



Filing Receipt

Received - 2022-12-01 01:15:07 PM
Control Number - 53719
ItemNumber - 401

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

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' ERRATA TO THE
DIRECT TESTIMONY OF CHARLES GRIFFEY**

Texas Industrial Energy Consumers ("TIEC") submits the following errata to the Direct Testimony of Charles Griffey:

Page 12, line 15: Change "two" to "three".

Redlined and clean versions of the errata are attached.

Respectfully submitted,

O'MELVENY & MYERS LLP

/s/ Benjamin B. Hallmark

Rex D. VanMiddlesworth

State Bar No. 20449400

Benjamin B. Hallmark

State Bar No. 24069865

Christian E. Rice

State Bar No. 24122294

303 Colorado St., Suite 2750

Austin, TX 78701

(737) 261-8600

rexvanm@omm.com

bhallmark@omm.com

crice@omm.com

OMMeservice@omm.com

**ATTORNEYS FOR TEXAS INDUSTRIAL
ENERGY CONSUMERS**

CERTIFICATE OF SERVICE

I, Christian E. Rice, Attorney for TIEC, hereby certify that a copy of this document was served on all parties of record in this proceeding on this 1st day of December, 2022 by electronic mail, facsimile, and/or First Class, U.S. Mail, Postage Prepaid.

/s/ Christian E. Rice

Christian E. Rice

The regression line shows that gas prices and how ETI's total rate varies from the mean rate of the proxy group are 84% correlated with an R^2 of 71%. This means that the level of natural gas prices explains 71% of the variance in how ETI's total rate ranks within the proxy group. When gas prices are high, the comparison of total rates shows ETI does poorly against the proxy group. When gas prices are low, like they have largely been since 2009, ETI fares better in a comparison with the proxy group's total rates. Given that Mr. Starkweather's focus was on 2017-2021, when gas prices were low relative to the average over the 25-year period, it is natural that ETI will look good in a rate comparison. But that has nothing to do with exemplary performance of management, particularly today's management. Rather, it is largely driven by choices of generation made 30-40 years ago. Different utilities made different choices in the 1970s through 1990s when today's utility generation fleet was largely being built. Those decisions reverberate through today.

In the last year, as natural gas prices have risen, ETI's rates will not compare favorably to less gas-dependent utilities, as evidenced by the fact that ETI's most recent fuel factor is more than double what it was ~~two~~three years ago, and on top of that, ETI has implemented a \$51.7 million fuel surcharge in the last year.¹⁵ And in any case, since ETI's total rates are within one standard deviation of the mean, ETI's performance on rates is average.

Q. DOES THIS PATTERN ALSO HOLD FOR RESIDENTIAL RATES?

A. Yes. Gas prices are 77% correlated with the amount by which ETI's residential rates vary from the mean of the proxy group over the period 1997-2025.

Q. WHAT DOES YOUR BENCHMARKING TO WEST SOUTH CENTRAL UTILITIES SHOW?

A. It shows that ETI's residential and total rates are (1) almost always within one standard deviation of the mean for each rate comparison, and (2) whether ETI's rates are above or

¹⁵ See *Application of Entergy Texas, Inc. to Implement an Interim Fuel Surcharge*, Docket No. 53593, SOAH Order No. 2 (Aug. 2, 2022); Docket No. 53593, Stipulation and Settlement Agreement at FoF 24, OP 1 (Jul. 22, 2022).

1 The regression line shows that gas prices and how ETI's total rate varies from the
 2 mean rate of the proxy group are 84% correlated with an R^2 of 71%. This means that the
 3 level of natural gas prices explains 71% of the variance in how ETI's total rate ranks within
 4 the proxy group. When gas prices are high, the comparison of total rates shows ETI does
 5 poorly against the proxy group. When gas prices are low, like they have largely been since
 6 2009, ETI fares better in a comparison with the proxy group's total rates. Given that Mr.
 7 Starkweather's focus was on 2017-2021, when gas prices were low relative to the average
 8 over the 25-year period, it is natural that ETI will look good in a rate comparison. But that
 9 has nothing to do with exemplary performance of management, particularly today's
 10 management. Rather, it is largely driven by choices of generation made 30-40 years ago.
 11 Different utilities made different choices in the 1970s through 1990s when today's utility
 12 generation fleet was largely being built. Those decisions reverberate through today.

13 In the last year, as natural gas prices have risen, ETI's rates will not compare
 14 favorably to less gas-dependent utilities, as evidenced by the fact that ETI's most recent
 15 fuel factor is more than double what it was three years ago, and on top of that, ETI has
 16 implemented a \$51.7 million fuel surcharge in the last year.¹⁵ And in any case, since ETI's
 17 total rates are within one standard deviation of the mean, ETI's performance on rates is
 18 average.

19 **Q. DOES THIS PATTERN ALSO HOLD FOR RESIDENTIAL RATES?**

20 A. Yes. Gas prices are 77% correlated with the amount by which ETI's residential rates vary
 21 from the mean of the proxy group over the period 1997-2025.

22 **Q. WHAT DOES YOUR BENCHMARKING TO WEST SOUTH CENTRAL**
 23 **UTILITIES SHOW?**

24 A. It shows that ETI's residential and total rates are (1) almost always within one standard
 25 deviation of the mean for each rate comparison, and (2) whether ETI's rates are above or

¹⁵ See *Application of Entergy Texas, Inc. to Implement an Interim Fuel Surcharge*, Docket No. 53593, SOAH Order No. 2 (Aug. 2, 2022); Docket No. 53593, Stipulation and Settlement Agreement at FoF 24, OP 1 (Jul. 22, 2022).