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

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

REBUTTAL TESTIMONY

OF

GARY C. DICKENS

ON BEHALF OF

ENTERGY TEXAS, INC.

NOVEMBER 2022

ENTERGY TEXAS, INC.
REBUTTAL TESTIMONY OF GARY C. DICKENS
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TABLE OF CONTENTS

	<u>Page</u>
I. Introduction and Purpose	1
II. ETI's Management of the MCPS Project	2
III. Conclusion	7

1 **I. INTRODUCTION AND PURPOSE**

2 Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Gary C. Dickens. My business address is 2107 Research Forest,
4 Lake Front North, The Woodlands, Texas 77380.

5
6 Q2. ARE YOU THE SAME GARY C. DICKENS THAT FILED DIRECT
7 TESTIMONY IN THIS DOCKET?

8 A. Yes. I submitted direct testimony with Entergy Texas, Inc.'s ("ETI") application
9 filed in this docket on July 1, 2022.

10
11 Q3. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

12 A. I respond to issues raised by Texas Industrial Energy Consumers ("TIEC")
13 witness Charles Griffey. Specifically, Mr. Griffey alleges that the completion of
14 the Montgomery County Power Station ("MCPS") ahead of schedule and under-
15 budget does not merit an increase in ETI's authorized return on equity ("ROE").
16 While ETI witness Jess Totten addresses ETI's requested increase in authorized
17 ROE, I will address several statements made by Mr. Griffey regarding the under-
18 budget and ahead of schedule completion of MCPS in the face of challenging
19 circumstances. I have more than 30 years of direct experience with the
20 development, design, construction, operation, and maintenance of industrial and
21 utility power generation facilities. In general, Mr. Griffey's testimony is a
22 shallow attempt to dismiss complex and unforeseeable challenges that Mr. Griffey

1 has no first-hand knowledge of. Based on my first-hand knowledge of those
2 challenges, below I highlight ETI's exceptional management of the MCPS project
3 in the face of those challenges.

4
5 **II. ETI'S MANAGEMENT OF THE MCPS PROJECT**

6 Q4. MR. GRIFFEY'S TESTIMONY ALLEGES THAT THE CONSTRUCTION OF
7 MCPS WAS NOT AN UNUSUALLY COMPLEX UNDERTAKING. IS THIS
8 ALLEGATION CREDIBLE?

9 A. No. In support of this allegation, Mr. Griffey states that many combined-cycle
10 gas turbine ("CCGT") projects have been constructed over the past 30 years.
11 While the design, engineering, and construction of any utility scale generation
12 project is a complex undertaking, the extraordinary complexity of constructing
13 MCPS lies not within the engineering, procurement, and construction challenges
14 that were known before the construction of MCPS began. Instead, the
15 complexities of completing MCPS were the unknown and unprecedented
16 challenges encountered once construction of MCPS began. The completion of
17 MCPS ahead of schedule and under budget was indeed complex due to the
18 additional tasks and activities that were adopted during the COVID-19 pandemic,
19 which was a high threat during the construction phase, and working through the
20 Engineering Procurement and Construction ("EPC") contractor bankruptcy
21 ordeal. The additional tasks and activities that were undertaken to address these
22 two issues were not considered at the start of the project. Instead, new processes

1 and procedures were determined along the way to keep the project moving
2 forward while minimizing the risk to our people and the project timeline.

3

4 Q5. ON PAGE 25 OF HIS TESTIMONY, MR. GRIFFEY STATES THAT THE
5 CONSTRUCTION TIMELINE FOR MCPS WAS COMPARABLE TO THOSE
6 EXPERIENCED WITH ENTERGY'S ST. CHARLES AND LAKE CHARLES
7 CCGT PROJECTS. IS THIS STATEMENT ACCURATE?

8 A. Yes, this statement is accurate but misses the point. Completing the MCPS
9 project ahead of schedule and under budget would have been a significant
10 accomplishment in normal conditions. However, what made this accomplishment
11 even more significant were the challenges faced during the construction of MCPS.
12 Working through the EPC contractor's bankruptcy process and dealing with a
13 pandemic at its height during the construction of MCPS brought new, unexpected
14 challenges to the team. The significance of this accomplishment is demonstrated
15 by our strong safety record and project completion ahead of schedule in the face
16 of these challenges, which sets this project apart from others. It should also be
17 noted that the early completion of the project allowed the plant to contribute to
18 meeting unprecedented demands on the electric grid during the February 2021
19 winter storm.

20

21 Q6. MCPS WAS COMPLETED \$35 MILLION UNDER BUDGET.
22 MR. GRIFFEY'S TESTIMONY CLAIMS THAT CUSTOMERS DID NOT

1 RECEIVE THE FULL BENEFIT OF THAT UNDER-BUDGET COMPLETION.
2 IS THIS CLAIM MISLEADING?

3 A. Yes. Mr. Griffey does not dispute that MCPS was completed \$35 million under
4 budget. However, Mr. Griffey observes that a significant driver of this under-
5 budget performance was the reduction in Allowance for Funds Used During
6 Construction (“AFUDC”) due to the ahead of schedule completion of MCPS.
7 Mr. Griffey claims that this reduction in AFUDC was essentially offset by the fact
8 that customers began paying for ETI’s investment in MCPS in January 2021
9 instead of the scheduled June 2021. This claim is misleading. While customers
10 began paying for ETI’s investment in MCPS (although not the associated
11 Operations & Maintenance costs) ahead of schedule, customers also received the
12 significant benefits associated with that operational plant, including a reduction in
13 fuel costs that otherwise would have been incurred because of MCPS’s efficient
14 operation and a plant that contributed to grid stability in February 2021. These
15 facts demonstrate that customers received the full benefits associated with the
16 ahead of schedule and under-budget completion of MCPS.

17

18 Q7. ON PAGES 26 THROUGH 27 OF HIS TESTIMONY, MR. GRIFFEY
19 ALLEGES THAT ETI SHOULD RECEIVE NO CREDIT FOR MANAGING
20 THROUGH THE EPC CONTRACTOR BANKRUPTCY AND THE COVID-19
21 PANDEMIC. DOES MR. GRIFFEY’S TESTIMONY DEMONSTRATE ANY

1 APPRECIATION FOR THE DIFFICULTIES THESE CHALLENGES
2 PRESENTED?

3 A. No. As I noted in my direct testimony, Chicago Bridge & Iron ("CB&I") was
4 selected for a suite of three nearly identical projects that includes the St. Charles
5 Power Station (later named the J. Wayne Leonard Power Station), the Lake
6 Charles Power Station, and MCPS. This arrangement provided cost savings, risk
7 reduction, and beneficial experience and learnings that were applied across all
8 three projects. The suite of EPC contracts was single sourced to CB&I based
9 mainly on its strength of performance on Entergy's previous Ninemile 6
10 generating station project, commercially reasonable pricing, and knowledge of the
11 EOCs' processes gleaned from prior projects, namely the Ninemile 6 project,
12 which was completed under budget and ahead of schedule. Therefore, the choice
13 of the EPC contractor was determined long before Entergy became aware of the
14 future financial difficulties that would be faced by CB&I and its later-to-be parent
15 company, McDermott International. Mr. Griffey seems to imply that Entergy
16 should have anticipated such an event. However, to build measures into an EPC
17 contract to accommodate such an unusual event would likely raise the project
18 funding requirement to a level making it unattractive. The significant
19 achievement of ETI in the face of this challenge was to keep the work of the EPC
20 contractor and its subcontractors progressing toward a successful project
21 completion.

1 Regarding managing a complex generation construction project through
2 the COVID-19 pandemic, the additional costs associated with measures taken to
3 keep the site clean and to protect our workers, while not insignificant, was only
4 part of a program that we put in place to keep morale and productivity high. This
5 effort was driven mostly by the desire to ensure the safety of all of our people,
6 including the many folks who worked in the office trailers onsite who were more
7 susceptible to the virus. All of this was achieved by the additional proactive
8 efforts of the various teams on and offsite working together. Mr. Griffey attempts
9 to belittle these safety efforts in the face of what he describes as an “airborne
10 virus.” However, the fact is that ETI had to manage construction of MCPS
11 through the pandemic in real time, before many of the facts concerning the virus
12 were known and before vaccines were readily available. That ETI did so and kept
13 its people safe at the same time as completing the project ahead of schedule is a
14 significant accomplishment. And, as noted in my direct testimony, these
15 accomplishments were achieved while earning a top decile Total Recordable
16 Incident Rate (“TRIR”) for the Project for the benefit of those building MCPS.

1 Q8. ON PAGE 27 OF HIS TESTIMONY, MR. GRIFFEY CLAIMS THAT THE
2 HURRICANES EXPERIENCED IN 2020 DID NOT HAVE ANY IMPACT ON
3 THE MCPS JOBSITE. DOES MR. GRIFFEY'S TESTIMONY GIVE A FULL
4 DESCRIPTION OF THE CHALLENGES PRESENTED BY THOSE
5 HURRICANES?

6 A. No. The storm restoration efforts undertaken by Entergy associated with the 2020
7 hurricanes delayed some transmission upgrades by 5-7 weeks. The delay in the
8 transmission upgrades required the project team to shuffle critical activities to
9 optimize progress moving forward. This required a significant effort due to the
10 real threat of slipping the schedule. Finishing ahead of schedule demonstrates
11 how successful the project team was in this regard.

12

13 **III. CONCLUSION**

14 Q9. WHAT DO YOU CONCLUDE REGARDING ETI'S MANAGEMENT OF THE
15 MCPS PROJECT?

16 A. Completing such a large and complex project within cost estimates is a challenge
17 in itself. Further, the MCPS project faced challenges not normally faced in the
18 construction of a power plant. In spite of the challenges faced, the MCPS project
19 was completed ahead of schedule and below budget and the cost cap established
20 by the Commission in Docket No. 46416. Apart from challenges that might be
21 expected to arise during the execution of a large and complex, multi-year project,

1 ETI encountered extraordinary obstacles that had to be overcome in order to
2 complete MCPS safely.

3

4 Q10. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

5 A. Yes, it does.

THE STATE OF TEXAS)
)
COUNTY OF MONTGOMERY)

My name is Gary C. Dickens. I am of legal age and a resident of the State of Texas. The foregoing testimony and exhibits offered by me are true and correct, and the opinions stated therein are, to the best of my knowledge and belief, accurate, true and correct.

SUBSCRIBED AND SWORN TO BEFORE ME, notary public, on this the 14th day of November 2022.

Carol Tompkins
Notary Public, State of Texas

February 1, 2025

