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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

KRISTIN SASSER

ON BEHALF OF

ENTERGY TEXAS, INC.

NOVEMBER 2022

ENTERGY TEXAS, INC.
REBUTTAL TESTIMONY OF KRISTIN SASSER
SOAH DOCKET NO. 473-22-04394
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TABLE OF CONTENTS

	<u>Page</u>
I. Introduction and Purpose	1
II. Response to Cities' Witness Karl J. Nalepa	2
III. Conclusion	6

1 **I. INTRODUCTION AND PURPOSE**

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

3 A. My name is Kristin Sasser. My business address is 639 Loyola Avenue, New
4 Orleans, Louisiana 70113. I am employed by Entergy Services, LLC (“ESL”) as
5 Manager of Revenue Forecasting and Analysis for the Finance organization of
6 ESL,¹ which is the service company affiliate of Entergy Texas, Inc. (“ETI” or “the
7 Company”).

8
9 Q2. ARE YOU THE SAME KRISTIN SASSER WHO FILED DIRECT TESTIMONY
10 IN THIS CASE ON BEHALF OF ETI?

11 A. Yes.

12
13 Q3. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

14 A. The purpose of my Rebuttal Testimony is to respond to recommendations on the
15 weather normalization period made in the Direct Testimony of Karl J. Nalepa on
16 behalf of Cities.²

¹ ESL is an affiliate of the Entergy utilities that provides engineering, planning, accounting, legal, technical, regulatory, and other administrative support services to each of the Entergy utilities.

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

1 **II. RESPONSE TO CITIES' WITNESS KARL J. NALEPA**

2 Q4. PLEASE SUMMARIZE THE POSITIONS TAKEN BY MR. NALEPA IN HIS
3 DIRECT TESTIMONY.

4 A. Mr. Nalepa argues that ETI should have used a 10-year weather normalization
5 period because "Texas has been undergoing a warming trend, and a 10-year weather
6 normalization period more accurately reflects the most recent warming trend."³ He
7 argues that the Commission should adopt his 10-year proposal based on its
8 decisions in Docket Nos. 40443 and 43695, incorporated also in Docket No. 46449,
9 and the requirements for weather normalization related to the Distribution Cost
10 Recovery Factor ("DCRF"), the Energy Efficiency Cost Recovery Factor
11 ("EECRF"), and the Earnings Monitoring Reports ("EMR").

12
13 Q5. DO YOU AGREE WITH MR. NALEPA'S RECOMMENDATION FOR THE 10-
14 YEAR WEATHER NORMALIZATION PERIOD?

15 A. No, I do not.

16
17 Q6. PLEASE EXPLAIN.

18 A. As stated in my Direct Testimony, a 20-year weather normalization period strikes
19 the right balance between a reliable statistical model and the recent warming trend.
20 While I am not a statistician, it is my general understanding that more data points
21 provide more reliable results. ETI witness Stefan Boedeker provides a discussion

³ Direct Testimony of Karl J. Nalepa at 15, lines 10-11.

1 on this and supports the use of a 20-year weather normalization period in his
2 Rebuttal Testimony. As to the recent weather trend, ETI witness Allen J. Becker
3 states in his Rebuttal Testimony that the 20-year period appropriately captures the
4 trend while climate volatilities within that trend can overly skew the data in the
5 shorter 10-year period.

6

7 Q7. DOES ETI'S 20-YEAR WEATHER NORMALIZATION PERIOD TAKE INTO
8 ACCOUNT RECENT WEATHER TRENDS?

9 A. Yes. The Company recognizes the recent trends and has proposed to shorten the
10 normalization period from the previous industry standard of 30 years to 20 years to
11 capture the impact of that trend. In my opinion, the use of 20 years for the
12 normalization period is superior to the use of 10 years for the reasons provided
13 above, as well as the rationale provided in my Direct Testimony.

14

15 Q8. IS THERE EVIDENCE THAT SUPPORTS YOUR ASSERTION THAT 20
16 YEARS IS SUPERIOR TO 10 YEARS?

17 A. Yes, please see Mr. Boedeker's and Mr. Becker's Rebuttal Testimonies and
18 exhibits. Mr. Boedeker testifies that, from a statistical perspective, a 20-year
19 normalization period is superior to the 10-year period. Mr. Becker testifies that,
20 from a climate perspective, a 20-year normalization period is more reasonable than
21 a 10-year period. My Rebuttal Testimony should be read in conjunction with Mr.
22 Boedeker's and Mr. Becker's Rebuttal Testimonies, which together constitute

1 ETI's overall rebuttal to Cities' recommendation for use of a 10-year weather
2 normalization period in this case.

3

4 Q8. MR. NALEPA MENTIONS DOCKET NOS. 40443 AND 46449. ARE THOSE
5 PROCEEDINGS DISTINGUISHABLE?

6 A. Yes, they are. In Docket Nos. 40443 and 46449, Southwestern Electric Power
7 Company argued for a 30-year weather normalization period, and here, ETI is
8 proposing a 20-year period. In those proceedings, the Commission stated that the
9 use of 10 years of data is "a reasonable means of capturing such weather trends"
10 and a 30-year period is not. In other words, the focus of those cases was between
11 30 years and 10 years. The Commission did not opine on the merits of a 20-year
12 weather normalization period as a reasonable alternative. Nor did the Commission
13 conclude that a 10-year period is the only reasonable option in all cases.

14

15 Q9. MR. NALEPA ALSO MENTIONS THE DCRF, EECRF, AND EMR
16 INSTRUCTIONS. ARE THOSE ITEMS DETERMINATIVE HERE?

17 A. No, they are not. Neither the Commission Substantive Rules for the DCRF or the
18 EECRF nor the EMR instructions are applicable in this base rate proceeding. The
19 Commission's standard rate-filing package does not require use of a 10-year period.
20 Rather than apply a "one size fits all" approach, the Commission should choose the
21 most reliable data that appropriately captures weather trends. As articulated by

1 Mr. Boedeker and Mr. Becker in their Rebuttal Testimonies, data encompassing a
2 20-year weather normalization period is more appropriate and reliable.

3 Further, the DCRF and EECRF should not be controlling because those
4 rates include a true-up mechanism so there is less risk that any weather volatility in
5 a 10-year view (as discussed by Mr. Boedeker and Mr. Becker) will adversely affect
6 the alignment of costs and revenues. Similarly, EMRs are filed annually so that
7 any volatility will cycle through over time. In contrast, base rate cases are less
8 frequent and there is no true-up mechanism. As such, there is greater risk that a
9 weather adjustment that is influenced by more weather volatility will cause
10 “winners and losers” from case to case. For that reason, we should avoid the
11 unnecessary risk for both customers and the Company by using a 20-year period
12 that exhibits less susceptibility to volatility, as discussed by Mr. Boedeker and Mr.
13 Becker.

14

15 Q10. DID MR. NALEPA PERFORM AN INDEPENDENT ANALYSIS OR
16 OTHERWISE PROVIDE ANY EVIDENCE IN SUPPORT OF HIS PROPOSAL
17 FOR A 10-YEAR WEATHER NORMALIZATION PERIOD?

18 A. No, he did not.

19

20 Q11. IS A 20-YEAR WEATHER NORMALIZATION PERIOD REASONABLE?

21 A. Yes, a 20-year weather normalization period is reasonable because it is more
22 reliable from a statistical standpoint, while at the same time taking into account the

1 warming trend recognized by the Commission.⁴ And, as found by Mr. Boedeker
2 and Mr. Becker, a 20-year weather normalization period is superior to the 10-year
3 period from both statistical and weather perspectives.

4

5 Q14. YOU ALREADY DISCUSSED DOCKET NOS. 40443 AND 46449 ABOVE. IN
6 YOUR OPINION, SHOULD DOCKET NO. 43695 CONTROL HERE?

7 A. No, because the number of years used for the weather normalization period in
8 Docket No. 43695 was not in dispute.

9

10 **III. CONCLUSION**

11 Q12. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

12 A. Yes.


⁴ See *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 40443, Proposal for Decision at 244 (May 20, 2013); see also *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 46449, Order on Rehearing at FoFs 271-275 (Mar. 19, 2018).

THE STATE OF LOUISIANA)
)
PARISH OF ORLEANS)

My name is Kristin Sasser. I am of legal age and a resident of the State of Louisiana. 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.

Kristin Sasser
Kristin Sasser

SUBSCRIBED AND SWORN TO BEFORE ME, notary public, on this the 16th day of November 2022.


Notary Public, State of Louisiana

upon death

Sean D. Moore-La. Bar No. 20303
Notary Public for the State of Louisiana
My commission expires upon death