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SOAH DOCKET NO. 473-22-04394
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ENTERGY TEXAS, INC'S STATEMENT OF INTENT AND APPLICATION FOR AUTHORITY TO CHANGE RATES	§ § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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REDACTED - PUBLIC VERSION

Cross-Rebuttal Testimony

of

JEFFRY POLLOCK

On Behalf of

Texas Industrial Energy Consumers

November 16, 2022



J . P O L L O C K
I N C O R P O R A T E D

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GLOSSARY OF ACRONYMS

Term	Definition
AED-4CP	Average and Excess - Four Coincident Peak
ETI	Entergy Texas, Inc.
GCRR	Generation Cost Recovery Rider
OPUC	Office of Public Utility Counsel
Rider	Retiring Plant Rate Rider as proposed by OPUC
TIEC	Texas Industrial Energy Consumers

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AFFIDAVIT OF JEFFRY POLLOCK

State of Missouri)
) SS
County of St. Louis)

Jeffry Pollock, being first duly sworn, on his oath states:

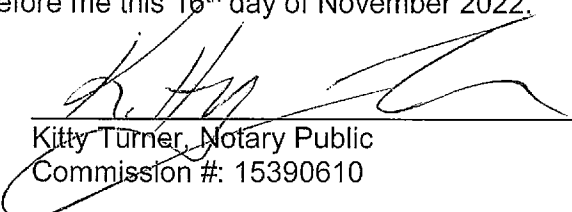
1. My name is Jeffry Pollock. I am President of J. Pollock, Incorporated, 12647 Olive Blvd., Suite 585, St. Louis, Missouri 63141. We have been retained by Texas Industrial Energy Consumers to testify in this proceeding on its behalf;

2. Attached hereto and made a part hereof for all purposes is my Cross-Rebuttal Testimony which has been prepared in written form for introduction into evidence in SOAH Docket No. 473-22-04394 and Public Utility Commission of Texas Docket No. 53719; and,

3. I hereby swear and affirm that my answers contained in the testimony are true and correct.


Jeffry Pollock

Subscribed and sworn to before me this 16th day of November 2022.


Kitty Turner, Notary Public
Commission #: 15390610

My Commission expires on April 25, 2023.



CROSS-REBUTTAL TESTIMONY OF JEFFRY POLLOCK

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Jeffry Pollock; 12647 Olive Blvd., Suite 585, St. Louis, MO 63141.

3 **Q ARE YOU THE SAME JEFFRY POLLOCK WHO PREVIOUSLY SUBMITTED**
4 **DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE TEXAS**
5 **INDUSTRIAL ENERGY CONSUMERS (TIEC)?**

6 A Yes.

7 **Q WHAT IS THE PURPOSE OF YOUR CROSS-REBUTTAL TESTIMONY?**

8 A I address the proposal in the Direct Testimony of Constance T. Cannady, on behalf of
9 the Office of the Public Utility Counsel (OPUC), to implement a Retiring Plant Rate
10 Rider (Rider).

11 **Q DOES THE FACT THAT YOU DO NOT ADDRESS EVERY ISSUE RAISED BY**
12 **OPUC AND OTHER INTERVENOR WITNESSES CONSTITUTE AN**
13 **ENDORSEMENT OF THEIR RECOMMENDATIONS?**

14 A No, one should not interpret the fact that I am not addressing every issue as agreement
15 with any of those analyses or recommendations.

16 **Q PLEASE DESCRIBE THE RETIRING PLANT RATE RIDER PROPOSED BY OPUC**
17 **WITNESS, MS. CANNADY.**

18 A The Rider would provide for cost recovery of currently operational generating units
19 until they are physically retired from service. Ms. Cannady proposes to apply the Rider
20 to recover the costs of [REDACTED].¹

¹ Direct Testimony and Workpapers of Constance T. Cannady at 12 (HSPM).

1 Specifically, rate base and operating expenses associated with each unit would be
2 removed from the base rates established in this proceeding and recovered through
3 this separate Rider.² In total, OPUC's proposal would initially recover an estimated
4 \$ [REDACTED] each year.³ For each plant included in the Rider, the proportional share
5 of the revenue requirement collected through the Rider would remain in effect only
6 over the period in which that plant provides service to Texas retail customers.⁴ In this
7 manner, cost recovery on these assets would be segregated from base rates and
8 would phase down when each of the affected units are physically retired.

9 **Q HOW HAS MS. CANNADY IDENTIFIED THE PLANTS TO BE INCLUDED IN THE**
10 **RETIRING PLANT RATE RIDER?**

11 A Ms. Cannady includes these units in the proposed Rider based on the assumption that
12 they would be physically retired from service prior to 2027, the year by which she
13 expects ETI's next rate case to be concluded.⁵

14 **Q ARE THERE ANY ISSUES REGARDING THE RETIRING PLANT RATE RIDER**
15 **THAT HAVE NOT BEEN ADDRESSED IN MS. CANNADY'S TESTIMONY?**

16 A Yes. Although Ms. Cannady identified the costs that would be collected under the
17 Rider, she has not specified how these costs would be allocated among customer
18 classes.

² *Id.* at 13 (Redacted).

³ *Id.* at 16 (HSPM).

⁴ *Id.* at 56 (Redacted).

⁵ *Id.* at 14 (Redacted).

1 **Q HOW SHOULD THE COSTS OF THE RETIREMENT PLANT RATE RIDER BE**
2 **ALLOCATED IF IT IS ADOPTED?**

3 A The purpose of the Rider is to mimic base rate recovery for these plants until the time
4 they are retired. Accordingly, and because all of the assets that would be included in
5 the Rider are generating facilities, I recommend that, if approved, the costs be treated
6 consistently with ETI's other production plant costs. Specifically, the Rider's costs
7 should be allocated to customers using the Average and Excess – Four Coincident
8 Peak (AED-4CP) method.

9 **Q ARE THERE ANY OTHER FACTORS SUPPORTING YOUR RECOMMENDED**
10 **ALLOCATION?**

11 A Yes. OPUC's proposed Rider is analogous to the Generation Cost Recovery Rider
12 (GCRR), albeit in the opposite circumstance. OPUC's Rider would ensure ETI obtains
13 cost recovery, including a return on a used and useful asset, up until the time that a
14 subject plant goes out of service, at which point cost-recovery would also cease. The
15 GCRR, on the other hand, allows utilities to begin cost-recovery for a plant on the date
16 it goes into service. And, by rule, a GCRR is allocated to classes based on the
17 allocation factors for generation invested capital used in the utility's last rate case.⁶ In
18 this case, no party disputes that ETI's generation invested capital should be allocated
19 based on the AED-4CP method. Accordingly, if OPUC's proposed Rider is adopted,
20 the allocation methodology for generation invested capital used in ETI's last rate case
21 will be AED-4CP and, by analogy to the GCRR rule, that is also how the Rider should
22 be allocated.

⁶ 16 T.A.C. § 25.248(e).

1 **Q WHAT DO YOU RECOMMEND?**

2 A If OPUC's Retiring Plant Rate Rider is approved, the revenue requirement of the Rider
3 should be allocated to customers using the revised AED-4CP allocators I derived in
4 **Exhibit JP-4** of my direct testimony.

5 **Q DOES THIS CONCLUDE YOUR CROSS-REBUTTAL TESTIMONY?**

6 A Yes.