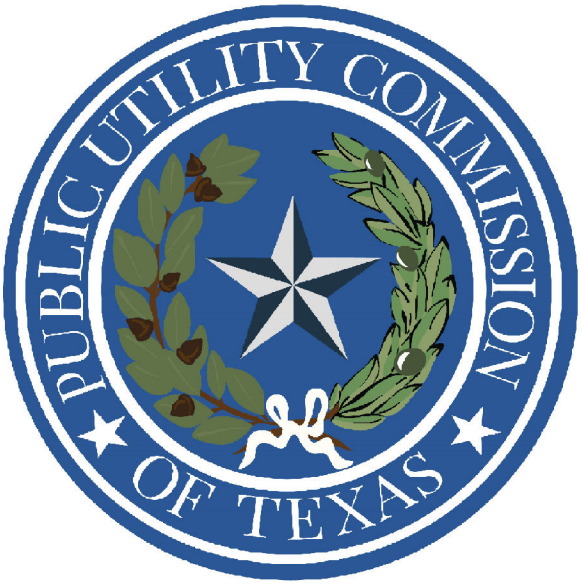

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APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

REBUTTAL TESTIMONY

OF

ANDREW L. DORNIER

ON BEHALF OF

ENTERGY TEXAS, INC.

NOVEMBER 2022

ENTERGY TEXAS, INC.
REBUTTAL TESTIMONY OF ANDREW L. DORNIER
SOAH DOCKET NO. 473-22-4394
PUC DOCKET NO. 53719

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I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.

A. My name is Andrew L. Dornier. My business address is 2107 Research Forest Drive, The Woodlands, Texas 77380. I am the Manager of Fossil Fuel Supply within the System Planning and Operations organization ("SPO"), a department of Entergy Services, LLC ("ESL").

Q2. ARE YOU THE SAME ANDREW L. DORNIER THAT FILED DIRECT TESTIMONY IN THIS DOCKET?

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

Q3. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of this testimony is to rebut certain positions taken by Office of Public Utility Counsel ("OPUC") witness Constance T. Cannady related to the natural gas inventory levels at the Spindletop natural gas storage facility ("Spindletop").

II. SPINDLETOP NATURAL GAS STORAGE FACILITY

Q4. PLEASE SUMMARIZE MS. CANNADY'S POSITION REGARDING THE REASONABLE INVENTORY LEVELS FOR THE SPINDLETOP NATURAL GAS STORAGE FACILITY.

A. Ms. Cannady recommends that the natural gas inventory levels at Spindletop be reflective of actual use of the facility to serve the Sabine Station generating units. To that end, Ms. Cannady claims that the appropriate level of natural gas inventory stored at the Spindletop facility should be $16,093,096. This is a downward adjustment to ETI's 13-month average inventory level at Spindletop of $30,397,441.[1] To determine her recommended natural gas inventory level at Spindletop, Ms. Cannady first identified the combined highest monthly MMBtu burns by the Sabine Station generating units during this period. Then, because the Spindletop inventory is not used for all the natural gas requirements at the Sabine Station, Ms. Cannady multiplied this amount by a percentage she derived based on actual Spindletop withdrawals as a percentage of the actual monthly burns at the Sabine Station.

[1] Ms. Cannady also claims that because Sabine Unit 1, Sabine Unit 3, and Sabine Unit 4 have deactivation dates between 2023 and 2026, costs associated with natural gas inventories for these units should be recovered through a separate retiring plant rate rider. ETI witness Jess Totten addresses the reasonableness of Ms. Cannady's proposed rider in his rebuttal testimony.

Q5. DO YOU AGREE WITH MS. CANNADY'S ANALYSIS AND RECOMMENDATION?

A. No. Ms. Cannady's analysis fails to appropriately consider the use of the Spindletop facility and its benefits. As discussed in my direct testimony, the primary benefits Spindletop provides to ETI are: (1) supply reliability, and (2) swing flexibility. Analyzing Spindletop's necessary inventory according to average output of the Sabine Station units ignores each of these benefits.

Q6. PLEASE EXPLAIN HOW MS. CANNADY'S METHODOLOGY FOR DETERMINING HER RECOMMENDED NATURAL GAS INVENTORY LEVELS FOR SPINDLETOP IGNORES THE FACILITY'S RELIABILITY ROLE?

A. Ms. Cannady's analysis does not reflect ETI's obligation to stand ready, at all times, to serve the full output of the Sabine Station whenever called upon. Pursuant to ETI's responsibilities as a participant in the Midcontinent Independent System Operator ("MISO"), the Sabine units are required to offer their full megawatt ("MW") capacity into the MISO Day-Ahead market per the MISO Tariff.[2] And each unit must be able, in any hour, to supply the full output of the unit when called upon. Spindletop's inventory ensures that ETI can fulfill its MISO Day-Ahead market commitments, especially during severe weather events such as freezes or hurricanes. For example, as detailed in my direct testimony,

[2] MISO FERC Electric Tariff at §§ 39.1.1A, 69A.5 (eff. Mar. 1, 2018).

ETI estimates that it saved approximately $67 million by using Spindletop during Winter Storm Uri versus purchasing gas in the market – assuming such gas was even available. Setting Spindletop's inventory at a level needed to serve only the "average" output of the Sabine Station, as Ms. Cannady suggests, rather than the full hourly output, risks leaving the units with an insufficient fuel supply to meet its must-offer requirement in MISO.

Q7. PLEASE EXPLAIN HOW MS. CANNADY'S METHODOLOGY FOR DETERMINING HER RECOMMENDED NATURAL GAS INVENTORY LEVELS FOR SPINDLETOP IGNORES THE FACILITY'S SWING CAPABILITY ROLE.

A. The Sabine Station units are load-following units. They do not run at their "average monthly" output during each hour of the day. Each hour, they are called upon to respond to variations in generation requirements that may be attributable to factors such as unplanned outages at other generating plants, as well as fluctuations in system load. These fluctuations can be significant, and as described in my direct testimony, Spindletop allows the Sabine units to respond to these fluctuations through ETI's withdrawal of large amounts of gas on short or no notice.

To illustrate, consider two identical 100 MW units. Unit A operates at 75 MW around-the-clock. Unit B operates at 25 MW for eight hours and 100 MW for 16 hours of each day. Over the course of a month, the "average monthly

output" of both units is 75 MW/hour, but the manner in which the units are utilized is dramatically different. Because Unit A does not require any swing at all, its fuel requirements can easily be satisfied with ratable purchases from the spot market—meaning at a constant rate of flow over the period of delivery. However, because Unit B is required to swing from 25 to 100 MW every day, and because fuel supplied from the spot market is delivered ratably, the swing requirements of Unit B (from 25 to 100 MW) must be supplied by some other means. That swing requirement is provided by the Spindletop facility.

Q8. DO YOU HAVE ANY OTHER COMMENTS ON MS. CANNADY'S RECOMMENDATION?

A. Yes. As demonstrated in my direct testimony, the Spindletop facility provides the above benefits at a cost below that which such services could be obtained at market. Moreover, the flexibility provided by Spindletop is not assured with potential market replacements. Thus, having sufficient inventory to achieve these benefits is beneficial to customers from both a cost and reliability perspective. Ms. Cannady ignores these facts as well.

III. CONCLUSION

Q9. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

AFFIDAVIT OF ANDREW L. DORNIER

THE STATE OF TEXAS)
)
COUNTY OF MONTGOMERY)

This day, Andrew L. Dornier the affiant, appeared in person before me, a notary public, who knows the affiant to be the person whose signature appears below. The affiant stated under oath:

My name is Andrew L. Dornier. 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.

Andrew L. Dornier

SUBSCRIBED AND SWORN TO BEFORE ME, notary public, on this the 15th day of November 2022.

Notary Public, State of Texas

My Commission expires:

February 01, 2025

CAROL TOMPKINS
My Notary ID # 130989368
Expires February 1, 2025