule NJG-3. Based on my experience and my review, I have concluded that hourly rates charged by the attorneys in this case are reasonable.

Q. WHAT IS THE HOURLY RATE CHARGED BY THE CITIES' CONSULTANTS IN THIS CASE?

A. The hourly rates are as follows:

Resolve Utility Consultants

David Garrett	\$200 per hour
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Garrett Group, LLC

Mark Garrett	\$250 per hour
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Ed Farrer	\$150 per hour
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Garry Garrett	\$125 per hour
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Nova Energy Consultants

Kevin O'Donnell	\$195 per hour
-----------------	----------------

David O'Donnell	\$ 30 per hour
-----------------	----------------

ReSolved Energy Consulting

Karl Nalepa	\$260 per hour
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Brian Murphy	\$205 per hour
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Erin Cromleigh	\$175 per hour
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VII. REASONABLENESS OF LEGAL COSTS

Q. WHAT ARE THE ESTIMATED LEGAL COSTS IN THIS PROCEEDING?

Direct Testimony of Norman J. Gordon
PUC 48439

1 A. According to Mr. Lawton's affidavit the legal costs of this proceeding were \$254,608, in
2 fees for Mr. Lawton and Ms. Vandervoort. The time spent was in review of the filing,
3 preparation of material, review of the discovery, review and edit of Cities' testimony
4 review of the testimony of staff and other parties as well as ETI rebuttal, and participation
5 in the settlement negotiations.

6 **Q. WHAT ARE THE EXPENSES TO DATE?**

7 A. The expenses of this case directly incurred by the attorneys are for duplication of testimony
8 and work papers and totaled \$2,911.60.

9 **Q. HAVE YOU REVIEWED THE SPECIFIC BILLINGS OF THE ATTORNEYS?**

10 A. I have reviewed all of the billings. Based upon my review of the billings, my discussions
11 with counsel, and my brief review of issues in the case, I find that the number of overall
12 hours is reasonable, and the amounts for each service are reasonable. I found no
13 unreasonable duplication of time and no billings exceeding 12 hours in a single day.

14 **Q. WHAT EXPENSES WERE BILLED BY THE ATTORNEYS?**

15 A. The only expenses billed were for duplication of testimony and workpapers that were filed
16 in the case. The Lawton Law Firm does not separately charge for ordinary everyday
17 expenses such as in house copies, local delivery, facsimile, postage, computerized legal
18 research. These costs are subsumed in the hourly rate.

19 **Q. WHAT SERVICES ARE REPRESENTED IN THE LAW FIRM'S BILLINGS?**

20 A. The services represented in the Law Firm's billings are for the preliminary work of
21 reviewing the filing and working with the Consultants/witnesses to identify issues,
22 prehearing conferences, meeting with the client and begin the discovery process.

1 Q. ARE THE NUMBER OF HOURS AND TOTAL BILLS FOR THAT WORK
2 REASONABLE?

3 A. Yes, based on the criteria, and my experience, both the total hours and the total expenses
4 to date are reasonable. I found no improper time entries, no double billing and no
5 descriptions which relate to other matters.

6 **VIII. REASONABLENESS OF CONSULTANTS' FEES**

7 Q. WHAT SERVICES HAVE BEEN INVOICED TO DATE BY THE
8 CONSULTANTS/WITNESSES?

9 A. Each of the consultants/witnesses have submitted invoices for the work involved in the
10 proceeding.

11 Q. WHAT IS YOUR OPINION REGARDING THE AMOUNTS BILLED OF THE
12 GARRETT GROUP?

13 A. In my opinion the amounts billed are reasonable. I am familiar with the work of the
14 Garrett Group and the qualifications and experience of Mark Garrett and the other
15 individuals whose work is billed. The Garrett Group was assigned general accounting
16 responsibilities including payroll and pension expense issues, Tax Cuts and Jobs act of
17 2017 issues, and other operating expense issues. In my opinion the hourly rates are
18 reasonable. I have reviewed the invoices dated, the descriptions of the work along with
19 the number of hours expended. For the preliminary work identified the hours and total
20 amount billed is reasonable. There are no expenses billed.

21 Q. WHAT IS YOUR OPINION REGARDING THE AMOUNTS BILLED BY
22 RESOLVE UTILITY CONSULTING?

1 A. In my opinion the amounts billed are reasonable. I am familiar with the work of David
2 Garrett, as well as his experience, particularly in the field of depreciation studies. His area
3 of responsibility in this case was depreciation amortization, and the demolition studies
4 offered by ETI in support of its requested rate increase. He addressed the contingency
5 factor and need for a present value analysis in the demolition study, the inclusion of interim
6 retirements in the depreciation study, reallocation of reserve, and lives. I have reviewed
7 his statements, including the task descriptions the hours spent and the total number of
8 hours. His hourly rate is reasonable, as are the total hours and the total amount billed.

9 **Q. WHAT IS YOUR OPINION REGARDING THE AMOUNTS BILLED BY NOVA**
10 **ENERGY CONSULTANTS?**

11 A. In my opinion the hourly rate and total amounts billed are reasonable. I reviewed Mr.
12 Kevin O'Donnell's resume, past experience as well as his testimony filed in this case. His
13 responsibility was rate of return on equity, capital structure and overall return. In my
14 opinion the hourly rates and total amount billed is reasonable.⁴

15 **Q. WHAT IS YOUR OPINION REGARDING THE AMOUNTS BILLED BY**
16 **RESOLVED ENERGY CONSULTING?**

17 A. In my opinion the amount billed is reasonable. ReSolved was assigned the development
18 of the Cities' Cost of Service model, to reflect the recommendation of the other witnesses,
19 related to depreciation, rate of return, adjustments for TCJA, and other expense
20 adjustments. Mr. Murphy provided testimony about skylining costs capitalized, proper

⁴ I noted that all the time is identified by task and date in the August 31, 2018 affidavit, but the last 4.25 hours was not billed until September 4, 2019.

1 amounts to be added to the self-insurance reserve, true ups of TCRF and DCRF, and
2 weather normalization. I am familiar with the work of Mr. Nalepa and his group from
3 other cases. In my opinion the rates are reasonable for Mr. Nalepa and Mr. Murphy and
4 Ms. Cromleigh. I have reviewed the invoices. I reviewed the descriptions of the work,
5 and found no double billing, and no work not related to this case. The total for the tasks
6 performed, in my experience is reasonable. There are no expenses billed.

7 **Q. HAVE THE CITIES INCURRED EXPENSES FOR THIS PROCEEDING?**

8 A. Yes, The Cities have incurred expenses for the Lawton Law Firm and my time in this
9 proceeding. My hourly rate for this proceeding is \$385 which is reasonable. However,
10 most of the billings will have occurred after November 2018. I will timely supplement
11 this testimony to include that time as it is available.

12 **Q. WILL YOU SUMMARIZE YOUR RECOMMENDATIONS?**

13 A. Yes, I reviewed the case file, the background of the attorneys and witnesses for the Cities,
14 as well the actual billings and found them reasonable. The only expenses claimed are for
15 the duplication of the testimony that was filed.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes, at this time.

Biographical Data

Norman J. Gordon

Mr. Gordon was born in Chicago. After completing military service in the Judge Advocate General's Corps of the Army he entered private practice in El Paso, Texas. Mr. Gordon practices primarily in civil litigation, municipal finance and public utility regulation law.

Education and Professional Background

University of Illinois, B.A. 1967

University of Illinois, J.D., 1970

Captain, U.S. Army (J.A.G.C.) 1970-1974

1974-2003-- Attorney/Shareholder/Director/President, Diamond Rash Gordon & Jackson, P.C., El Paso, Texas

2003-Present--Attorney/Shareholder Mounce, Green Myers, Safi & Paxson Galatzan, a Professional Corporation

Certification:

Mr. Gordon has been board certified in Civil Trial Law by the Texas Board of Legal Specialization since 1983

Bar Admissions

Texas, Illinois, United States District Court for the Western District of Texas, United States District Court for the Eastern District of Texas, United States Court of Appeals for the Fifth Circuit, United States Court of Military Appeals, United States Supreme Court

Activities and Affiliations

Member: State Bar of Texas, American, Federal Bar and Illinois State Bar Associations. Member: National Association of Bond Lawyers. Texas Association of Defense Counsel

Listed: The Best Lawyers in America (1991-Present), Texas Super Lawyers 2003-2018

Seminars Topics Presented

Utility Regulation basics (El Paso Public Utility Regulation Board)

Construction Lien Law

Construction Law

Residential and Commercial Evictions

Civil Trial Law Issues (Discovery Rules (El Paso Bar Association)

Mr. Gordon has also conducted numerous training sessions for El Paso Advisory Boards on Utility Regulation

Personal Activities

Mr. Gordon has been involved with numerous charitable and civic organizations in El Paso. He has served on the Board of Directors of Hospice of El Paso, Congregation B'nai Zion and as president of the Jewish Community Center of El Paso and the Jewish Federation of El Paso. He was a member of the Board of Directors of the United Way of El Paso County from 2004-2014.

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SUMMARY OF ALL EXPENSES

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Firm	Legal	Resolve	Garrett Gp.	Nova	ReSolved	Total
2	Estimate	\$ -			\$ -		\$ -
	Services/Billed						
3	May-18	\$ 39,721.50	22,450.00			\$ 5,601.50	\$ 67,773.00
4	Jun-18	\$ 60,204.50	18,250.00			\$ 9,833.50	\$ 88,288.00
5	Jul-18	\$ 74,339.60	1,050.00	\$ 54,800.00	\$ 18,705.00	\$ 19,660.00	\$ 168,554.60
6	Aug-18	\$ 56,381.50		\$ 9,500.00	\$ 828.75	\$ 4,128.00	\$ 70,838.25
7	Aug-18	\$ 26,872.50					\$ 26,872.50
8	Sep-18					478.00	\$ 478.00
9	Oct-18						
10	Nov-18						
11	Dec-18						
12							
13	Total	\$ 257,519.60	\$ 41,750.00	\$ 64,300.00	\$ 19,533.75	\$ 39,701.00	\$ 422,804.35

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LEGAL EXPENSE

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Estimate						
2	Timekeeper	Lawton		Vandervoort			
3		Rate	\$295	Rate	\$200		
	Services/Billed						
4		<u>Hours</u>	<u>Fees</u>	<u>Hours</u>	<u>Fees</u>	<u>Expense</u>	<u>Total</u>
5	May-18	113.7	\$ 33,541.50	30.9	\$ 6,180.00	\$	39,721.50
6	Jun-18	161.1	\$ 47,524.50	63.4	\$12,680.00	\$	60,204.50
7	Jul-18	174.4	\$ 51,448.00	99.9	\$19,980.00	\$2,911.60	\$ 74,339.60
8	Aug-18	137.7	\$ 40,621.50	78.8	\$15,760.00	\$	56,381.50
9	Aug-18	71.5	\$ 21,092.50	28.9	\$ 5,780.00	\$	26,872.50
10	Sep-18						
11	Oct-18						
12	Nov-18						
13	Dec-18						
15	Total	658.4	\$ 194,228.00	301.9	\$60,380.00	\$	257,519.60
					\$254,608.00		

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Resolve Utility Consultants

Line No.	(a)	(b)	(c)	(d)	(e)
1	Estimate	\$45,000.00			
2	Timekeeper	D. Garrett			
3		Rate	\$200		Total
	Services/Billed				
4		Hours	Fees	Expense	
5	May-18				
6	Jun-18	112.25	\$22,450.00		\$22,450.00
7	Jul-18	91.25	\$18,250.00		\$18,250.00
8	Aug-18	5.25	\$1,050.00		\$1,050.00
9	Aug-18				
10	Sep-18				
11	Oct-18				
12	Nov-18				
13	Dec-18				
14					
15	Total	208.75	\$41,750.00		\$41,750.00

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GARRETT GROUP, LLC

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Estimate	\$85,000.00							
2	Timekeeper	M Garrett		E Farrar		G Garrett			
3		Rate	\$250	Rate	\$150	Rate	\$125		
	Services/Billed								
4	Month	<u>Hours</u>	<u>Fees</u>	<u>Hours</u>	<u>Fees</u>	<u>Hours</u>	<u>Fees</u>	Expense	Total
5	May-18								
6	Jun-18								
7	Jul-18	150	\$37,500.00	77	\$11,550.00	46	\$5,750.00		\$54,800.00
8	Aug-18	32.0	\$8,000.00			12.0	\$1,500.00		\$9,500.00
9	Aug-18								
10	Sep-18								
11	Oct-18								
12	Nov-18								
13	Dec-18								
14									
15	Total	182.0	\$45,500.00	77.0	\$11,550.00	58.0	\$7,250.00		\$64,300.00

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Nova Energy Consultants

Estimate	\$23,500.00						
Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Estimate						
2	Timekeeper	K. O'Donnell			D. O'Donnell		
	Services/Billec	Rate	\$195		Rate	\$30	
	Billed						
3	Month	Hours	Fees	Hours	Fees	Expense	Total
4	May-18						
5	Jun-18						
6	Jul-18						
7	Aug-18	91	\$17,745.00	\$32.00	\$960.00		\$18,705.00
8	Aug-18	4.25	\$828.75				\$828.75
9	Sep-18						
10	Oct-18						
11	Nov-18						
12	Dec-18						
13							
14	Total		\$18,573.75		\$960.00		\$19,533.75

PUC DOCKET 48439
 CITIES' RATE CASE EXPENSES

PUC Docket 48439
 Schedule NJG-1
 January 25, 2019
 Page 6 of 6

RESOLVED ENERGY CONSULTING

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Estimate	\$74,000.00							
2	Timekeeper	Nalepa		Murphy		Cromleigh			
3		Rate	\$260	Rate	\$205	Rate	\$175.00		
	Billed								
4	Month	<u>Hours</u>	<u>Fees</u>	<u>Hours</u>	<u>Fees</u>	<u>Hours</u>	<u>Fees</u>	<u>Expense</u>	<u>Total</u>
5	May-18	6.8	\$ 1,768.00	18.7	\$ 3,833.50				5,601.50
6	Jun-18	12.4	\$ 3,224.00	28.4	\$ 5,822.00	4.50	787.50		9,833.50
7	Jul-18	24	\$ 6,240.00	39	\$ 7,995.00	31.00	5,425.00		19,660.00
8	Aug-18	10.2	\$ 2,652.00	7.2	\$ 1,476.00				4,128.00
9	Aug-18								
10	Sep-18	1.3	\$ 338.00			0.80	140.00		478.00
11	Oct-18								
12	Nov-18								
13	Dec-18								
14									
15	Total	54.7	\$14,222.00	93.3	\$19,126.50	\$ 36.30	\$ 6,352.50		\$39,701.00

Docket 48439

Schedule NJG-2

Affidavits and Invoices

SOAH Docket No. 473-18-4100
PUCT Docket No. 48439

REVIEW OF THE RATE CASE § BEFORE THE STATE OFFICE
EXPENSES INCURRED IN DOCKET §
NO. 48371 § OF
§
§ ADMINISTRATIVE HEARINGS
§

RATE CASE EXPENSE AFFIDAVIT OF DANIEL J. LAWTON PROVIDING ACTUAL
RATE CASE EXPENSES FOR DOCKET NO. 48371

I, Daniel J. Lawton, state the following facts upon my oath.

1. My name is Daniel J. Lawton. I am over eighteen years of age and am not disqualified from making this affidavit.
2. I am an attorney and owner of The Lawton Law Firm, P.C. and have been retained by a number of Entergy Texas, Inc. Service Area municipalities¹ that are impacted by the proposed rate increase that was the subject of Docket No. 48371 and will be impacted further by this proceeding. My business address is: 12600 Hill Country Boulevard, Suite R-275, Austin, TX 78738.
3. My hourly billing rate is \$295.00, which I charge to all clients for this type of work and representation in rate proceedings. Based on my experience in rate proceedings around the country and in Texas my billing rate, along with the billing rates of Ms. Vandervoort are among the lowest, if not *the* lowest, market rates. Ms. Molly Vandervoort provided legal analysis and services in this proceeding and her hourly billing is \$200.00 per hour.

The hourly rates listed above are inclusive of ordinary out-of-pocket expenses. In other words, the firm does not charge extra for normal copying, fax, deliveries (Federal Express), telephone (long-distance) and courier expenses. I do charge for extraordinary expenses such as deposition transcripts, hearing transcripts, large copy jobs, and multiple

¹ The municipalities that have retained The Lawton Law Firm, P.C. in this proceeding are; Anahuac, Beaumont, Bridge City, Cleveland, Conroe, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota, Nederland, Oak Ridge North, Orange, Pinehurst, Port Arthur, Port Neches, Roman Forest, Shenandoah, Sour Lake, Splendora, Vidor, and West Orange ("Cities").

copy requests such as the direct testimony of the experts, to be filed in this proceeding, that are sent out for copying.

4. There are no billings by any individual for more than twelve hours in a single day. In instances where I work more than twelve hours in a day, the charges are limited to 12 hours. Also, there are no hotel, travel, meals or other travel expenses included in any of the billings.
5. I am giving this affidavit to submit the firm's actual legal fees and charges in PUC Docket No. 48371, *ETI's Application of Entergy Texas, Inc. For Authority to Changes Rates*. Total legal fees charged are \$254,608; total expense charges (printing costs) to this project are \$2,911.60 resulting in total charges for Docket No. 48371 of \$257,519.60, as set forth in the following table.

Table 1 ² The Lawton Law Firm Actual Billings by Calendar Month for Docket No. 48371 for the Period May 2018 through November 2018			
Month	Fees	Expenses	Total Invoice
May 2018	\$39,721.50	\$0	\$39,721.50
June 2018	\$60,204.50	\$0	\$60,204.50
July 2018	\$71,428.00	\$2,911.60 ³	\$74,339.60
August 2018	\$56,381.50	\$0	\$56,381.50
September 2018	\$26,872.50	\$0	\$26,872.50
October 2018	\$0.00	\$0	\$0
November 2018	\$0.00	\$0	\$0
TOTAL	\$254,608.00	\$2,911.60	\$257,519.60

² Copies of monthly invoices are attached.

³ Copy charges for expert testimony and work papers filed in the Docket No. 48371 rate proceeding.

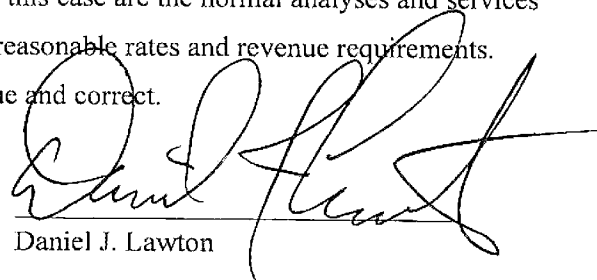
6. A breakdown of billing hours and charges by attorney is presented in Table 2 below.

TABLE 2
BREAKDOWN OF MONTHLY BILLINGS FOR LAWTON LAW FIRM

	LAWTON			MAYHALL VANDERVOORT			TOTAL	
MONTH	HOURS BILLED	CHARGES		HOURS BILLED	CHARGES		HOURS BILLED	CHARGES
MAY	113.7	\$33,541.50		30.9	\$6,180.00		144.6	\$39,721.50
JUNE	161.1	\$47,524.50		63.4	\$12,680.00		224.5	\$60,204.50
JULY	174.4	\$51,448.00		99.9	\$19,980.00		274.3	\$71,428.00
AUGUST	137.7	\$40,621.50		78.8	\$15,760.00		216.5	\$56,381.50
SEPTEMBER	71.5	\$21,092.50		28.9	\$5,780.00		100.4	\$26,872.50
TOTAL	658.4	\$194,228.00		301.9	\$60,380.00		960.3	\$254,608.00

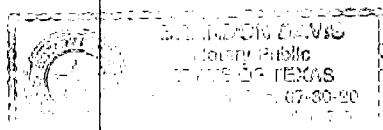
The hourly billings for each attorney are identified and explained in the attached monthly invoices.

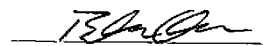
7. The legal services and analyses provided in this case are the normal analyses and services provided in a rate proceeding to determine reasonable rates and revenue requirements.
8. The statements made in this affidavit are true and correct.


 Daniel J. Lawton

STATE OF Texas §
 COUNTY OF Texas §

SUBSCRIBED AND SWORN to before me, the undersigned authority, on the
7 th day of ~~DECEMBER 2018~~ ^{January} 2019, by Daniel J. Lawton.




 Notary Public, State of Texas
 My Commission Expires: 07/30/20

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

June 8, 2018

Mr. Harry Wright
Wright & Pitre
P.O. Box 186
Port Neches, Texas 77651-01860

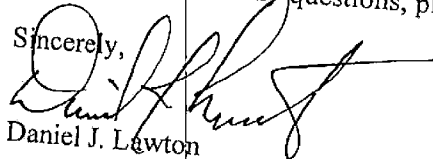
Re: May Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Dear Mr. Wright:

Attached please find an invoice for legal services in the above-referenced matter for the month of May 2018. The services are related to the initial review and analysis of ETI's May 15, 2018 proposed \$117.5 million base rate increase.¹ In addition tasks involved preparing rate suspension ordinances for Cities, discussions with various Cities regarding the rate case request, and initial analysis of issues. Further activities putting together an expert consultant team to address issues raised in the case.

If you have any questions, please call.

Sincerely,


Daniel J. Lawton

DJL/
Enclosures

¹ ETI proposes to offset the first two years of the increase with a \$100 million per year refund to customers of excess unprotected deferred taxes.

THE LAWTON LAW FIRM, P.C.

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INVOICE FOR SERVICES FOR May Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Daniel Lawton	113.7 Hrs	\$295.00	\$33,541.50
Molly Mayhall Vandevoot	30.9 Hrs	\$200.00	\$6,180.00
Total Fees			\$39,721.50
EXPENSES:			
Total Fees and Expenses			\$39,721.50

* Please see attachment (Attachment Letter)

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR May Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates Daniel Lawton		
5/16/18	7.2 Hrs	Review ETI application, review Schedule Q tariff/ revenues, summary of issues & impacts
5/17/18	8.7 Hrs	Continue review ETI application, review Schedule P cost of service outline, summary of issues & impacts; outline issues in letter to client, develop City Rate Suspension Ordinances
5/18/18	8.5 Hrs	Review Entergy 2017 annual report, identify 2017 events specific to ETI costs, review quantification of excess ADIT (protected & unprotected), review issues raised by other Regulators related to TCJA relevant to the docket
5/19/18	7.8 Hrs	Continue review Entergy 2017 annual report, identify 2017 events specific to ETI costs, review quantification of excess ADIT (protected & unprotected), review issues raised by other Regulators related to TCJA relevant to the docket; summarize issues for case. Finalize City letter & ordinances
5/21/18	8.3 Hrs	Begin development of summary cost of service in excel identify costs for modeling proposed revenue requirement; pull data from ETI last docket set up a revenue requirement comparison
5/22/18	9.2 Hrs	Continue development of summary cost of service in excel identify costs for modeling proposed revenue requirement; pull data from ETI last docket set up a revenue requirement comparison
5/23/18	6.6 Hrs	Begin testimony summaries of Rainer & Lapson; identify potential issues for cross & discovery re: financial metrics and financial integrity
5/24/18	9.6 Hrs	Work on excel model tie out scheds A & B; continue testimony summaries of Lapson & Totten; identify potential issues for cross & discovery re: financial metrics and financial integrity; good cause exceptions
5/25/18	8.2 Hrs	Quantify financial enhancement issue re: Lapson pp 31 - 33; quantify issues impact on financial metrics; review specific rating agency reports TCJA; begin review depreciation (Watson/McHone)
5/26/18	7.5 Hrs	Finalize initial summary financial metrics; review specific rating agency reports TCJA; finalize initial review depreciation (Watson/McHone)
5/27/18	2.2 Hrs	Summary of issues to discuss w/ consultants outline topics for review
5/28/18	5.6 Hrs	Initial review cost of capital Hevert, set up models for ROE review
5/29/18	8.5 Hrs	Continue review cost of capital Hevert, continue modeling for ROE review, pull together recent Hevert analyses for case
5/30/18	7.8 Hrs	Review sched. K data, Continue review cost of capital Hevert, continue modeling for ROE review
5/31/18	8.0 Hrs	Review A. Weaver testimony storm costs treatment, research USOA re storm reserves, tie down proposed amortization/ rate base treatment; review bench marking; Review revenue model tie down tariffs (current & proposed) tie down incremental change
Total Hours	113.7 Hrs	

THE LAWTON LAW FIRM, P.C.

INVOICE FOR SERVICES FOR May Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Molly Mayhall Vandervoort

5/16/18	3.6 Hrs	Correspondence w/ clients re rate case, review issues re rate case
5/17/18	0.5 Hrs	Rate Ordinance & letter for clients
5/18/18	2.2 Hrs	Meet w/ DL rate case issues; correspondence w/ clients re rate case
5/21/18	3.6 Hrs	Start rate case review / motion to intervene
5/22/18	1.6 Hrs	Review discovery read testimony
5/23/18	5.1 Hrs	Correspond w/ consultants; review testimony & schedules
5/24/18	6.9 Hrs	Meet w/ DL & consultants re rate case issues review discovery, review testimony/ schedules
5/29/18	5.2 Hrs	Attend pre-hearing; review & edit discovery, correspond w/ consultants
5/30/18	0.5 Hrs	Finalize & file discovery
5/31/18	1.7 Hrs	Meet w/ DL rate case approach; correspond w/ consultants
Total	30.9 Hrs	

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

July 5, 2018

Mr. Harry Wright
Wright & Pitre
P.O. Box 186
Port Neches, Texas 77651-01860

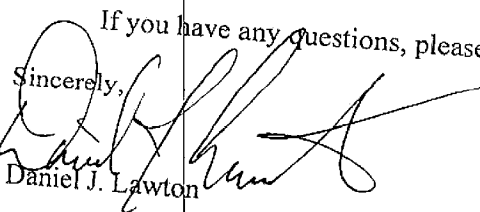
Re: June Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Dear Mr. Wright:

Attached please find an invoice for legal services in the above-referenced matter for the month of June 2018. The services are related to the continued review and analysis of ETI's May 15, 2018 proposed \$117.5 million base rate increase.¹ In addition tasks involved working with finalizing the expert consulting team and identification of all issues to be addressed by the different consultants. In addition, work was done developing the legal framework and strategic approach in addressing some of the basic issues and also addressing the major tax issues in the case.

If you have any questions, please call.

Sincerely,


Daniel J. Lawton

DJL/
Enclosures

¹ ETI proposes to offset the first two years of the increase with a \$100 million per year refund to customers of excess unprotected deferred taxes.

THE LAWTON LAW FIRM, P.C.

2600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

INVOICE FOR SERVICES FOR June Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Daniel Lawton	161.1 Hrs	\$295.00	\$47,524.50
Molly Mayhall Vandevoort	63.4 Hrs	\$200.00	\$12,680.00
Total Fees			\$60,204.50
EXPENSES:			
Total Fees and Expenses			\$60,204.50

* Please see attachment {Attachment Letter}

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR June Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates			
Daniel Lawton			
6/1/18	7.8 Hrs	Review Weaver testimony/ proposed storm reserve/ also review PUCT rules on self insurance	
6/2/18	6.2 Hrs	Summary of storm analysis as proposed by ETI; evaluate alternate amortization relative to cash flow claims	
6/4/18	7.5 Hrs	Review Hevert analysis relative to prior testimony re: DCF also model CAPM & Risk Premium	
6/5/18	6.5 Hrs	Review Hevert analysis relative to prior testimony re: DCF also model CAPM & Risk Premium	
6/6/18	8.0 Hrs	Discuss Hevert analysis relative to prior testimony DCF also model CAPM & Risk Premium w/ ROE expert suggested approaches for analysis	
6/7/18	8.0 Hrs	Review Hevert analysis relative to prior testimony re: DCF also model CAPM & Risk Premium summary for cross & brief	
6/8/18	6.0 Hrs	Review Jackson & Stack testimony on accounting issues summary of issues to address for case	
6/9/18	6.3 Hrs	Discuss w/ consultants Jackson & Stack testimony on accounting issues summary of issues to address for case eg (tree trim issue Stack)	
6/13/18	7.5 Hrs	Prep for consultant meeting on issues that need further evaluation/ discovery meet w/ consultants discuss case issues	
6/14/18	7.5 Hrs	Write up summary of analysis on storm cost recovery/ review Wilson analysis on storm self-insurance	
6/15/18	7.0 Hrs	Model unprotected excess ADIT issue; write-up summary of ETI proposal outline alternatives	
6/18/18	6.8 Hrs	Model alternatives excess ADIT write-up summaries of scenarios w/ NPV of cash flows	
6/19/18	6.0 Hrs	Prep issue summaries for consultant meeting/ review discovery/ begin modeling of COS revenues	
6/20/18	7.8 Hrs	Continue consultant issue prep/ meet w/ Moliy & consultants outline issues & findings.	
6/21/18	6.2 Hrs	Continue revenue model w/ rider revenue summaries/ begin quantifying & outlining issue impacts based on consultant findings	
6/22/18	7.5 Hrs	Continue revenue model w/ rider revenue summaries/ begin quantifying & outlining issue impacts based on consultant findings	
6/23/18	6.2 Hrs	Model financial integrity cash flow impacts under excess ADIT alternatives	
6/25/18	6.0 Hrs	Review of FERC model proposal and alternatives to address regulatory lag issues	
6/26/18	6.5 Hrs	Model financial integrity metrics and cash flow alternatives relevant to Lapson case claims	
6/27/18	7.8 Hrs	Review financial integrity metrics and cash flow alternatives relevant to Lapson case claims	
6/28/18	7.5 Hrs	Review of FERC model proposal and alternatives to address regulatory lag issues	
6/29/18	7.5 Hrs	Review of FERC model proposal and alternatives to address regulatory lag issues	
6/30/18	7.0 Hrs	Review of FERC model proposal and alternatives to address regulatory lag issues	
TOTAL HRS	161.1 Hrs		

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR <u>June Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates</u>			
Molly Mayhall Vandervoort			
6/1/18	2.1 Hrs	Review testimony & schedules, review & edit proposed discovery	
6/4/18	2.4 Hrs	Review testimony & schedules,, analyze issues, draft memo to consultants re procedural schedule and deadlines	
6/5/18	0.5 Hrs	Correspond w/ consultants re protective order	
6/6/18	2.7 Hrs	Review testimony & schedules, review discovery requests	
6/7/18	2.7 Hrs	Review testimony & schedules, review discovery requests	
6/8/18	2.1 Hrs	Review testimony & schedules, review discovery requests	
6/11/18	4.7 Hrs	Review testimony & schedules analysis of issues	
6/12/18	4.0 Hrs	Review testimony & schedules, review discovery requests	
6/13/18	3.2 Hrs	Draft & file discovery; correspondence w/ Cities re: rate ordinances	
6/14/18	2.4 Hrs	Review testimony & schedules, review discovery requests	
6/15/18	2.4 Hrs	Review testimony & schedules, review & file discovery requests	
6/18/18	0.7 Hrs	Meet w/ DL rate case approach; correspond w/ consultants	
6/19/18	4.3 Hrs	Correspondence w/ Cities re: rate ordinances	
6/20/18	2.5 Hrs	Review discovery responses; meet & discuss case issues w/ DL & consultants	
6/21/18	1.5 Hrs	Review discovery responses & organize discovery file;	
6/22/18	3.0 Hrs	Review discovery responses & organize discovery file;	
6/25/18	3.0 Hrs	Review discovery responses & organize discovery file;	
6/26/18	3.7 Hrs	Meet w/ DL discuss & address case issues review discovery responses;	
6/27/18	4.5 Hrs	Review discovery responses & organize discovery file;	
6/28/18	3.9 Hrs	Review testimony & schedules analysis of issues; discovery	
6/29/18	5.6 Hrs	Review testimony & schedules analysis of issues; discovery	
6/30/18	1.5 Hrs	Review discovery response	
Total	63.4 HRS		

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

August 9, 2018

Mr. Harry Wright
Wright & Pitre
P.O. Box 186
Port Neches, Texas 77651-01860

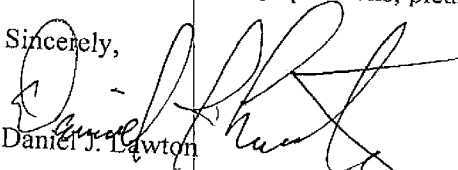
Re: June Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Dear Mr. Wright:

Attached please find an invoice for legal services in the above-referenced matter for the month of July 2018. The services are related to the continued review and analysis of ETI's May 15, 2018 proposed \$117.5 million base rate increase.¹ Tasks involved working with the expert consulting team on identification of all issues to be addressed by the different consultants. In addition, work was done developing the legal framework and strategic approach in addressing some of the basic issues and also addressing the major tax issues in the case. Added work entailed quantifying issues, modeling cost of service and revenue requirements, discovery on the Company's case, and identifying key issues for hearing.

If you have any questions, please call.

Sincerely,


Daniel J. Lawton

DJL/
Enclosures

¹ ETI proposes to offset the first two years of the increase with a \$100 million per year refund to customers of excess unprotected deferred taxes.

THE LAWTON LAW FIRM, P.C.

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INVOICE FOR SERVICES FOR July 2018 Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Daniel Lawton	174.4 Hrs	\$295.00	\$51,448.00
Molly Mayhall Vandevoot	99.9 Hrs	\$200.00	\$19,980.00
Total Fees			\$71,428.00
EXPENSES:			
Rainmaker Copying Testimony ²			\$2,541.71
Rainmaker Copying Work papers ³			\$369.89
Total Fees and Expenses			\$74,339.60

* Please see attachment {Attachment Letter}

2 Attached
 3 Attached

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR July Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates			
Daniel Lawton			
7/1/18	3.8 Hrs	Review issues outline pull data on issues for summary to clients	
7/2/18	7.2 Hrs	Model historical capacity costs for FERC rider, review discovery, outline additional discovery needed	
7/3/18	7.0 Hrs	Discuss w/ consultants issues on depreciation, Riders, O&M, and revenues	
7/5/18	7.5 Hrs	Develop analysis on DCRF TCRF tax/ TCRF collections/ analysis of financial integrity	
7/6/18	8.0 Hrs	Pull added data on financial integrity issues outline issues related to ETI financial theme of financial metrics/ Reg. Lag	
7/7/18	6.4 Hrs	Continue analysis on financial integrity issues outline issues related to ETI financial theme of financial metrics/ Reg. Lag	
7/9/18	7.0 Hrs	Outline research all aspects on TCJA and other tax issues/ review other regulatory approaches; review impacts to financials	
7/10/18	6.9 Hrs	Continue research all aspects on TCJA and other tax issues/ review other regulatory approaches; review impacts to financials	
7/11/18	8.0 Hrs	Continue research all aspects on TCJA and other tax issues/ review other regulatory approaches; review impacts to financials	
7/12/18	7.5 Hrs	Summarize depreciation issues raised by ETI salvage issues	
7/13/18	7.0 Hrs	Continue analysis of depreciation issues raised by ETI salvage issues	
7/15/18	8.2 Hrs	Summary of depreciation issues raised by ETI salvage issues; outline potential cross areas for depreciation/ decommissioning study	
7/16/18	8.0 Hrs	Prep issue summaries for consultant meeting/ review discovery/ begin modeling of COS revenues	
7/17/18	8.0 Hrs	Cross outline on financial integrity / ROE and financial metrics/ Hevert, Lapson, Weaver	
7/18/18	6.9 Hrs	Prep for meeting and meet w/ consultants on all issues to be addressed in testimony/ work on COS model run numbers	
7/19/18	7.5 Hrs	Continue COS model w/ rider revenue summaries/ quantifying & outlining issue impacts based on consultant proposed findings & expected testimony	
7/20/18	8.2 Hrs	Review draft testimony on issues; outline cross areas necessary to support arguments; compile supporting exhibits for hearing	
7/23/18	6.5 Hrs	Review draft testimony on issues; outline cross areas necessary to support arguments; compile supporting exhibits for hearing	
7/24/18	7.2 Hrs	Review draft testimony on issues; outline cross areas necessary to support arguments; compile supporting exhibits for hearing	
7/25/18	7.5 Hrs	Outline cross and cross exhibits needed to support proposed issues, outline brief issues based on testimony	
7/27/18	8.0 Hrs	Outline cross and cross exhibits needed to support proposed issues, outline brief issues based on testimony	
7/29/18	7.3 Hrs	Review draft testimony on issues; outline cross areas necessary to support arguments; compile supporting exhibits for hearing	
7/30/18	8.2 Hrs	Review draft testimony on issues; outline cross areas necessary to support arguments; compile supporting exhibits for hearing	
7/31/18	6.6 Hrs	Review draft testimony on issues; outline cross areas necessary to support arguments; compile supporting exhibits for hearing	
TOTAL HRS	174.4 Hrs		

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR <u>July Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates</u>		
Molly Mayhall Vandervoort		
7/2/18	3.2 Hrs	Draft and file discovery, review requests & responses
7/3/18	3.1 Hrs	Review discovery requests & responses
7/4/18	0.9 Hrs	Review discovery requests & responses
7/5/18	3.0 Hrs	Review discovery requests & responses Review testimony & schedules.
7/6/18	3.5 Hrs	Review discovery requests & responses Review testimony & schedules.
7/9/18	3.1 Hrs	Review discovery requests & responses Review testimony & schedules, wrote comments on draft testimony
7/10/18	1.2 Hrs	Draft and file discovery Review testimony issues
7/11/18	1.0 Hrs	Review discovery requests & responses
7/12/18	4.8 Hrs	Review discovery requests & responses wrote comments on draft testimony
7/13/18	5.2 Hrs	Review discovery requests & responses wrote comments on draft testimony
7/16/18	2.4 Hrs	Review discovery requests & responses wrote comments on draft testimony, discuss w/ Dan case issues, call w/ OPUC re rate case issues
7/17/18	3.0 Hrs	Review discovery requests & responses, prep for teleconference w/ consultants
7/18/18	4.1 Hrs	Teleconference w/ consultants re rate case issues/ testimony, talk w/ Dan L rate case issues
7/19/18	7.3 Hrs	Review discovery requests & responses wrote comments on draft testimony
7/20/18	4.6 Hrs	Review discovery requests & responses wrote comments on draft testimony, discuss issues w/ Dan L, correspondence on draft testimony
7/21/18	3.7 Hrs	Correspondence w/ consultants on draft testimony
7/23/18	4.9 Hrs	Review discovery requests & responses wrote comments on draft testimony
7/24/18	3.0 Hrs	Review & comment on draft testimony
7/25/18	5.9 Hrs	Review & comment on draft testimony
7/26/18	7.7 Hrs	Review & comment on draft testimony, Review discovery requests & responses
7/27/18	5.7 Hrs	Review & comment on draft testimony
7/29/18	3.5 Hrs	Review & comment on draft testimony
7/30/18	8.1 Hrs	Review & comment on draft testimony
7/31/18	7.0 Hrs	Review & comment on draft testimony
Total	99.9 HRS	



PLEASE PAY FROM THIS INVOICE
Remit Payment to:
 301 Congress Avenue
 Suite 250
 Austin, Texas 78701

Invoice

Date 8/2/2018 Invoice # 45089

Bill To
The Lawton Law Firm, P.C. 12600 Hill Country Blvd. Suite R-275 Austin, Texas 78738

Ship To
The Lawton Law Firm, P.C. 12600 Hill Country Blvd. Suite R-275 Austin, Texas 78738

Ordered By		Reference Number	Terms	Rep	Project Number	Delivery Date	
Molly		48371	Due on receipt	ML	08180005	8/2/2018	
Description of Services Provided					Qty	Rate	Amount
Digital BW Prints Envelopes CD GBC Binding Label Stock 48371					16,345	0.10	1,634.50T
					22	1.50	33.00T
					18	12.50	225.00T
					175	2.50	437.50T
					18	1.00	18.00T
Customer Signature					Subtotal		\$2,348.00
					Sales Tax (8.25%)		\$193.71
Thank you for choosing Rainmaker Document Technologies!!					Total		\$2,541.71
Phone Number	Fax Number		Federal Tax ID Number		Payments/Credits		\$0.00
512.472.9911	512.472.6161		43-2033387		Balance Due		\$2,541.71

#::E\W?dk,Y):E_n%lk



rainmaker
 Document Technologies

PLEASE PAY FROM THIS INVOICE

Remit Payment to:
 301 Congress Avenue
 Suite 250
 Austin, Texas 78701

Invoice

Date 8/6/2018 Invoice # 45100

Bill To
 The Lawton Law Firm, P.C.
 12600 Hill Country Blvd. Suite R-275
 Austin, Texas 78738

Ship To
 The Lawton Law Firm, P.C.
 12600 Hill Country Blvd. Suite R-275
 Austin, Texas 78738

Ordered By	Reference Number	Terms	Rep	Project Number	Delivery Date	
Molly	48371	Due on receipt	ML	08180025	8/6/2018	
Description of Services Provided				Qty	Rate	Amount
Digital BW Prints				1,385	0.12	166.20T
CD				13	12.50	162.50T
Label Stock				13	1.00	13.00T
48371						
Customer Signature	Thank you for choosing Rainmaker Document Technologies!!			Subtotal		\$341.70
Sales Tax (8.25%)				\$28.19		
Total				\$369.89		
Payments/Credits				\$0.00		
Phone Number	Fax Number	Federal Tax ID Number		Balance Due		\$369.89
512.472.9911	512.472.6161	43-2033387				

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

September 10, 2018

Mr. Harry Wright
Wright & Pitre
P.O. Box 186
Port Neches, Texas 77651-01860

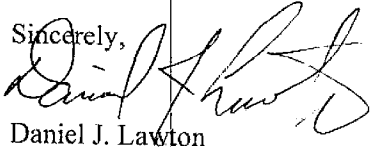
Re: August Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Dear Mr. Wright:

Attached please find an invoice for legal services in the above-referenced matter for the month of August 2018. The services are related to the continued review and analysis of ETI's May 15, 2018 proposed \$117.5 million base rate increase.¹ Tasks involved working with the expert consulting team on issues. In addition, work was done finalizing the legal framework on issues for hearing and working with parties on settlement. Added work entailed quantifying issues, modeling cost of service and revenue requirements for purposes of settlement analysis, responding to discovery from the Company, and identifying key issues for hearing.

If you have any questions, please call.

Sincerely,



Daniel J. Lawton

DJL/
Enclosures

¹ ETI proposes to offset the first two years of the increase with a \$100 million per year refund to customers of excess unprotected deferred taxes.

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

INVOICE FOR SERVICES FOR September 2018 Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Daniel Lawton	137.7 Hrs	\$295.00	\$40,621.50
Molly Mayhall Vandervoort	78.8 Hrs	\$200.00	\$15,760.00
Total Fees			\$56,381.50
EXPENSES:			
Total Fees and Expenses			\$56,381.50

* Please see attachment {Attachment Letter}

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR September Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates		
Daniel Lawton		
8/1/18	8.5 Hrs	Review issues raised by parties in direct testimony; evaluate issues quantify; evaluate alternative COS w/ all issues
8/2/18	7.2 Hrs	Settlement discussions; evaluate issues assess probabilities
8/3/18	7.8 Hrs	Continue issues evaluation for settlement; continue cross & hearing exhibit development for hearing
8/4/18	7.1 Hrs	Develop cross & cross exhibits for McCone & Watson depreciation issues
8/6/18	8.4 Hrs	Settlement analysis evaluate offer, continue Watson analysis on depreciation
8/7/18	8.2 Hrs	Continue witness cross prep, develop hearing exhibits and opening outline for hearing
8/8/18	7.6 Hrs	Settlement analysis of issues prep outline of cross for Rainer hearing exhibits
8/9/18	7.9 Hrs	Settlement analysis of issues prep outline of cross for Rainer/ Lapson hearing exhibits
8/10/18	8.0 Hrs	Cross on Lapson finalize opening outline continue hearing exhibits on ETI financials
8/11/18	7.5 Hrs	Finalize Lapson cross outline start cross on Totten policy issues, develop hearing exhibits
8/13/18	8.0 Hrs	Settlement analysis ETI counter, develop cross for Hevert, develop hearing exhibits for ROE
8/14/18	8.5 Hrs	Settlement discussions w/ parties; continue hearing prep on Weaver, Pollock issues on allocation TCJA ADIT
8/15/18	8.0 Hrs	Settlement issues finalize cross prep on all depreciation issues & develop TCJA ADIT outline & exhibits
8/16/18	8.6 Hrs	Cross outline on for Jackson, Roberts, & Warren excess ADIT issues Settlement issues & discussions Review ETI counter
8/17/18	7.5 Hrs	Hearing prep. Settlement discussions, outline settlement status to clients.
8/23/18	5.8 Hrs	Review settlement issues & review settlement COS runs
8/29/18	4.3 Hrs	Review settlement issues & review settlement COS runs
8/30/18	4.2 Hrs	Review revised baselines under settlement & Review settlement issues & review settlement COS runs
8/31/18	4.6 Hrs	Review revised baselines under settlement & Review settlement issues & review settlement COS runs
TOTAL HRS	137.7 Hrs	

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR <u>September Invoice-PUC Docket No. 48371;</u> <u>Application of Entergy Texas, Inc. For Authority To Change Rates</u>		
Molly Mayhall Vandervoort		
8/1/18	6.4 Hrs	Finalize and file direct testimony, read other parties testimony on issues
8/2/18	6.2 Hrs	Call w/ DL on settlement, compile & file work papers, review discovery requests and discuss w/ consultants
8/3/18	5.8 Hrs	Filed hard copy work papers w/ PUC filing clerk, draft response on data requests.
8/6/18	6.9 Hrs	Attend settlement discussions by telephone, draft Cities correspondence on ordinance.
8/7/18	2.2 Hrs	Review ETI discovery requests & responses, draft Rate Ordinance recommendation to Cities.
8/8/18	6.5 Hrs	Review ETI discovery requests & responses Call on Garrett testimony w/ Watson review testimony
8/9/18	5.9 Hrs	Attend settlement via telephone, review testimony issues, correspond w/ consultant re discovery
8/10/18	2.0 Hrs	Prepare and file HSPM for delivery to SOAH per SOAH request, review direct for cross
8/13/18	5.6 Hrs	Analyze settlement proposal, finalize and file response to ETI RFI
8/14/18	5.8 Hrs	Attend settlement by phone, prepare witness cross rate case issues
8/15/18	4.3 Hrs	Attend settlement by phone, meet and discuss w/ Dan case issues, prepare witness cross rate case issues
8/16/18	4.7 Hrs	Attend settlement conference via phone, read rebuttal, draft position statement on issues
8/17/18	5.8 Hrs	Teleconference w/ consultants re rate case issues/ testimony, talk w/ Dan L rate case issues
8/20/18	0.8 Hrs	Analyzed settlement numbers
8/21/18	5.0 Hrs	Analyzed settlement numbers draft correspondence to clients
8/22/18	0.5 Hrs	Analyzed settlement numbers
8/23/18	0.5 Hrs	Analyzed settlement numbers
8/27/18	0.4 Hrs	Analyzed settlement numbers
8/28/18	1.6 Hrs	Analyzed settlement numbers draft correspondence to clients
8/29/18	1.9 Hrs	Analyzed settlement numbers draft correspondence to clients
Total	78.8 Hrs	

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

October 10, 2018

Mr. Harry Wright
Wright & Pitre
P.O. Box 186
Port Neches, Texas 77651-01860

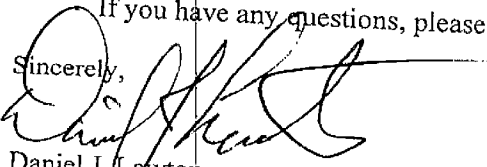
Re: September Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates

Dear Mr. Wright:

Attached please find an invoice for legal services in the above-referenced matter for the month of September 2018. The services are related to the continued review, analysis, and review of settlement of ETI's May 15, 2018 proposed \$117.5 million base rate increase.¹ Tasks involved working with parties on settlement, reviewing and analysis of settlement documents. Added work entailed continued modeling cost of service and revenue requirements for purposes of settlement analysis, review and analysis of cost allocation and rate design and working with Cities on Settlement Ordinances.

If you have any questions, please call.

Sincerely,



Daniel J. Lawton

DJL/
Enclosures

¹ ETI proposes to offset the first two years of the increase with a \$100 million per year refund to customers of excess unprotected deferred taxes.

THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019 • Fax: 512/329-2604

**INVOICE FOR SERVICES FOR September 2018 Invoice-PUC Docket No. 48371;
Application of Entergy Texas, Inc. For Authority To Change Rates**

Daniel Lawton	71.5 Hrs	\$295.00	\$21,092.50
Molly Mayhall Vandevoot	28.9 Hrs	\$200.00	\$5,780.00
Total Fees			\$26,872.50
EXPENSES:			
Total Fees and Expenses			\$26,872.50

* Please see attachment {Attachment Letter}

THE LAWTON LAW FIRM, P.C. INVOICE FOR SERVICES FOR September Invoice-PUC Docket No. 48371; Application of Entergy Texas, Inc. For Authority To Change Rates		
Daniel Lawton		
9/3/18	6.5 Hrs	Model settlement impacts employing staff COS model
9/4/18	4.1 Hrs	Discuss w/ clients potential impacts & benefits of settlement
9/5/18	5.8 Hrs	continue to model settlement impacts employing staff COS model
9/6/18	5.1 Hrs	Model settlement impacts employing staff COS model
9/10/18	4.6 Hrs	Review settlement documents & continue the model on settlement impacts employing staff COS model
9/11/18	4.4 Hrs	Review settlement documents
9/12/18	4.2 Hrs	Discussions w/ client re settlement Review settlement documents
9/14/18	4.3 Hrs	Review settlement documents; develop documents for rate ordinance & City summary
9/17/18	3.7 Hrs	Work w/ Cities on rate ordinance & actions required to approve settlement
9/18/18	3.5 Hrs	Work w/ Cities on rate ordinance & actions required to approve settlement
9/19/18	4.0 Hrs	Develop Cities letter & rate ordinance on settlement
9/20/18	2.5 Hrs	Work w/ Cities on settlement; review final rate design impacts
9/21/18	3.6 Hrs	Review stipulation documents & revenue proof/ cost allocation
9/24/18	2.6 Hrs	Review settlement documents w/ Clients re approval of settlement
9/25/18	4.5 Hrs	Provide Cities settlement summary, impacts to customers, Review settlement documents
9/26/18	3.8 Hrs	Provide Cities settlement summary, impacts to customers, Review settlement documents
9/28/18	4.3 Hrs	Discussions w/ Cities provide clients settlement summary, impacts to customers,
		Provide Cities settlement summary, impacts to customers
TOTAL HRS	71.5 Hrs	

THE LAWTON LAW FIRM, P.C.

**INVOICE FOR SERVICES FOR September Invoice-PUC Docket No. 48371;
Application of Entergy Texas, Inc. For Authority To Change Rates**

Molly Mayhall Vandervoort

9/4/18		3.2 Hrs	Correspond w/ Cities re: Ordinances and settlement, review draft settlement
9/5/18		5.1 Hrs	Review draft settlement and supporting documents, draft recommendation to Cities re settlement and pending rate ordinance
9/6/18		3.5 Hrs	Review draft settlement and supporting documents, review denial ordinances and correspondence w/ Cities.
9/11/18		0.5 Hrs	Correspond w/ Cities re Settlement and rate ordinances
9/12/18		2.2 Hrs	Review draft settlement and supporting documents.
9/13/18		4.3 Hrs	Revise recommendation on outstanding rate action and settlement
9/14/18		0.9 Hrs	Review draft settlement and supporting documents, correspond w/ Cities re settlement
9/15/18		0.8 Hrs	Revise recommendation on outstanding rate action and settlement
9/17/18		1.6 Hrs	Finalize Cities rate recommendation re pending settlement and proposed ordinance
9/18/18		1.2 Hrs	Correspondence w/ Cities on Settlement
9/19/18		1.3 Hrs	Review draft settlement and supporting documents
9/20/18		3.4 Hrs	Review draft settlement and supporting documents
9/21/18		0.5 Hrs	Finalize Cities rate recommendation re pending settlement and proposed ordinance for City action
9/28/18		0.4 Hrs	Review ordinances passed by Cities
Total		28.9 Hrs	

**SOAH DOCKET NO. 473-18-4100
PUCT DOCKET NO. 48439**

**REVIEW OF THE RATE CASE § BEFORE THE STATE
EXPENSES INCURRED IN § OFFICE OF ADMINISTRATIVE
DOCKET NO. 48371 § HEARINGS**

**RATE CASE EXPENSE AFFIDAVIT OF DAVID J. GARRETT
PROVIDING ACTUAL EXPENSES THROUGH AUGUST 31, 2018**

I, David J. Garrett, state the following facts upon my oath.

1. My name is David J. Garrett. I am over eighteen years of age and am not disqualified from making this affidavit.
2. I am the managing member of Resolve Utility Consulting PLLC, where I work as a regulatory consultant. I have been retained by the Cities' Steering Committee to provide expert analysis and testimony for certain Cities served by Entergy Texas, Inc. ("ETI") in the instant case at the Public Utility Commission of Texas. My business address is 101 Park Avenue, Suite 1125, Oklahoma City, OK 73112.
3. I am giving this affidavit to address the necessity for and reasonableness of Resolve Utility Consulting PLLC's fee-related charges through August 31, 2018.
4. Resolve Utility Consulting PLLC's actual fees through August 31, 2018, correspond to time spent reviewing and analyzing ETI's application, developing discovery requests, reviewing discovery responses, responding to discovery requests, and providing pre-filed written testimony. The hours charged are summarized in the following table and the statements for services are attached to this affidavit.

**RESOLVE UTILITY CONSULTING'S EXPENSES
MAY 15, 2018 THROUGH AUGUST 31, 2018**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
David J. Garrett	\$200	208.75	\$41,750.00
Total Actual			<u>\$41,750.00</u>

5. My billing rate is \$200 per hour. This is my normal billing rate that I charge for services provided to both regulated and non-regulated entities. This rate is reasonable for a consultant providing these types of services before utility regulatory agencies in Texas. The hourly rate is especially reasonable given I have more than seven years of utility rate regulatory experience. Part of the basis for my opinion is a review of the hourly rates charged by other consultants to perform similar services.
6. No Resolve Utility Consulting PLLC personnel billed in excess of 12 hours on any given day to this case. No Resolve Utility Consulting PLLC personnel incurred any airline,

lodging, or meal expenses. No Resolve Utility Consulting PLLC personnel charged for any luxury items. There are no instances of double billing for Resolve Utility Consulting PLLC's services.


7. Based on my experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Public Utility Commission of Texas, I conclude that: (1) Resolve Utility Consulting PLLC's hourly rates are reasonable; and (2) the 208.75 actual hours in this case are both reasonable and necessary.
8. The statements made in this affidavit are true and correct.

David J. Garrett

STATE OF Oklahoma §
COUNTY OF Oklahoma §

SUBSCRIBED AND SWORN to before me, the undersigned authority, on the 24th day of September, 2018, by David J. Garrett.




 Notary Public, State of Michigan
 My Commission Expires: 1/25/21



Resolve Utility Consulting PLLC
100 Park Avenue
Suite 700
Oklahoma City, Oklahoma 73102
(405) 249-1050

INVOICE

Bill To
Lawton Law Firm, P.C.
12600 Hill Country Blvd.
Suite R275
Austin, TX 78738

Invoice# INV-000127
Project Name Entergy Texas, Inc., PUC
48371

Task & Date	Hours	Rate	Amount
Review testimony and application 06/01/18	4.50	200.00	900.00
Review depreciation study and exhibits 06/02/18	3.75	200.00	750.00
Review depreciation study and testimony 06/04/18	5.75	200.00	1,150.00
Review and organize depreciation data and review exhibits 06/05/18	5.50	200.00	1,100.00
Review and organize depreciation data and review exhibits 06/06/18	5.50	200.00	1,100.00
Review and organize actuarial data and review depreciation study 06/07/18	5.25	200.00	1,050.00
Review and organize actuarial data and review depreciation study 06/09/18	4.75	200.00	950.00

Task & Date	Hours	Rate	Amount
Review and organize depreciation data and review exhibits 06/11/18	5.00	200.00	1,000.00
Review and draft discovery and organize actuarial data 06/12/18	5.50	200.00	1,100.00
Review and organize service life and net salvage data 06/13/18	4.75	200.00	950.00
Build workpapers, organize actuarial data, and review depreciation study 06/14/18	5.75	200.00	1,150.00
Build workpapers, organize actuarial data, and review depreciation study 06/15/18	5.25	200.00	1,050.00
Review and organize actuarial data and review depreciation study 06/16/18	4.00	200.00	800.00
Review Iowa curve analysis and build workpapers 06/18/18	5.75	200.00	1,150.00
Organize actuarial service life data and build observed life tables 06/19/18	5.50	200.00	1,100.00
Organize actuarial service life data and build observed life tables 06/20/18	5.50	200.00	1,100.00
Conduct Iowa curve analysis and build observed life tables 06/21/18	5.25	200.00	1,050.00

Task & Date	Hours	Rate	Amount
Conduct terminal net salvage analysis and build workpapers 06/22/18	5.00	200.00	1,000.00
Conduct service life and net salvage analsis and build workpapers 06/25/18	4.75	200.00	950.00
Review discovery, build observed life tables, and review net salvage data 06/26/18	6.00	200.00	1,200.00
Conduct remaining life analysis and build workpapers 06/27/18	5.75	200.00	1,150.00
Conduct remaining life analysis and review discovery 06/28/18	3.50	200.00	700.00
Total Hours 112.25		Total	\$22,450.00
		Balance Due	\$22,450.00



Resolve Utility Consulting PLLC
101 Park Avenue
Suite 1125
Oklahoma City, Oklahoma 73102
(405) 249-1050

INVOICE

Bill To

Lawton Law Firm, P.C.

12600 Hill Country Blvd.

Suite R275

Austin, TX 78738

Invoice#

INV-000137

Project Name

Entergy Texas, Inc., PUC
48371

Task & Date	Hours	Rate	Amount
Conduct terminal net salvage analysis and review depreciation study 07/02/18	7.50	200.00	1,500.00
Conduct remaining life and Iowa curve analysis 07/03/18	3.75	200.00	750.00
Conduct service life and net salvage analysis and build workpapers 07/05/18	5.75	200.00	1,150.00
Conduct terminal net salvage and service life analysis and draft testimony 07/06/18	7.00	200.00	1,400.00
Draft testimony and exhibits and conduct curve fitting analysis 07/07/18	7.50	200.00	1,500.00
Draft testimony and exhibits and conduct curve fitting analysis 07/08/18	6.75	200.00	1,350.00
	8.00	200.00	1,600.00

Task & Date	Hours	Rate	Amount
Conduct terminal net salvage and service life analysis and draft testimony 07/09/18			
Draft testimony and exhibits and conference call with team 07/18/18	7.75	200.00	1,550.00
Review and revise testimony and workpapers and submit draft to counsel 07/19/18	7.75	200.00	1,550.00
Review testimony and correspondence with team re rates 07/20/18	2.50	200.00	500.00
Conduct remaining life analysis and draft testimony and exhibits 07/21/18	4.50	200.00	900.00
Conduct remaining life analysis and draft testimony and exhibits 07/23/18	5.00	200.00	1,000.00
Review and revise testimony and workpapers and conduct impact analysis 07/25/18	4.75	200.00	950.00
Review discovery responses and review and revise testimony and exhibits 07/26/18	4.50	200.00	900.00
Review and revise testimony and exhibits and submit draft to counsel 07/27/18	4.50	200.00	900.00
	3.75		750.00

Task & Date	Hours	Rate	Amount
Review and revise testimony and submit final draft to counsel 07/30/18		200.00	
Total Hours 91.25		Total	\$18,250.00
		Balance Due	\$18,250.00



Resolve Utility Consulting PLLC
101 Park Avenue
Suite 1125
Oklahoma City, Oklahoma 73102
(405) 249-1050

INVOICE

Bill To

Lawton Law Firm, P.C.

12600 Hill Country Blvd.

Suite R275

Austin, TX 78738

Invoice#

INV-000145

Project Name

Entergy Texas, Inc., PUC
48371

Task & Date	Hours	Rate	Amount
Review discovery 08/01/18	1.00	200.00	200.00
Review and respond to discovery 08/03/18	1.75	200.00	350.00
Review and respond to discovery 08/05/18	0.50	200.00	100.00
Review discovery and conference with counsel and company 08/08/18	2.00	200.00	400.00
Total Hours 5.25		Total	\$1,050.00
		Balance Due	\$1,050.00

**SOAH DOCKET NO. 473-18-4100
PUCT DOCKET NO. 48439**

**REVIEW OF THE RATE CASE § BEFORE THE STATE
EXPENSES INCURRED IN § OFFICE OF ADMINISTRATIVE
DOCKET NO. 48371 § HEARINGS**

**RATE CASE EXPENSE AFFIDAVIT OF GARRETT GROUP LLC
PROVIDING ACTUAL EXPENSES THROUGH AUGUST 31, 2018**

I, Mark Garrett], state the following facts upon my oath.

1. My name is Mark Garrett. I am over eighteen years of age and am not disqualified from making this affidavit.
2. I am President of Garrett Group LLC. I have been retained by the Cities' Steering Committee to provide expert analysis and testimony for certain Cities served by Entergy Texas, Inc. ("ETI") in the instant case at the Public Utility Commission of Texas. My business address is 4028 Oakdale Farm Circle, Edmond, OK 73013.
3. I am giving this affidavit to address the necessity for and reasonableness of Garrett Group's fee-related charges through August 31, 2018.
4. Garrett Group's actual fees through August 31, 2018, correspond to time spent reviewing and analyzing ETI's application, developing discovery requests, reviewing discovery responses, responding to discovery requests, and providing pre-filed written testimony. The hours charged are summarized in the following table and the statements for services are attached to this affidavit.

**GARRETT GROUP's EXPENSES
MAY 15, 2018 THROUGH AUGUST 31, 2018**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
Mark Garrett	\$250	182	\$45,500
Ed Farrar	\$150	77	\$11,550
Garry Garrett	\$125	58	\$7,250
Total Actual		317	\$64,300

5. My billing rate is \$250 per hour. This is my normal billing rate that I charge for services provided to both regulated and non-regulated entities. This rate is reasonable for a consultant providing these types of services before utility regulatory agencies in Texas. The hourly rate is especially reasonable given I have more than 25 years of utility rate regulatory experience. Part of the basis for my opinion is a review of the hourly rates charged by other consultants to perform similar services. Assisting me on this proceeding are Ed Farrar and Garry Garrett. Ed Farrar is a CPA and Regulatory Consultant and has over 25 years of regulatory experience. Garry Garrett is a research analyst with more than

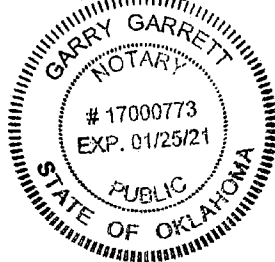
10 years of regulatory experience. Ed Farrar and Garry Garrett work under my direction and supervision.

6. No Garrett Group personnel billed in excess of 12 hours on any given day to this case. No Garrett Group personnel incurred any airline, lodging, or meal expenses. No Garrett Group personnel charged for any luxury items. There are no instances of double billing for Garrett Group's services.
7. Based on my experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Public Utility Commission of Texas, I conclude that: (1) Garrett Group's hourly rates are reasonable; and (2) the 317 actual hours in this case are both reasonable and necessary.
8. The statements made in this affidavit are true and correct.

Mark Garrett

STATE OF Oklahoma §
COUNTY OF Oklahoma §

SUBSCRIBED AND SWORN to before me, the undersigned authority, on the 9th day of September, 2018, by Mark Garrett.



Notary Public, State of _____
My Commission Expires: _____

GARRETT GROUP LLC
4028 OAKDALE FARM CIRCLE, EDMOND, OK 73013
TELEPHONE (405) 239-2226 • E-MAIL MGARRETT@GARRETTGROUPLLC.COM

August 15, 2018

The Lawton Law Firm, P.C.
816 Congress, Suite 1120
Austin, TX 78701

RE: Entergy Texas Inc. 2018 Rate Case, PUC Docket No. 48371

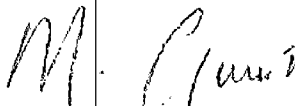
Dear Dan:

Our invoice for professional services during May, June and July, 2018 in connection with the above-referenced case follows:

I.	Professional Services:	
A.	M. E. Garrett – 150 hours at \$250.00 per hour (Details in Attachment A)	\$37,500.00
B.	Ed Farrar – 77 hours at \$150.00 per hour (Details in Attachment B)	\$11,550.00
C.	Garry Garret – 46 hours at \$125.00 per hour (Details in Attachment C)	5,750.00
II.	Expenses	
	Office Expenses	N/C
III.	TOTAL THIS INVOICE:	<hr/> \$54,800.00

We appreciate the opportunity to work with you on this case. Please call me if you have any questions.

Sincerely,


Mark E. Garrett
Attachments

MEG/gg

Attachment A
 Consulting Tasks for
 Ennergy Texas, Inc.
 Docket No. 48371
 (Mark Carreau)

May - July, 2018 - 150 Hours

Date	Task	Hours
May		
28	Initial case analysis and review	4
29	Initial case analysis and review	4
30	Initial case analysis and review	2
June		
5	Work on discovery	4
7	Work on discovery; develop potential issues	6
13	Work on discovery; develop potential issues	6
14	Research prior decisions on potential issues	4
19	Research prior decisions on potential issues	4
21	Develop issues	6
25	Review discovery responses; work on issues	2
28	Review discovery responses; work on issues	4
29	Review discovery responses; work on issues	4
July		
3	Develop issues; work on schedules	4
4	Develop issues; work on schedules	4
5	Develop issues; work on schedules	4
16	Work on testimony, exhibits and workpapers	6
17	Work on testimony, exhibits and workpapers	6
18	Work on testimony, exhibits and workpapers	4
19	Work on testimony, exhibits and workpapers	8
20	Work on testimony, exhibits and workpapers	8
21	Work on testimony, exhibits and workpapers	8
23	Work on testimony, exhibits and workpapers	8
24	Work on testimony, exhibits and workpapers	8
25	Work on testimony, exhibits and workpapers	8
26	Work on testimony, exhibits and workpapers	8
27	Work on testimony, exhibits and workpapers	8
29	Work on testimony, exhibits and workpapers	4
30	Work on testimony, exhibits and workpapers	4
31	Work on testimony, exhibits and workpapers	4
Total		150

Attachment B
Consulting Tasks for
Entergy Texas, Inc.
Docket No. 48371

(Edwin Furrar)

May - July, 2018 - 77 Hours

Date	Task	Hours
May		
22	Review application and exhibits	1.0
24	Review filed exhibits	2.0
26	Review exhibits and testimony	4.0
27	Review exhibits and testimony and draft discovery	3.0
28	Review exhibits and testimony and draft discovery	3.5
June		
27	Review discovery responses, exhibits, and testimony	1.5
28	Review discovery responses and filed exhibits	2.5
29	Review exhibits and testimony	2.5
30	Review discovery, exhibits and testimony, perform rate case analysis	7.0
July		
2	Review discovery responses, exhibits, and testimony	1.0
3	Review discovery responses, work papers and filed exhibits	1.0
4	Review work papers, exhibits	5.5
5	Review ADIT, update adjustments, draft discovery	2.0
6	Review ADIT, update adjustments	1.5
7	Review discovery responses, work papers, and exhibits	7.0
8	Review transmission cost recovery issues	5.0
9	Review transmission cost recovery issues	3.0
13	Review discovery responses, perform analysis	2.0
14	Review discovery responses, perform analysis	8.0
15	Perform analysis, draft adjustments	7.0
16	Perform analysis, draft adjustments and testimony	2.0
17	Draft payroll testimony, review tax issues	2.0
24	Review exhibits and testimony	1.0
25	Review testimony issues	1.0
30	Review testimony issues	1.0
Total		77

Attachment C
 Consulting Tasks for
 Entergy Texas, Inc.
 Docket No. 48371

(Garry Garrett)

May – July, 2018 – 46 Hours

Date	Task	Hours
May		
21	Initial case review	2
29	Initial case review	2
June		
4	Case review, develop issues	2
6	Develop issues, Develop discovery	4
12	Case review, develop issues	4
25	Develop issues	2
26	Develop issues	2
28	Develop discovery	4
29	Develop issues	2
July		
2	Develop discovery, Develop issues	4
5	Review issues, Develop discovery	4
9	Develop discovery	2
13	Review discovery, develop issues	2
16	Develop issues	2
17	Develop issues	2
19	Develop issues	2
20	Develop issues	2
25	Develop issues	2
Total		46

GARRETT GROUP LLC
4028 OAKDALE FARM CIRCLE, EDMOND, OK 73013
TELEPHONE (405) 239-2226 • E-MAIL MGARRETT@GARRETTGROUPLLC.COM

September 7, 2018

The Lawton Law Firm, P.C.
816 Congress, Suite 1120
Austin, TX 78701

RE: Entergy Texas Inc. 2018 Rate Case, PUC Docket No. 48371

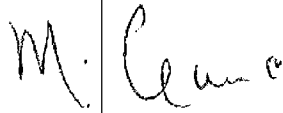
Dear Dan:

Our invoice for professional services during August, 2018 in connection with the above-referenced case follows:

I.	Professional Services:	
A.	M. E. Garrett – 32 hours at \$250.00 per hour (Details in Attachment A)	\$8,000.00
B.	Garry Garrett – 12 hours at \$125.00 per hour (Details in Attachment B)	\$1,500.00
II.	Expenses	
	Office Expenses	N/C
III.	TOTAL THIS INVOICE:	<hr/> \$9,500.00

We appreciate the opportunity to work with you on this case. Please call me if you have any questions.

Sincerely,



Mark E. Garrett
Attachments

MEG/gg

Attachment A
 Consulting Tasks for
 Entergy Texas, Inc.
 Docket No. 48371

(Mark Garrett)

August, 2018 – 32 Hours

Date	Task	Hours
August		
1	Develop and file testimony	4
6	Review testimony of others	4
7	Review testimony of others	4
13	Trial preparation	4
14	Trial preparation	4
15	Trial preparation	4
16	Trial preparation	4
17	Trial preparation	4
Total		32

Attachment B
 Consulting Tasks for
 Entergy Texas, Inc.
 Docket No. 48371

(Garry Garrett)

August, 2018 – 12 Hours

Date	Task	Hours
August		
1	Develop testimony	4
13	Trial preparation	4
14	Trial preparation	2
16	Trial preparation	2
Total		12

**SOAH DOCKET NO. 473-18-4100
PUCT DOCKET NO. 48439**

**REVIEW OF THE RATE CASE § BEFORE THE STATE
EXPENSES INCURRED IN § OFFICE OF ADMINISTRATIVE
DOCKET NO. 48371 § HEARINGS**

**RATE CASE EXPENSE AFFIDAVIT OF KEVIN W. O'DONNELL
PROVIDING ACTUAL EXPENSES THROUGH AUGUST 31, 2018**

I, Kevin O'Donnell, state the following facts upon my oath.

1. My name is Kevin O'Donnell. I am over eighteen years of age and am not disqualified from making this affidavit.
2. I am President of Nova Energy Consultants, Inc. I have been retained by the Cities' Steering Committee to provide expert analysis and testimony for certain Cities served by Entergy Texas, Inc. ("ETI") in the instant case at the Public Utility Commission of Texas. My business address is 1350 SE Maynard Rd., Suite 101, Cary, NC 27511.
3. I am giving this affidavit to address the necessity for and reasonableness of Nova Energy Consultant's fee-related charges through August 31, 2018.
4. Nova Energy Consultant's actual fees through August 31, 2018, correspond to time spent reviewing and analyzing ETI's application, developing discovery requests, reviewing discovery responses, responding to discovery requests, and providing pre-filed written testimony. The hours charged are summarized in the following table and the statements for services are attached to this affidavit.

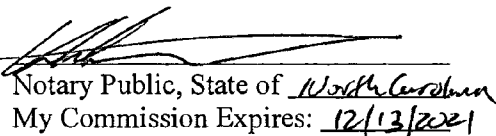
**NOVA ENERGY CONSULTANT's EXPENSES
MAY 15, 2018 THROUGH AUGUST 31, 2018**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
Kevin O'Donnell	\$195	95.25	\$18,573.75
David O'Donnell	\$30	32	\$960.00
Total Actual			\$19,533.75

5. My billing rate is \$195 per hour. This is my normal billing rate that I charge for services provided to both regulated and non-regulated entities. This rate is reasonable for a consultant providing these types of services before utility regulatory agencies in Texas. The hourly rate is especially reasonable given I have more than 33 years of utility rate regulatory experience. Part of the basis for my opinion is a review of the hourly rates charged by other consultants to perform similar services. Assisting me on this proceeding is David O'Donnell. David O'Donnell is an accountant and has over 2 years of regulatory experience. David O'Donnell works under my direction and supervision.
6. No Nova Energy Consultants, Inc. personnel billed in excess of 12 hours on any given day

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**Time Sheet for Kevin W. O'Donnell, CFA
2018 Entergy Texas**

Date	Time	Work Done
5-28	2.5	case review/prep of data request
5-29	5.5	prep of data request, e-mail with attorney
5-30	2.25	DR review and attorney e-mails
6-4	7.5	technical analysis
6-5	6.75	technical analysis
6-7	4.25	technical analysis, email with attorney
6-12	5.75	analysis, review of DRs
6-19	3.25	DR response review
6-22	2.25	DR response review
6-23	4.25	technical analysis
6-25	3.25	DR review, prepare DR
6-26	4.5	technical analysis
7-6	4.75	testimony prep
7-10	6.25	Preparation of testimony
7-12	2.5	testimony prep
7-14	7.5	testimony prep
7-17	6.5	testimony prep
7-18	3.25	client call, testimony prep
7-23	5.25	testimony prep
7-24	3	testimony prep
7-26	<u>4.25</u>	testimony prep
Total Hours	95.25	
Hourly Rate	\$195	
Total Cost for Labor	\$18,573.75	

Total Cost

Kevin O'Donnell \$18,573.75
David O'Donnell \$960.00
Total Invoice \$19,533.75

**Time Sheet for David J. O'Donnell
2018 Entergy Texas**

Date	Time	Work Done
5-28	1.5	technical analysis
5-29	5.5	technical analysis
5-30	6.5	technical analysis
6-4	8	technical analysis
6-5	8.25	technical analysis
6-7	2.25	technical analysis

Total Hours 32
Hourly Rate \$30
Total Cost for Labor \$960.00

Nova Energy Consultants, Inc.

*1350 SE Maynard Rd., Suite 101, Cary, NC 27511
(919)461-0270 Office (919)461-0570 Fax
Kevin O'Donnell, CFA
kodonnell@novenergyconsultants.com*

July 24, 2018

Daniel J. Lawton
Attorney at Law
12600 Hill Country Blvd.
Suite R-275
Austin, TX 78738

Re: Invoice

Dear Dan:

First, THANKS very much for giving me the opportunity to work with you on this ETI case. I REALLY appreciate it.

Second, attached is the invoice you requested today. Sorry for being slack in not sending it out before now.

So you will know, I NEVER exceed budgets. I just don't do it. We have about \$5k left in the budget and I promise you we will come in under-budget.

Sincerely,



Kevin W. O'Donnell

Enclosure

Nova Energy Consultants, Inc.
 1350 S.E. Maynard Rd., Suite 101
 Cary, NC 27511

Invoice

DATE	INVOICE #
7/24/2018	2018032

Client Name
Law Office of Daniel J. Lawton 12600 Hill Country Blvd. Suite R-275 Austin, TX 78738

		DUE DATE	PROJECT
		7/24/2018	
HOURS	DESCRIPTION	RATE	AMOUNT
91	Rate of return testimony in 2018 Entergy Texas rate case - Kevin O'Donnell	195.00	17,745.00
32	technical assistance David O'Donnell	30.00	960.00
Thank you for your business.		Total	\$18,705.00

Time Sheet for Kevin W. O'Donnell, CFA
2018 Entergy Texas

Date	Time	Work Done
5-28	2.5	case review/prep of data request
5-29	5.5	prep of data request, e-mail with attorney
5-30	2.25	DR review and attorney e-mails
6-4	7.5	technical analysis
6-5	6.75	technical analysis
6-7	4.25	technical analysis, email with attorney
6-12	5.75	analysis, review of DRs
6-19	3.25	DR response review
6-22	2.25	DR response review
6-23	4.25	technical analysis
6-25	3.25	DR review, prepare DR
6-26	4.5	technical analysis
7-6	4.75	testimony prep
7-10	6.25	Preparation of testimony
7-12	2.5	testimony prep
7-14	7.5	testimony prep
7-17	6.5	testimony prep
7-18	3.25	client call, testimony prep
7-23	5.25	testimony prep
7-24	3	testimony prep
Total Hours	91	
Hourly Rate	\$195	
Total Cost for Labor	\$17,745.00	

Total Cost
Kevin O'Donnell \$17,745.00
David O'Donnell \$960.00
Total Invoice \$18,705.00

Time Sheet for David J. O'Donnell
2018 Entergy Texas

Date	Time	Work Done
5-28	1.5	technical analysis
5-29	5.5	technical analysis
5-30	6.5	technical analysis
6-4	8	technical analysis
6-5	8.25	technical analysis
6-7	2.25	technical analysis

Total Hours 32
Hourly Rate \$30
Total Cost for Labor \$960.00

Nova Energy Consultants, Inc.

*1350 SE Maynard Rd., Suite 101, Cary, NC 27511
(919)461-0270 Office (919)461-0570 Fax
Kevin O'Donnell, CFA
kodonnell@novaenergyconsultants.com*

Sept. 4, 2018

Daniel J. Lawton
Attorney at Law
12600 Hill Country Blvd.
Suite R-275
Austin, TX 78738

Re: Second Invoice

Dear Dan:

Enclosed is the second (and last) invoice for the Entergy Texas case. I really appreciate the opportunity to work for you in this case. I have greatly enjoyed it.

Sincerely,



Kevin W. O'Donnell

Enclosure

Nova Energy Consultants, Inc.

1350 S.E. Maynard Rd., Suite 101
 Cary, NC 27511

Invoice

DATE	INVOICE #
9/4/2018	2018035

Client Name
Law Office of Daniel J. Lawton 12600 Hill Country Blvd. Suite R-275 Austin, TX 78738

		DUE DATE	PROJECT
		10/5/2018	
HOURS	DESCRIPTION	RATE	AMOUNT
4.25	Last hours for Energy Texas case	195.00	828.75
		Total	\$828.75

**SOAH DOCKET NO. 473-18-4100
PUCT DOCKET NO. 48439**

**REVIEW OF THE RATE CASE § BEFORE THE STATE
EXPENSES INCURRED IN § OFFICE OF ADMINISTRATIVE
DOCKET NO. 48371 § HEARINGS**

**RATE CASE EXPENSE AFFIDAVIT OF KARL J. NALEPA
PROVIDING ACTUAL EXPENSES THROUGH SEPTEMBER 30, 2018**

I, Karl J. Nalepa, state the following facts upon my oath.

1. My name is Karl J. Nalepa. I am over eighteen years of age and am not disqualified from making this affidavit.
2. I am President of ReSolved Energy Consulting, LLC, an independent utility consulting company. I have been retained by the Cities' Steering Committee to provide expert analysis and testimony for certain Cities served by Entergy Texas, Inc. ("ETI") in the instant case at the Public Utility Commission of Texas. My business address is 11044 Research Blvd., Suite A-420, Austin, Texas 78759.
3. I am giving this affidavit to address the necessity for and reasonableness of ReSolved Energy Consulting, LLC's ("REC's") fee-related charges through September 30, 2018.
4. REC's actual fees through September 30, 2018, correspond to time spent reviewing and analyzing ETI's application, developing discovery requests, reviewing discovery responses, responding to discovery requests, providing pre-filed written testimony and supporting settlement discussions. The hours charged are summarized in the following table and the statements for services are attached to this affidavit.

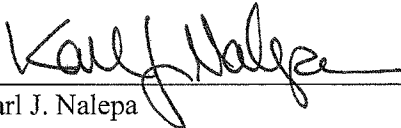
**REC's EXPENSES
MAY 15, 2018 THROUGH SEPTEMBER 30, 2018**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
Karl J. Nalepa	\$260	54.7	\$14,222.00
Brian Murphy	\$205	93.3	\$19,126.50
Erin Cromleigh	\$175	36.3	\$6,352.50
Total Actual		184.3	<u>\$39,701.00</u>

5. My billing rate is \$260 per hour. This is my normal billing rate that I charge for services provided to both regulated and non-regulated entities. This rate is reasonable for a consultant providing these types of services before utility regulatory agencies in Texas. The hourly rate is especially reasonable given I have more than 30 years of utility rate regulatory experience. Part of the basis for my opinion is a review of the hourly rates charged by other consultants to perform similar services. Assisting me on this proceeding is Brian Murphy. Mr. Murphy is a Management Consultant and has over 13 years of government and regulatory experience. Mr. Murphy works under my direction and

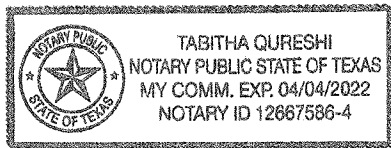
supervision. Also assisting me on this proceeding is Erin Cromleigh. Ms. Cromleigh is a Consultant and has over 10 years of government and regulatory experience. Ms. Cromleigh also works under my direction and supervision.


6. No REC personnel billed in excess of 12 hours on any given day to this case. No REC personnel incurred any airline, lodging, or meal expenses. No REC personnel charged for any luxury items. There are no instances of double billing for REC's services.
7. Based on my experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Public Utility Commission of Texas, I conclude that: (1) ReSolved Energy Consulting's hourly rates are reasonable; and (2) the 184.3 actual hours in this case are both reasonable and necessary.
8. The statements made in this affidavit are true and correct.


Karl J. Nalepa

STATE OF TEXAS §
COUNTY OF TRAVIS §

SUBSCRIBED AND SWORN to before me, the undersigned authority, on the 24 day of January, 2019, by Karl J. Nalepa.




Notary Public, State of TEXAS
My Commission Expires: 04/04/2022

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, Texas 78759
Phone (512) 331-4949

Invoice

DATE	INVOICE NUMBER
6/7/2018	4195

BILL TO

The Lawton Law Firm
Dan Lawton
12600 Hill Country Blvd., Ste R-275
Austin, Tx 78738

PROJECT

Lawton ETI 18 RC

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	6.8	260.00	1,768.00
Consulting (Murphy)	18.7	205.00	3,833.50
Total Labor			5,601.50
Work Completed thru - May 31, 2018		TOTAL DUE	\$5,601.50

Monthly Recap

Karl Nalepa

Date	Task	Hours
May 21, 2018	Review filing. Review and revise preliminary list of issues. Discuss with B. Murphy. Send list of issues to D. Lawton for review.	1.70
May 23, 2018	Review summary of proposed class revenue distribution. Download native file documents.	0.50
May 24, 2018	Review filing issues. Discuss With B. Murphy. Meet with D. Lawton to discuss.	1.80
May 25, 2018	Review filing and research TCRF orders. Review MSS-2 memo. Discuss with B. Murphy.	1.20
May 29, 2018	Discuss case issues with B. Murphy.	0.30
May 30, 2018	Work on analysis of issues and call with D. Lawton to discuss.	0.80
May 31, 2018	Work on analysis of issues.	0.50
		6.80

Monthly Recap

Brian T Murphy

Date	Task	Hours
May 21, 2018	Meet with K. Nalepa on issues. Research relevant case precedents.	3.00
May 23, 2018	Review filing schedules and testimony.	2.40
May 24, 2018	Discuss issues with D. Lawton, K. Nalepa. Recap with K. Nalepa. Review ETI TCRF/DCRFs. Review rules.	2.10
May 25, 2018	Discuss issues with K. Nalepa. Research TCRF cases. Draft RFIs.	2.60
May 29, 2018	Research Spindletop. TCJA effects on base rates, TCRF. Draft RFIs. Discuss with K. Nalepa.	3.00
May 30, 2018	Review TCRF true-up issue. Review direct testimony of Stack, Thiry, Totten on Spindletop issue.	3.10
May 31, 2018	Review Cities' prior discovery and testimony, Company rebuttal. Work on Spindletop RFIs.	2.50
		18.70