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DOCKET NO. 53719

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	**§ § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ENTERGY TEXAS, INC.'S STATEMENT OF INTENT AND APPLICATION FOR AUTHORITY TO CHANGE RATES

Entergy Texas, Inc. ("ETI" or the "Company") hereby files this Rate Filing Package ("RFP") and Statement of Intent and Application for Authority to Change Rates (the "Application") pursuant to Chapter 36 of the Public Utility Regulatory Act ("PURA")[1] and applicable Public Utility Commission of Texas ("Commission") Substantive and Procedural Rules. ETI also moves for approval of its proposed form of notice and for entry of the Commission's Standard Protective Order.

I. INTRODUCTION

16 Tex. Admin. Code ("TAC") § 25.248(j) requires ETI to file a base rate case by July 1, 2022 in order to move the amounts it is currently collecting through its Generation Cost Recovery Rider ("GCRR") into base rates. ETI's GCRR was established in Docket No. 51381 to allow ETI to begin recovering a return of and on its capital investment in the Montgomery County Power Station ("MCPS") as of January 1, 2021.[2] With this case, ETI is complying with that regulatory requirement. ETI's most recent base rate change was approved in the Commission's Final Order issued in Docket No. 48371, dated December 20, 2018.[3]

ETI's Application, schedules, and testimony support an increase in base rates designed to collect a total non-fuel retail amount of approximately $1.2 billion per year, an increase of

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1 Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

2 *Application of Entergy Texas, Inc. to Establish a Generation Cost Recovery Rider Related to the Montgomery County Power Station*, Docket No. 51381, Order (memorialized Jan. 14, 2022).

3 *Entergy Texas, Inc.'s Statement of Intent and Application to Change Rates*, Docket No. 48371 (Dec. 20, 2018).

$131.4 million, or 11.2% on average across all customer classes compared to current adjusted retail base rate and rider revenues. Including fuel, the request represents an increase of 6.95%.

The Application is based on a 12-month test year ending December 31, 2021 (the "Test Year"). ETI requests inclusion in rate base of capital additions closed to plant in the period of January 1, 2018 through the end of the Test Year.

ETI requests that the final rates set in this proceeding be made effective 35 days after the date of this filing. Pursuant to PURA § 36.211(b), ETI requests that if the Commission suspends the proposed rates, that the final rates set in this proceeding relate back and be made effective for consumption on and after the 155th day after the date this Application is filed.

II. SUMMARY OF APPLICATION

The direct testimony of ETI President and Chief Executive Officer Eliecer Viamontes sets out the structure of this filing and introduces each witness. As explained in Mr. Viamontes's direct testimony, ETI's requests are necessary to keep the Company in a financially healthy position while it continues to provide its customers with reliable, affordable, and sustainable service. In particular, ETI's requested rate change is driven by three key factors: (1) the considerable capital investment ETI has made in infrastructure needed to provide resilient and reliable service to customers; (2) updated depreciation rates that reflect the expected lives of assets currently serving customers; and (3) a need to ensure ETI remains a financially healthy utility able to access capital on reasonable terms in order to continue making critical investments needed to serve customers.

ETI is engaged in a major multi-year capital investment plan in order to replace and rebuild aging infrastructure, maintain and improve its level of service reliability and resiliency, and facilitate planned upgrades and expansion. Since January 1, 2018, ETI has closed to plant

approximately $2.3 billion dollars of capital additions (after certain adjustments), including the construction and recent placement in service of MCPS. Construction of MCPS proceeded expeditiously, despite challenges imposed by the bankruptcy of the parent company of the MCPS contractor, the COVID-19 pandemic, and the 2020 hurricane season. As a result of the Company's careful management of the project, the plant was placed in service on January 1, 2021, roughly five months ahead of its originally scheduled in-service date and under-budget. MCPS's early in-service date was especially valuable to ETI's customers as the plant was online in time to serve customers and support the Southeast Texas power grid during the majority of Winter Storm Uri. The addition of MCPS is continuing to benefit customers both in terms of added reliability in ETI's Western Region and fuel cost savings. ETI's capital additions will allow ETI to continue providing reliable and resilient service to its customers at a reasonable cost. ETI expects to continue making significant investments to serve customer needs in the near future, including over $2.5 billion in electric infrastructure by the end of 2024.

ETI is also seeking approval of new depreciation rates that will ensure that ETI's net capital investment is recovered over the time period that each of the underlying assets will be used to serve customers. ETI proposes to update the depreciation lives for three of its generating units as well as the Spindletop natural gas storage facility in order to reflect the current expected lifespan of those facilities. As discussed in the testimony of Anastasia R. Meyer, the expected deactivation dates for the three generation plants have been updated based on ETI's long-term resource planning process. Two of those plants (Nelson Unit 6 and Big Cajun II, Unit 3) are expected to be retired earlier than previously assumed, and one (Sabine 1) is expected to be retired at a later date. As discussed in the direct testimony of Andrew L. Dornier, the expected lifespan of the Spindletop facility has been extended. Additionally, as supported by Mr. Dane

Watson, ETI seeks to establish depreciation rates in this proceeding for MCPS and the Hardin County Peaking Facility. ETI's proposed depreciation rates will allow the costs associated with these facilities to be recovered over the same time period that their benefits are flowing to customers.

At the same time, ETI seeks an opportunity to earn a reasonable return on its invested capital as required by PURA § 36.051. As described in the testimony of Ann E. Bulkley, ETI's financial strength is essential to its ability to fulfill its obligation to serve customers. ETI must maintain its stand-alone credit profile to demonstrate that it is a financially healthy utility that is capable of providing a reasonable return to the investors who provide ETI the money needed to invest in Texas, for the benefit of its customers. Therefore, to be in a position to best serve its customers with safe, reliable, affordable, and sustainable utility service, ETI seeks an opportunity to earn a reasonable return on its invested capital. The Company is seeking Commission approval of its capital structure and proposed authorized return on common equity ("ROE") in order to accurately reflect current market conditions and to allow ETI to attract capital on reasonable terms. ETI is requesting an authorized ROE of 10.8%, which is based on a 10.5% ROE resulting from Ms. Bulkley's analytical model results, and a 30-basis point adder recommended by Jess K. Totten.

As discussed in Mr. Totten's testimony, ETI's efforts over the past several years have led to high-quality performance in a number of areas that are especially important to its customers. First, when compared with other utilities in the region and around the United States, ETI has achieved low retail rates overall and low operations and maintenance ("O&M") costs relative to

other utilities, demonstrating efficient utility operations.[4] Second, ETI exhibited superior management in the restoration of its electric system and power to customers in the wake of the historic hurricanes of 2020 notwithstanding the added logistical challenges presented by the global COVID-19 pandemic.[5] Third, ETI exhibited superior management in bringing MCPS online early and under-budget notwithstanding the COVID-19 pandemic, the bankruptcy of its contractor during project construction, and an active 2020 hurricane season.[6]

A. Base Rate Revenue Requirement and Riders

ETI proposes an increase in its base rates designed to collect a total non-fuel retail revenue requirement for ETI of approximately $1.2 billion per year, which is an incremental increase of $131.4 million or 11.2%, compared to adjusted retail base rate and rider revenues resulting from the Commission's Order in Docket No. 48371. This calculation reflects ETI's proposal to reset its GCRR, Distribution Cost Recovery Factor ("DCRF"), and Transmission Cost Recovery Factory ("TCRF") balances to zero as a result of this proceeding. ETI has calculated its revenue requirement based on an overall weighted average cost of capital ("WACC") of 7.24%, an equity ratio of 51.21%, a preferred stock ratio of 0.81%, a long-term debt ratio of 47.97%, a cost of long-term debt of 3.47%, and an ROE of 10.8%. Attachment A provides the details of how the requested revenue requirement would affect each rate class.

1. Base Rates

ETI's Application includes the following base rate adjustments:

(a) ETI seeks to establish just and reasonable rates that reflect its total revenue requirement, including affiliate transaction payments, non-affiliate operations and

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4 PURA § 36.052(3).

5 PURA § 36.052(4).

6 PURA § 36.052(4).

maintenance expenses, federal income tax expense, expenses for taxes other than income, depreciation and amortization expense, nuclear decommissioning expense, and an authorized rate of return that reflects a 10.8% ROE.

(b) ETI proposes certain pro forma adjustments to its Test Year results, as explained in the direct testimonies of Allison P. Lofton, Bobby R. Sperandeo, and Richard E. Lain. These adjustments are necessary to ensure that the rates charged as a result of this proceeding are more closely aligned with the costs ETI will incur during the period in which the rates resulting from this proceeding will be in effect. Additionally, some of these adjustments are for items that the Company has removed because they are not being sought for recovery and/or because they are not recoverable pursuant to 16 TAC § 25.231(b)(2).

(c) ETI proposes to include in rate base capital additions closed to plant in service from January 1, 2018 through the December 31, 2021, including the generation-related additions currently reflected in the GCRR, the distribution-related additions currently reflected in the DCRF, and the transmission-related additions currently reflected in the TCRF. ETI seeks a finding that the costs incurred for those capital additions are reasonable and prudent.

(d) In regard to affiliate transactions, ETI has segregated its affiliate payments into classes of service and is presenting testimony and supporting evidence (e.g., discussion of budgeting and cost control efforts, benchmarking results as available, review of the costs of major components for each class, and historical cost trends) for each class, demonstrating that the affiliate transaction payments satisfy the standard for recovery set out in PURA § 36.058. Ryan M. Dumas's

direct testimony explains how the evidence supporting affiliate payments is organized. The presentation of ETI's affiliate expenses is consistent with the presentation of affiliate expenses in the Company's last several rate cases.

(e) ETI also requests Commission approval of the waivers to the RFP instructions presented in RFP Schedule V that accompany this Application.

2. Riders

ETI's request includes a limited-term Rate Case Expense ("RCE") Rider to recover approximately $9.2 million over three years, which includes currently estimated costs associated with this proceeding and the actual costs incurred in ETI's prior fuel reconciliation (Docket No. 49916).[7] ETI will file updates over the course of this proceeding reflecting actual amounts incurred related to this docket.

ETI also requests Commission approval of four new voluntary riders in this case:

(a) TECI Rider: A rider designed to allow ETI to partner with interested non-residential customers to plan, construct, own, operate, and maintain transportation electrification ("TE") related infrastructure and equipment (such as electric vehicle charging and Shore Power)[8] on customer-owned property, with costs incurred by ETI to be added to the interested customers' monthly electric bill as a fixed payment;

(b) TECDA Rider: A rider designed to provide targeted demand charge relief and reduce electric bill uncertainty exclusively for non-residential customers installing

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[7] *Application of Entergy, Texas Inc. for Approval to Reconcile Fuel and Purchased Power Costs*, Docket No. 49916, Order (Aug. 27, 2020).

[8] *See* Direct Testimony of Samantha Hill at p. 6. Shore power connections can be used by marine vessels to plug into the local electricity grid and turn off auxiliary engines while at-dock.

electric vehicle charging infrastructure and taking new separately metered electric service under Rate Schedule GS;

(c) Rider MVDR: A rider designed to facilitate ETI customers or Aggregators of Retail Customers ("ARCs") with firm loads over a minimum amount participating as demand response resources in the Midcontinent Independent System Operator wholesale marketplace, with ETI acting as the sole Market Participant, pursuant to a Commission-approved tariff that will enhance oversight and transparency; and

(d) Schedule Green Future Option ("GFO"): A rider designed to allow eligible customers to access ETI utility-scale renewable resources to take advantage of the economies of scale of such projects to satisfy their sustainability objectives. In exchange for a fixed monthly payment corresponding to a certain portion of the resource's capacity, customers receive an energy credit based on market conditions and the ability to claim any associated Renewable Energy Credits ("RECs") that ETI will retire on their behalf. This tariff was developed in response to interest received from ETI customers, including larger customers seeking more renewable options from the Company to help meet their corporate sustainability goals. It is also consistent with ETI's commitment to a cleaner, sustainable energy future while maintaining reliability and affordability.

To the extent that any requested rider is not approved, ETI requests that it be allowed to recover the associated costs, if any, through its base rates or other rate mechanism designed to recover non-fuel costs.

B. Class cost allocation and rate design

ETI's Application also addresses (1) inter- and intra-class cost allocation; (2) rate design; and (3) proposed revisions to its tariffs and rate schedules as detailed in RFP Schedule Q-8.8, which tariffs and schedules are addressed by ETI witnesses Crystal K. Elbe, Samantha Hill, David Hunt, Stuart Barrett, Melanie Taylor, and Richard Lain.

C. Summary of Request

ETI's Application requests that the Commission establish the Company's revenue requirement as set out in the RFP, including a determination that the Company has satisfied PURA's standards for recovery of affiliate costs. ETI further requests that the Commission approve ETI's proposed rate riders and schedules and grant good-cause exceptions to the extent necessary to support any variance from the Commission's Rules.

III. DESCRIPTION OF APPLICANT AND AFFECTED PARTIES

ETI is an electric utility, a public utility, and a utility as those terms are defined in PURA §§ 11.004(1) and 31.002(6). ETI provides fully bundled electric delivery service to approximately 486,000 customers across 27 counties in Southeast Texas. ETI's Regulatory Affairs office is located at 919 Congress Avenue, Suite 740, Austin, Texas 78701; telephone number (512) 487-3999. This Application affects ETI and all its Texas retail customers (all rate classes and rate schedules).

IV. STATEMENT OF JURISDICTION

The Commission has original jurisdiction over this Application pursuant to PURA §§ 14.001, 32.001, 32.102, 36.001-36.112, and 36.201-36.212. The Commission has exclusive original jurisdiction over this Application for service provided to ETI's environs customers and to customers within the corporate limits of those cities that have ceded their regulatory

jurisdiction to the Commission. ETI is also filing this Application with all of the municipalities that retain original jurisdiction over ETI's rates within their corporate limits. ETI anticipates that it will appeal the actions of its original jurisdiction cities to the Commission and that it will seek consolidation of those appeals with this docket.

V. AUTHORIZED REPRESENTATIVES

ETI's authorized representatives in this proceeding are:

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ETI requests that all documents related to this proceeding be served on Mr. Hoyt's office, as listed in the previous paragraph.

VI. PROPOSED PROCEDURAL SCHEDULE

ETI will work with parties to attempt to reach an agreed procedural schedule. ETI proposes that the following procedural schedule is reasonable and would allow the proceeding to conclude by the jurisdictional deadline established in PURA § 36.108:

Application Filed	July 1, 2022
Intervention Deadline (Day 45)	August 15, 2022
Objections to ETI's Direct Testimony	August 22, 2022
Intervenor Direct Testimony	August 29, 2022
Commission Staff Direct Testimony	September 6, 2022
End of Discovery on ETI's Direct Case	September 6, 2022
ETI Rebuttal Testimony; Intervenor/Staff Cross-Rebuttal Testimony	September 19, 2022
End of Discovery on Rebuttal Testimony and Cross-Rebuttal Testimony	September 26, 2022
Hearing Start Date	October 5, 2022
Relate-Back Date (Day 155)	December 3, 2022
Jurisdictional Deadline (Day 185)	January 2, 2023

VII. MOTION FOR APPROVAL OF PROPOSED NOTICE

ETI will provide notice in accordance with PURA § 36.103 and 16 TAC § 22.51(a). The proposed notice is provided as Attachment B to this Application. ETI requests that the Commission approve this method and form of notice.

VIII. MOTION FOR ENTRY OF PROTECTIVE ORDER

Certain information required by the Commission's RFP consists of proprietary or commercially sensitive information that is confidential or highly sensitive data or that unaffiliated third parties have provided to the Company under agreements restricting dissemination. Finally, certain components of and documents included in ETI's pre-filed direct testimony, exhibits, and/or workpapers include confidential and/or highly sensitive information. To facilitate evaluation of this information by the Commission Staff and other parties, ETI requests entry of the Commission's Standard Protective Order as soon as possible.

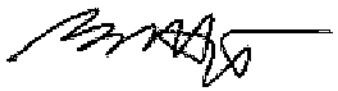
Attachment C to this Application presents a complete listing of the information that the Company designates as confidential or highly sensitive. Pending Commission approval of a protective order in this proceeding, ETI will make confidential or highly sensitive information available through a secure File Transfer Protocol ("FTP") site to parties who execute a protective order certification as attached to the Commission's standard Protective Order.

IX. CONCLUSION

For the reasons set out in this Application, the accompanying direct testimony, and the RFP schedules and workpapers, ETI requests that the Commission: (1) approve ETI's proposed method and form of notice; (2) enter the Commission's standard Protective Order; (3) grant the requested waivers of Commission rules and RFP instructions; (4) approve and authorize the changes in the Company's rates, schedules, and riders proposed in this filing; and (6) grant ETI such other relief to which the Company may be entitled.

Dated: July 1, 2022

Respectfully submitted,



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ATTORNEYS FOR ENTERGY TEXAS, INC.

ENTERGY TEXAS, INC.
INCREASE BY RATE CLASS WITH RIDERS
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2021

Rate Class	Number of Customers Test Year Adjusted (a)	Present Base Rate Revenue (1) (b)	Present Rider Revenue (2)(3) (c)	Present Base Plus Rider Revenue (d) = (b) + (c)	Present Fuel Revenue (4) (e)	Total Present Revenue (f) = (d) + (e)
Residential Service	422,815	$ 469,401,109	$ 142,947,779	$ 612,348,888	$ 238,591,975	$ 850,940,863
Small General Service	38,207	$ 36,536,206	$ 10,736,121	$ 47,272,327	$ 18,696,382	$ 65,968,709
General Service	20,085	$ 160,761,920	$ 65,027,301	$ 225,789,221	$ 120,572,963	$ 346,362,184
Large General Service	390	$ 48,653,278	$ 19,224,287	$ 67,877,565	$ 49,009,329	$ 116,886,894
Large Industrial Power Service	124	$ 162,327,854	$ 41,412,530	$ 203,740,384	$ 285,650,342	$ 489,390,726
Lighting Service	2,744	$ 12,443,867	$ 3,911,872	$ 16,355,739	$ 3,459,637	$ 19,815,376
Total Retail	484,365	$ 890,124,234	$ 283,259,890	$ 1,173,384,124	$ 715,980,628	$ 1,889,364,752

Rate Class	Proposed Base Rate Revenue (1) (g)	Proposed Rider Revenue (2)(5) (h)	Proposed Base Plus Rider Revenue (i) = (g) + (h)	Proposed Fuel Revenue (4) (j)	Total Proposed Revenue (k) = (i) + (j)	Change To Total Revenue (l)	Base Revenue and Riders Percent Change (m) = (l) /(d)	Percent Change Total Revenues (n) = (l)/(f)
Residential Service	$ 654,138,090	$ 41,960,182	$ 696,098,272	$ 238,591,975	$ 934,690,247	$ 83,749,384	13.68%	9.84%
Small General Service	$ 46,387,907	$ 4,248,428	$ 50,636,335	$ 18,696,382	$ 69,332,717	$ 3,364,008	7.12%	5.10%
General Service	$ 218,555,806	$ 26,473,580	$ 245,029,386	$ 120,572,963	$ 365,602,349	$ 19,240,165	8.52%	5.55%
Large General Service	$ 64,724,779	$ 7,424,387	$ 72,149,166	$ 49,009,329	$ 121,158,495	$ 4,271,601	6.29%	3.65%
Large Industrial Power Service	$ 219,104,966	$ 3,545,882	$ 222,650,848	$ 285,650,342	$ 508,301,190	$ 18,910,464	9.28%	3.86%
Lighting Service	$ 16,113,201	$ 2,104,528	$ 18,217,729	$ 3,459,637	$ 21,677,366	$ 1,861,990	11.38%	9.40%
Total Retail	$ 1,219,024,749	$ 85,756,987	$ 1,304,781,736	$ 715,980,628	$ 2,020,762,364	$ 131,397,612	11.20%	6.95%

(1) Excludes EAPS and SMS.
(2) Includes Riders AMS, EECRF, SRC, SRC-2, SCO-2, RCE-4, MTM, TCJA and FITC, which are the same for present and proposed.(3) Includes Rider DCRF, TCRF, and GCRF for present only.
(4) Fuel Revenues are the same for present and proposed.
(5) Does not include Rider DCRF, TCRF, and GCRR.

NOTICE OF RATE CHANGE REQUEST

On July 1, 2022, Entergy Texas, Inc. ("ETI" or the "Company") filed its STATEMENT OF INTENT AND APPLICATION FOR AUTHORITY TO CHANGE RATES ("Application"). ETI filed its Application with the Public Utility Commission of Texas ("Commission") and with the municipal authorities in its service territory that have original jurisdiction over the Company's electric rates.

Statement of Intent to Change Rates

In the Application, ETI proposes an increase in its base rates designed to collect a total non-fuel retail amount for ETI of approximately $1.2 billion per year, which is an increase of approximately $131.4 million, or 11.2%, compared to adjusted test year retail base rate and rider revenues, exclusive of fuel revenues. This proposal represents an increase in overall revenues, including fuel, of 6.95%.

The Application is based on a 12-month test year ending December 31, 2021. ETI requests inclusion in rate base of capital additions closed to plant in the period of January 1, 2018 through the end of the test year.

In addition to approval of ETI's reasonable and necessary operating expenses and capital additions closed through December 31, 2021, the Application also includes the following requests, among others:

- approval of a request to place in base rates costs currently being recovered through ETI's Generation Cost Recovery Rider, Distribution Cost Recovery Factor and Transmission Cost Recovery Factor;
- approval of two new voluntary riders to address its customers' increasing adoption of transportation electrification ("TE") technologies;
- approval of the Green Future Option Schedule tariff, which would provide a new voluntary option for ETI customers to receive benefits of renewable power associated with ETI's utility-scale renewable resources;
- approval of the Market Valued Demand Response ("MVDR") Rider, which is designed to facilitate the transparency of ETI's customers and aggregators of those customers in providing demand response solutions;
- approval of a limited-term Rate Case Expense ("RCE") Rider to recover approximately $9.2 million over three years, which includes currently estimated costs associated with this proceeding and the actual costs incurred in ETI's prior fuel reconciliation (Docket No. 49916);
- approval of multiple tariff changes described ETI's Application and accompanying testimonies;
- approval of new depreciation rates; and
- approval of requested waivers to certain Commission rules.

To the extent a proposed new rider or schedule is not approved as a separate rider or schedule,

ETI proposes to recover such costs through its base rates.

Effect on Customer Classes

The rate change proposed in the Application will affect all customers and classes of customers receiving retail electric service from ETI. The following table shows the effect of the proposed base rate, rider and tariff changes on existing rate classes:

Rate Class	Number of Customers at Test Year End	Change in Non-Fuel Revenues*	Change in Total Revenues**
Residential	422,815	13.68%	9.84%
Small General	38,207	7.12%	5.10%
General	20,085	8.52%	5.55%
Large General	390	6.29%	3.65%
Large Industrial Power	124	9.28%	3.86%
Lighting	2,744	11.38%	9.40%
Total Retail	484,365	11.20%	6.95%

* Includes the effects of changes to base rates and ongoing and new riders.
** Includes fuel revenues as well as the effects of changes to base and ongoing and new riders.

The Application proposes an effective date for this rate change of 35 days after the date of this filing. Accordingly, the proposed effective date is August 5, 2022. The proposed effective date is subject to suspension and extension by actions of the Commission or other regulatory authorities.

Contact Information

Persons with questions or who want more information on this petition may contact ETI at Attn: Customer Service, 350 Pine Street, Beaumont, Texas 77701, or call (866) 981-2602 during normal business hours. Persons may also email tcr@entergy.com with questions or to request more information or a copy of the Application. A complete copy of this Application, including the Rate Filing Package, is available for inspection at the address listed above.

Persons who wish to intervene in or comment upon these proceedings should notify the Public Utility Commission of Texas (commission) as soon as possible, as an intervention deadline will be imposed. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326. Further information may also be obtained by calling the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136. The deadline for intervention in the

proceeding is 45 days after the date the application was filed with the commission. All communications should refer to Docket No. 53719.

Since March 2020, the preferred method for you to file your request for intervention is electronically, and you will be required to serve the request on other parties by email. Therefore, please include your own email address on the intervention request. Instructions for electronic filing via the "PUC Filer" on the Commission's website can be found here: https://interchange.puc.texas. gov/filer. Instructions for using the PUC Filer are available at: http://www.puc.texas.gov/industry/filings/New_PUC_Web_Filer_Presentation.pdf. Once you obtain a tracking sheet associated with your filing from the PUC Filer, you may email the tracking sheet and the document you wish to file to: centralrecords@puc.texas.gov. For assistance with your electronic filing, please contact the Commission's Help Desk at (512) 936-7100 or helpdesk@puc.texas.gov. You can review materials filed in this docket on the PUC Interchange at: http://interchange.puc.texas. gov/.

List of Confidential (Protected Material)/ Highly Sensitive (Highly Sensitive Protected Material) Information

The following is a list of schedules, exhibits and workpapers that are included in this Application and considered by Entergy Texas, Inc. ("ETI" or "the Company") to be Confidential (Protected Material) or High Sensitive (Highly Sensitive Protected Material) information, the protected designation, the reason for protection and a list of witnesses sponsoring the information or the schedule to which the information relates. The Company considers the information listed below to be commercial or financial information or customer specific information that is exempted from disclosure under the Public Information Act. TEX. GOV'T CODE ANN. §§ 552.101 and 552.110 (West 2012); TEX. UTIL. CODE § 32.101(c) (West 2007).

DOCUMENT	DESIGNATION	REASON FOR PROTECTION	SPONSOR
Rate Filing Package			
D-6	Highly Sensitive	Proprietary/Commercially Sensitive Information	Gale, Beverley
WP/E-2.2	Highly Sensitive	Proprietary Information	Dornier, Andrew L.; Lofton, Allison P.
WP/E-4	Highly Sensitive	Proprietary Information	Joyce, Jay; Lofton, Allison P.
Schedule G-5.1	Confidential	Proprietary Information	Lofton, Allison P.
Schedule G-5.1a	Confidential	Proprietary Information	Lofton, Allison P.
WP/G-7.3b	Highly Sensitive	Proprietary Information	Whaley, Stacey
Schedule G-7.13	Highly Sensitive	Proprietary Information	Lofton, Allison P.; Whaley, Stacey L.
WP/G-7.13	Highly Sensitive	Commercial/Financial Information	Lofton, Allison P.; Whaley, Stacey L.
Schedule H-5.3b	Confidential	Proprietary Information	Gale, Beverley
Schedule H-6.2c	Confidential	Proprietary Information	Gale, Beverley
WP/H-7.2	Confidential	Proprietary Information	Gale, Beverley
Schedule H-7.4	Confidential	Staffing Projections/Proprietary Information	Gale, Beverley
Schedule I-4	Highly Sensitive	Contractual/Proprietary Information	Dornier, Andrew L.; Meyer, Anastasia R.
WP/I-4	Highly Sensitive	Contractual/Proprietary Information	Dornier, Andrew L.; Meyer, Anastasia R.
Schedule I-4	Confidential	Contractual/Proprietary Information	Dornier, Andrew L.; Meyer, Anastasia R.
Schedule I-9	Confidential	Proprietary Information	Dornier, Andrew L.

DOCUMENT	DESIGNATION	REASON FOR PROTECTION	SPONSOR
Schedule I-16	Highly Sensitive	Contractual/Proprietary Information	Dornier, Andrew L.; Lofton, Allison P.
Schedule I-17.1	Highly Sensitive	Contractual/Proprietary Information	Dornier, Andrew L.
Schedule I-19.7	Confidential	Contractual/Proprietary Information	Dornier, Andrew L.
Schedule K-5	Highly Sensitive	Financial Forecasts	Lofton, Allison P.; Sperandeo, Bobby R.
Schedule K-6	Highly Sensitive	Financial Forecasts	Lofton, Allison P.; Sperandeo, Bobby R.
Schedule K-7	Highly Sensitive	Financial Forecasts	Sperandeo, Bobby R.
Schedule M-1 Attachment 1	Confidential	Contractual/Proprietary Information	Glander, Lori; Hunter, Liz; Lain, Richard E.
Schedule M-1 Attachment 3	Confidential	Contractual/Proprietary Information	Glander, Lori; Hunter, Liz; Lain, Richard E.
Schedule O-9.2	Highly Sensitive	Proprietary Information	Sasser, I. Kristin
Schedule Q-8.1	Highly Sensitive	Financial Forecasts	Dornier, Andrew L.
Schedule Q-8.2	Highly Sensitive	Financial Forecasts/Proprietary Information	Dornier, Andrew L.
Schedule Q-8.3	Highly Sensitive	Financial Forecasts/Proprietary Information	Dornier, Andrew L.
Schedule Q-8.4	Highly Sensitive	Financial Forecasts/Proprietary Information	Dornier, Andrew L.
Testimony, Exhibits and Workpapers			
WP/Dickens	Highly Sensitive	Contractual/Proprietary Information	Dickens, Gary C.
Testimony pp. 12, 13, 15	Highly Sensitive	Proprietary/Commercially Sensitive Information	Dornier, Andrew L.
Exhibit ALD-1	Highly Sensitive	Proprietary/Commercially Sensitive Information	Dornier, Andrew L.
WP 1/Dornier	Highly Sensitive	Proprietary/Commercially Sensitive Information	Dornier, Andrew L.
WP 2/Dornier	Highly Sensitive	Proprietary/Commercially Sensitive Information	Dornier, Andrew L.
WP/Griffiths – Direct	Confidential	Contractual/Proprietary Information	Griffiths, Meghan E.

DOCUMENT	DESIGNATION	REASON FOR PROTECTION	SPONSOR
Exhibit ESH-2	Highly Sensitive	Proprietary/Commercially Sensitive Information	Hunter, Elizabeth S.
Exhibit ESH-3	Highly Sensitive	Proprietary/Commercially Sensitive Information	Hunter, Elizabeth S.
Exhibit ESH-4	Highly Sensitive	Proprietary/Commercially Sensitive Information	Hunter, Elizabeth S.
Exhibit ESH-5	Highly Sensitive	Proprietary/Commercially Sensitive Information	Hunter, Elizabeth S.
Exhibit REL-3	Highly Sensitive	Commercial/Financial Information	Lain, Richard E.
Testimony pp. 9, 12, 15, 18, 19	Highly Sensitive	Proprietary Information	Meyer, Anastasia R.
Exhibit ARM-1	Highly Sensitive	Proprietary Information	Meyer, Anastasia R.
Exhibit ARM-2	Highly Sensitive	Proprietary Information	Meyer, Anastasia R.
Exhibit ARM-3	Highly Sensitive	Proprietary Information	Meyer, Anastasia R.
Exhibit ARM-4	Highly Sensitive	Proprietary Information	Meyer, Anastasia R.
Exhibit ARM-5	Highly Sensitive	Contractual/Proprietary Information	Meyer, Anastasia R.
Exhibit WJP-1	Highly Sensitive	Contractual/Proprietary Information	Phillips, Will
Testimony pp. 26, 36, 45, 48, 49	Highly Sensitive	Proprietary Information	Raeder, Jennifer A.
Exhibit JAR-1	Highly Sensitive	Proprietary Information	Raeder, Jennifer A.
Exhibit JAR-2	Highly Sensitive	Proprietary Information	Raeder, Jennifer A.
Exhibit JAR-5	Confidential	Proprietary Information	Raeder, Jennifer A.
Exhibit JAR-6	Highly Sensitive	Proprietary Information	Raeder, Jennifer A.
Exhibit DDR-1	Highly Sensitive	Commercial/Financial Information	Renton, Dawn D.
Exhibit DDR-2	Highly Sensitive	Proprietary Information	Renton, Dawn D.
Exhibit DDR-3	Highly Sensitive	Commercial/Financial Information	Renton, Dawn D.
Exhibit DDR-4	Highly Sensitive	Commercial/Financial Information	Renton, Dawn D.
Exhibit DDR-8	Highly Sensitive	Commercial/Financial Information	Renton, Dawn D.
Exhibit DDR-10	Highly Sensitive	Proprietary Information	Renton, Dawn D.
Exhibit DDR-11	Highly Sensitive	Proprietary Information	Renton, Dawn D.
Exhibit DAW-2	Highly Sensitive	Proprietary Information	Watson, Dane A.
WP/Watson – Direct	Highly Sensitive	Proprietary Information	Watson, Dane A.
WP/Whaley – Direct	Highly Sensitive	Commercial/Financial Information	Whaley, Stacey L.

I certify that I have reviewed the documents listed above and state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the application designation of Confidential (Protected) Materials or Highly Sensitive (Highly Sensitive Protected) Materials detailed in the Protective Order accompanying this Application.

George H. Hoyt

Date: July 1, 2022

DOCKET NO. 53719

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS

DIRECT TESTIMONY

OF

ELIECER VIAMONTES

ON BEHALF OF

ENTERGY TEXAS, INC.

JULY 2022

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF ELIECER VIAMONTES
2022 RATE CASE

TABLE OF CONTENTS

EXHIBITS

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Eliecer Viamontes. My business address is 2107 Research Forest Drive, The Woodlands, Texas 77380.

Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Entergy Texas, Inc. ("ETI" or the "Company") as President and Chief Executive Officer ("CEO"). ETI is an integrated utility company that provides bundled generation, transmission, distribution, and customer services to approximately 486,000 retail customers in Texas. ETI is a subsidiary of Entergy Corporation, which also owns, among other subsidiaries, Entergy Louisiana, LLC; Entergy New Orleans, LLC; Entergy Arkansas, LLC; and Entergy Mississippi, LLC (along with ETI, the "Entergy Operating Companies" or "EOCs"). Schedule F of the rate filing package describes the Company in more detail.

Q3. ON WHOSE BEHALF ARE YOU FILING THIS DIRECT TESTIMONY?

A. I am filing this direct testimony on behalf of ETI.

A. Qualifications

Q4. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. In 2005, I earned a Bachelor of Science degree in Electrical Engineering from

Florida International University. In 2008, I obtained a Master of Business Administration degree from Florida International University. I joined Florida Power & Light Company, a subsidiary of NextEra Energy, Inc., in 2003. During my tenure at Florida Power & Light Company, I held various positions of increasing responsibility in the areas of reliability engineering and service planning until December 2008, when I was promoted to Leader of Reliability Strategy and Data Analytics. In February 2011, I became Manager, Distribution Vegetation Management and managed the group responsible for the company's line clearance program impacting 4.8 million customers across Florida.

In December 2013, I became Area Manager, Electric Distribution Operations, responsible for new construction, maintenance, and restoration of the electric grid serving 370,000 customers in southern Palm Beach County, Florida. In this role, I also served as incident commander for numerous tropical storms and hurricanes across the state of Florida. In October 2016, I was named Senior Manager, Customer and Employee Experience, and in that capacity, I was responsible for developing and implementing processes and programs directed to improve employee engagement, customer communications, change management, diversity and inclusion, strategic business planning, and industry relations.

In May 2017, I became General Manager, Major and Governmental Accounts, a director-level position in which I managed an account management organization responsible for the largest business, national and governmental customers, across the company. In October 2018, I became Senior Director, Labor Relations and Corporate Safety. In that role, I managed an organization

responsible for labor relations across all NextEra Energy companies and was responsible for the development of safety strategies and initiatives across the enterprise.

In January 2020, I joined Entergy Corporation as Vice President, Utility Distribution Operations where I was responsible for the operation and maintenance of the electric distribution infrastructure for each of the Entergy Operating Companies. In that role, I also managed the distribution restoration efforts after Hurricanes Laura, Delta, Zeta, Winter Storm Uri and, most recently, Hurricane Ida. I held that position until November 15, 2021, when I assumed my current position as the President and CEO of ETI upon the retirement of ETI's previous President and CEO, Sallie T. Rainer.

Q5. WHAT ARE YOUR DUTIES AS PRESIDENT AND CEO OF ETI?

A. As President and CEO of ETI, I have executive and financial responsibility over the business and operational assets used to serve ETI's customers, which include generation, transmission, and distribution assets. In addition, my responsibilities include general oversight of the field management of ETI's electric distribution system, customer service, economic development, long-term resource planning, regulatory affairs, and governmental affairs groups. I have executive responsibility, subject to applicable corporate governance, for resource planning decisions for ETI, including investment decisions regarding the addition or retirement of ETI generation resources and the addition of new distribution and transmission facilities.

B. Purpose of Testimony

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I provide an overview of the Company's filing, including background information relevant to the Company's requested relief. I begin by discussing the importance of this case to the Company and our customers. I explain why ETI's requested relief is necessary to help ETI remain a financially healthy utility and sustain the ongoing cycle of investment necessary to replace ETI's aging generation assets and to support the reliability of the Company's transmission and distribution systems. I describe how ETI's high-quality performance has benefitted its customers through low rates, low operations and maintenance ("O&M") costs, and effective and efficient management. Finally, I present a general overview of the testimony supporting the Company's rate filing package and provide supporting evidence for the Utility and Executive Management Class of affiliate costs.

Q7. DO YOU SPONSOR ANY SPECIFIC RATE FILING PACKAGE SCHEDULES?

A. Yes. I sponsor the following schedule:

Schedule F	Description of Company

Q8. DO YOU SPONSOR ANY EXHIBITS?

A. Yes. I sponsor the exhibits listed in the Table of Contents to my testimony.

II. OVERVIEW OF FILING

A. Basis for Filing

Q9. WHY IS ETI FILING A RATE CASE AT THIS TIME?

A. While there are several reasons that ETI is seeking to revise its rates, as I will discuss below, the specific timing is driven by the Commission's Substantive Rule regarding ETI's Generation Cost Recovery Rider ("GCRR"). ETI is required under 16 Tex. Admin. Code § 25.248(j) to file a base rate case by July 1, 2022 in order to move the amounts it is currently collecting through its GCRR into base rates. ETI's GCRR was established in Docket No. 51381 to allow ETI to begin recovering a return of and on its capital investment in Montgomery County Power Station ("MCPS") as of January 1, 2021.[1]

Q10. PLEASE DESCRIBE WHY THIS CASE IS IMPORTANT TO ETI AND ITS CUSTOMERS.

A. The Company's primary goal is to continue serving its customers in a safe, reliable, affordable, and sustainable manner while also providing a reasonable opportunity for a reasonable return to its shareholders. Recovering all reasonable expenses and maintaining a reasonable return on investment is a cornerstone of ETI's continuing effort to be a financially healthy utility in order meet the growing needs of its customers by building new infrastructure and upgrading its existing system. These efforts will allow ETI to continue providing reliable,

[1] *Application of Entergy Texas, Inc. to Establish a Generation Cost Recovery Rider Related to the Montgomery County Power Station*, Docket No. 51381, Order (memorialized Jan. 14, 2022).

affordable, and sustainable electricity in ETI's footprint now and into the future.

ETI has been and continues to be engaged in a multi-year capital investment plan to improve service quality and reliability by installing planned upgrades and necessary expansion of its transmission and distribution systems and its generation fleet. This includes the construction and recent placement in service of MCPS, as discussed in the direct testimony of Gary C. Dickens. MCPS is a 993 MW (nameplate) power station that uses modern technology to provide ETI and its customers a cleaner and more efficient source of power. Construction of MCPS began in 2018, and the construction phase of the project proceeded expeditiously, despite challenges imposed by the bankruptcy of the parent company of the MCPS contractor, the COVID-19 pandemic, and the active 2020 hurricane season. As a result, the plant was placed in service on January 1, 2021, roughly five months ahead of its originally scheduled in-service date. MCPS's early in-service date was especially valuable to ETI's customers as it meant that the plant was online and available to serve during the majority of Winter Storm Uri. Moreover, notwithstanding the expedited construction and in-service date of MCPS and the obstacles overcome in the process, the project was completed under budget. The addition of MCPS and the Company's excellent management of that project's development are continuing to benefit customers both in terms of added reliability in ETI's Western Region and fuel cost savings.

In addition to MCPS, ETI plans to commence new, major capital projects expected to yield considerable net benefits for our customers, including the dual-fuel Orange County Advanced Power Station ("OCAPS"), a significant new

generation project that is discussed below and in the direct testimony of Beverley Gale. ETI is also focused on investments that will further harden its facilities against extreme weather events, which have been increasing in frequency and intensity in the Gulf Coast region. The resilience of ETI's system is vital to the region's customers and communities. ETI's customers are placing increased value on reliable service, especially in the wake of weather events such as Winter Storm Uri in 2021. ETI's ongoing investments in this area will reduce future storm restoration costs, reduce post-storm outages, and provide a stronger foundation for growth in southeast Texas. By the end of 2024, we expect to invest over $2.5 billion in electric infrastructure to serve our customers.

Q11. HAS ETI BEEN SUCCESSFUL IN MEETING ITS GOAL OF SERVING ITS CUSTOMERS IN A SAFE, RELIABLE, AFFORDABLE, AND SUSTAINABLE MANNER SINCE ITS LAST RATE CASE?

A. Yes. ETI's efforts over the past several years have led to high-quality performance in a number of areas that are important to our customers. As detailed in Jess K. Totten's direct testimony, ETI has achieved low retail rates, compared to utilities in the region in which it operates and nationally; low O&M costs, compared to utilities in the region in which it operates and nationally; and effective and efficient management under difficult circumstances, such as extreme weather events and the MCPS project development. ETI is achieving these goals because of its consistent focus on constructing, operating, and improving the electric infrastructure needed to power our region in a reliable, affordable, and

sustainable manner.

Q12. DOES ETI'S RATE REQUEST IN THIS PROCEEDING SUPPORT ITS GOAL OF PROVIDING SAFE, RELIABLE, AFFORDABLE, AND SUSTAINABLE ELECTRIC SERVICE?

A. Yes, it is critical to that mission. In order to provide safe, reliable, affordable and sustainable electricity into the future, ETI must continue to invest in its diverse energy portfolio and robust electric grid. The rate relief ETI is seeking in this proceeding is primarily a function of ETI's commitment to invest in electric infrastructure that supports our communities and our region's economic growth. This infrastructure costs money, and ETI needs a reasonable opportunity to earn a reasonable return on the investment it has made in constructing and improving that infrastructure. Without rate relief, ETI will find it increasingly difficult to make the types of investments needed to continue to meet our region's electric power needs and thus to support and enable the continued economic prosperity of the southeast Texas region that we serve.

Q13. DOES ETI CONSIDER CUSTOMER VALUE WHEN MAKING ITS ELECTRIC INFRASTRUCTURE INVESTMENTS?

A. Absolutely. ETI is focused on providing our customers with the reliable, affordable, and sustainable electricity they need to power their homes and businesses at a reasonable price. ETI recognizes that its customers are facing higher costs in many areas of their household and business budgets, and we are

dedicated to providing affordable rates while maintaining the safe and reliable electric service our customers require and on which the communities that we serve depend. As Mr. Totten explains, ETI has been very successful in maintaining affordable rates and low O&M costs, notwithstanding the considerable infrastructure investments ETI has already made and the challenge of increasing costs across the broader economy.

ETI's infrastructure investments are providing long-term stability, increased resilience, and improved service for all of our customers. By reducing storm risk, ETI's resilience investments will ensure its industrial customers have the confidence to invest in expansion and electrification, providing the foundation for growth in southeast Texas. The resulting load growth will help pay for investments that create long-term cost savings and benefit all customer classes. Ultimately, it is ETI's responsibility to maintain reasonable prices while at the same time continuing to make practical investments that will support the region's communities and economic growth.

Q14. YOU MENTIONED ETI'S SUPPORT FOR THE REGION'S COMMUNITIES AND ECONOMIC GROWTH. CAN YOU EXPOUND ON THAT?

A. First and foremost, ETI supports the region's communities and businesses through providing reliable and sustainable energy at a reasonable price. In addition, ETI and Entergy Corporation have consistently supported nonprofits that are committed to improving our local communities. For example, Entergy employees may take paid time off to volunteer with eligible nonprofits, and Entergy provides

its employee volunteers with monetary grants to be paid to eligible nonprofits based on those volunteer hours. Entergy employees can also elect to donate to the United Way either through payroll deductions or annually, and Entergy matches those employee contributions dollar-for-dollar. Entergy also matches all employee and customer donations to the Power to Care program, which provides emergency bill payment assistance for elderly and disabled electric customers. Entergy Corporation's internal pro bono counsel headed an effort last year to train employees on nonprofit board service. Additionally, Entergy recently announced the recipients of its Entergy Community Power Scholarship program for its employees' dependents based on the students' dedication to community service, academic achievement, leadership, and work experience.

Entergy's efforts in support of its customers, employees and communities have been recognized through a number of industry honors. Below are some of the honors that Entergy Corporation has received over the past two years:

- Edison Electric Institute ("EEI") - Emergency Response Award: Recognizing the hard work and dedication of Entergy employees, EEI awarded Entergy Corporation with its Emergency Response Award for the Company's recovery efforts following Hurricane Ida in August 2021. Last month, EEI awarded Entergy with its Emergency Assistance Award for its efforts supporting Duke Energy following a severe winter storm that hit Virginia, North Carolina, and South Carolina in January 2022. Including these honors, Entergy has received 43 awards from EEI for its power restoration and mutual-assistance work.

- U.S. Chamber of Commerce Foundation - Best Economic Opportunity and Empowerment Program: The U.S. Chamber of Commerce Foundation named Entergy the winner of the Best Economic Opportunity and Empowerment Program during its 22nd Annual Citizens Awards in 2021. The Citizens Awards program recognizes the most innovative and impactful corporate citizenship initiatives that raise the bar on social responsibility and advance a more equitable and sustainable future.

- Dow Jones Sustainability North America Index ("DJDI"): Entergy was recognized on the 2021 Dow Jones Sustainability Index North America. The DJSI is one of the most prestigious environmental, social, and governance rankings for corporate responsibility and sustainability performance. Only the most sustainable companies in each industry are considered each year for index membership. Entergy is the only company in the electric utility sector to be included on the index for 20 years in a row.

- U.S. Department of Labor - Platinum HIRE Vets Medallion Award: Entergy was awarded the Platinum HIRE Vets Medallion Award in 2021 for the fourth year in a row. The program recognizes job creators who successfully recruit, employ, and retain veterans.

B. Summary of Requested Relief

Q15. WHAT RELIEF IS THE COMPANY REQUESTING?

A. ETI is seeking to recover its ongoing expenses of providing public service to Texas citizens, as well as a reasonable opportunity to earn a fair return on its investment. ETI seeks to establish just and reasonable rates that reflect its total revenue requirement, including, among other items, reasonable and necessary O&M expenses, federal income tax expense, expenses for taxes other than income, depreciation and amortization expense, affiliate transaction expense, and an authorized rate of return on prudently incurred invested capital that reflects a 10.8% return on common equity ("ROE").

ETI's cost of service study, which is presented in the direct testimony of Allison P. Lofton, resulted in an annual revenue requirement of $1.2 billion. ETI's current rates result in a revenue shortfall of approximately $131.4 million. Therefore, ETI is requesting that the Commission approve new rates that will allow recovery of ETI's full cost of service so that ETI may continue to provide

its customers with the reliable, affordable, and sustainable electric service they rightly expect. If ETI's rate request is granted, the impact to customers would be an 11.2% increase over 2021 base rates and related rider amounts.

Q16. PLEASE DESCRIBE SOME OF THE PRIMARY FACTORS DRIVING ETI'S RATE CHANGE REQUEST.

A. First, ETI is seeking to include in its base rates significant investments it has made to serve its customers since the last rate case Test Year. The additions of MCPS and the Hardin County peaking facility ("HCPF") to ETI's generation fleet are benefitting ETI's customers through increased reliability and fuel savings. As explained in the direct testimonies of Ms. Gale and Mr. Dickens, ETI is requesting that the Commission make a prudence determination for these generation facilities and move investment in these facilities from the GCRR to base rates. Additionally, ETI is asking the Commission to make a prudence determination regarding certain transmission and distribution capital additions closed to plant since January 1, 2018 that are currently being recovered through the Distribution Cost Recovery Factor ("DCRF") and Transmission Cost Recovery Factor ("TCRF") tariff schedules. These transmission and distribution capital additions are addressed in more detail in the direct testimonies of Khamsune Vongkhamchanh and Melanie L. Taylor, respectively.

Second, ETI is seeking Commission approval of its capital structure and proposed authorized ROE in order to accurately reflect current and projected market conditions and to allow ETI to attract capital on reasonable terms. As

described in the direct testimony of Ann E. Bulkley, ETI's financial strength is an essential resource underlying the ability to fulfill ETI's obligation to serve its customers. Maintaining ETI's stand-alone credit profile is crucial for ETI to demonstrate that it is a financially healthy utility capable of earning a reasonable return while maintaining access to capital at reasonable rates for its customers. Toward that end, ETI is requesting an authorized return of 10.8%, which is based on a 10.5% ROE resulting from Ms. Bulkley's analytical model results, and a 30-basis point adder for high quality performance. The performance adder, which aligns with the Commission's recent focus on utility performance in establishing an authorized ROE, is primarily addressed in Mr. Totten's direct testimony. Using the requested ROE of 10.8% and an equity ratio of 51.21%, ETI has calculated its revenue requirement based on an overall weighted average cost of capital ("WACC") of 7.24%.

Finally, ETI is seeking approval of new depreciation rates that will ensure that ETI's net capital investment is recovered over the time period that each of the underlying assets will be used to serve customers. Most notably, ETI proposes to update the depreciation lives for three of its generating units as well as the Spindletop natural gas storage facility in order to reflect the current lifespans reasonably expected of those facilities. As discussed in the direct testimony of Anastasia R. Meyer, the expected deactivation dates for the three generation plants have been updated based on ETI's long-term resource planning process. Two of those plants are expected to be retired earlier than previously assumed, and one is expected to be retired at a later date. As discussed in the direct

testimony of Andrew L. Dornier, the expected lifespan of the Spindletop facility has been extended. ETI's proposed depreciation rates, as supported by the direct testimony of Dane A. Watson, will allow the costs associated with these facilities to be recovered over the same time period that the benefits of the facilities are flowing to customers. Better aligning these depreciation periods with actual expected lifespans will also avoid overburdening current customers due to depreciation periods that are unduly short or burdening future customers with the remaining costs of resources that are no longer serving them.

Q17. IS ETI PROPOSING ANY NEW, INNOVATIVE OFFERINGS IN THIS RATE CASE TO FURTHER BENEFIT ITS CUSTOMERS?

A. Yes. First, ETI is proposing two new voluntary riders to address its customers' increasing adoption of transportation electrification ("TE") technologies, as discussed in the direct testimony of Samantha F. Hill. While adoption of TE is still modest in most parts of the U.S. and in Texas, TE growth has increased rapidly in recent years and is expected to accelerate as more electric vehicle models are released. The Transportation Electrification and Charging Infrastructure ("TECI") Rider will allow ETI to partner with interested non-residential customers to plan, construct, own, and maintain TE-related infrastructure and equipment (such as electric vehicle charging and Shore Power

facilities[2]) on customer-owned property for that customer's use. The costs incurred by ETI will be added to each TECI Rider customer's monthly ETI electric bill as a fixed payment and will not affect the rates of any other ETI customers. The Transportation Electrification and Charging Demand Adjustment ("TECDA") Rider is designed to reduce electric bill uncertainty for customers installing separately metered charging equipment and promote increased investment in EV charging infrastructure. The proposed TECDA Rider provides targeted demand charge relief and will be available only to non-residential customers taking separately metered electric service under Rate Schedule GS exclusively for the purpose of TE.

In addition, ETI proposes to offer a new asset-backed green tariff (the Green Future Option Schedule or "Schedule GFO"), as described in the direct testimony of David E. Hunt, which would provide a new option for ETI customers to receive the benefits of renewable power associated with ETI's current and future utility-scale renewable resources. This tariff was developed in response to significant interest received from ETI customers, including larger customers seeking more renewable options from the Company to help meet their corporate sustainability goals. It is also consistent with ETI's commitment to a cleaner, sustainable energy future while maintaining reliability and affordability. Schedule GFO will allow subscribers to voluntarily pay for a specific allocation of ETI's current and future utility-scale renewable resources, such as ETI's

[2] Shore Power is the provision of electrical power to ships at berth when their engines are shut down, decreasing the need for fuel consumption and eliminating associated air pollution.

Umbriel solar photovoltaic project, and receive a credit on their monthly electric bill tied to the actual output of the renewable resources.

Finally, ETI is proposing a new Market Valued Demand Response Rider ("Rider MVDR") to facilitate the transparency of the aggregation of ETI's customers in providing demand response ("DR") solutions. ETI customers or Aggregators of Retail Customers with firm loads of a minimum amount defined in Rider MVDR would be able to participate as DR resources in the Midcontinent Independent System Operator, Inc. ("MISO") wholesale marketplace after executing a MVDR Agreement to curtail a specified amount of firm electric load. ETI would act as the sole Market Participant for any DR resources registered pursuant to Rider MVDR and a corresponding MVDR Agreement, facilitating the transparency of the aggregation of ETI's customers in providing DR solutions. This would ensure the Commission has appropriate visibility and oversight through its regulatory jurisdiction over ETI. Rider MVDR is described in more detail in Mr. Hunt's direct testimony.

III. ETI'S CURRENT CYCLE OF MAJOR CAPITAL INVESTMENT

Q18. YOU PREVIOUSLY MENTIONED ETI'S CAPITAL INVESTMENT PLANS. CAN YOU PLEASE ELABORATE ON ETI'S CURRENT CYCLE OF CAPITAL INVESTMENT?

A. ETI has an obligation to make investments that ensure its continued ability to provide reliable, affordable, and sustainable service to its customers across a range of future conditions. ETI is actively engaged in planning and constructing

transmission and distribution assets and generation resources to meet the evolving needs of its existing and future customers. This is especially important given that a substantial portion of ETI's generation fleet is expected to be removed from service at the same time ETI's customer load is growing.

ETI's service territory is already home to many large industrial customers who depend on highly reliable electricity service and whose usage requires significant levels of reactive power to support the heavy machinery and mechanical processes they use. As more large industrial projects are planned to be located in this area, ETI must assure prospective industrial customers that it is taking meaningful steps to meet their anticipated demand in a timely fashion. This is critical to the continued success of the industrial base and regional economy in southeast Texas. Failure to do so could result in these prospective customers taking their projects elsewhere. It could also lead existing customers to pursue alternatives such as self-supply, which would put upward pressure on the rates of ETI's other customers.

In addition to routine capital spending to maintain operations, our near-term planned capital investment budget includes specific investments of significant magnitude to replace or upgrade aging generation assets; transmission projects to enhance reliability, add resilience, and enable economic growth; distribution spending to enhance reliability, add resilience, and improve service to customers; and other investments. Over the longer-term, ETI expects to continue replacing aging generation and making significant investment in both the transmission and distribution systems, especially as technology in the electric

industry continues to evolve in ways that will provide new and innovative ways to serve customers.

A. Capital Investment Since ETI's Last Base Rate Case

Q19. PLEASE DESCRIBE THE RECENT CAPITAL INVESTMENTS THAT ETI IS SEEKING TO INCLUDE IN RATE BASE.

A. Between December 31, 2017 (the close of the Test Year in ETI's last base rate proceeding, Docket No. 48371) and December 31, 2021 (the close of the Test Year as adjusted in this case), ETI closed to plant approximately $2.3 billion of capital projects (after certain adjustments), which contributed to a $1.97 billion net increase in rate base. I provide below a general description of the major generation, transmission, distribution, and utility support projects ETI undertook to better serve its customers. Ms. Gale, Mr. Dickens, Mr. Vongkhamchanh, Ms. Taylor, Mr. Barrett, and Ms. Dawn D. Renton address these and other major capital additions in their direct testimonies.

Q20. PLEASE DESCRIBE ETI'S GENERATION INVESTMENT SINCE DOCKET NO. 48371.

A. As detailed in Ms. Gale's direct testimony, ETI made generation-related capital additions of $934.4 million from January 1, 2018 through December 31, 2021. Since the close of the Test Year in the last rate case, ETI has added two generation facilities to its portfolio: MCPS and HCPF. Mr. Dickens and Ms. Gale, respectively, provide additional information and support the prudence

of ETI's investment in MCPS and HCPF.

MCPS is a 993 MW (nameplate) combined cycle gas turbine ("CCGT") facility consisting of two Mitsubishi Hitachi Power Systems 501 GAC-series combustion turbines; two Nooter Eriksen heat recovery steam generators with duct firing; one Toshiba steam turbine generator in a 2x1 combined cycle configuration; and other plant equipment, including a cooling tower for closed-cycle cooling operations. The plant is located near Willis, Texas adjacent to the Lewis Creek generation facility.

HCPF is comprised of two combustion turbine generation units totaling approximately 151 MW located near the City of Kountze in Hardin County, Texas. HCPF provides ETI with incremental capacity to help address its overall capacity needs and specifically its peaking and reserve capacity needs. ETI acquired HCPF, which was placed in service in 2010, from East Texas Electric Cooperative ("ETEC") pursuant to a certificate of convenience ("CCN") amendment granted by the Commission in Docket No. 50790.[3] In the same proceeding, the Commission approved ETI's transfer of a minority interest in MCPS to ETEC.[4]

Other ETI production capital additions were undertaken to improve reliability, enhance unit efficiency, improve staff productivity, or satisfy

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[3] *Joint Report and Application of Entergy Texas, Inc. and East Texas Electric Cooperative, Inc. for Regulatory Approvals Related to Transfers of the Hardin County Peaking Facility and a Partial Interest in Montgomery County Power Station*, Docket No. 50790, Order (Apr. 7, 2021).

[4] As shown in Ms. Gale's direct testimony, under the terms of the agreement, ETEC's 7.56% minority interest currently equates to 73 MW of capacity.

regulatory requirements. The largest generation capital projects closed to plant since January 1, 2018 (other than the plant additions described above) were the Lewis Creek Dam improvements, the Lewis Creek Spillway, and the Sabine Plant projects. Ms. Gale provides additional information and supports the prudence of these and other production investments in her direct testimony.

Q21. PLEASE DESCRIBE ETI'S TRANSMISSION INVESTMENT SINCE DOCKET NO. 48371.

A. As detailed in Mr. Vongkhamchanh's direct testimony, ETI made transmission-related capital additions of $838.2 million from January 1, 2018 through December 31, 2021. These Transmission Function capital projects include capital additions in the categories of Transmission Plant, General Plant, and Intangible. These projects expanded and upgraded the ETI Transmission System infrastructure to interconnect new customers and new generation, improve and maintain reliability, and improve load-serving capability. They include the construction of new transmission lines, reconductoring of existing transmission lines with wires of higher capacity, construction of new substations, and replacement of aging or failed transmission line and substation assets. Mr. Vonghamchanh provides additional information and supports the prudence of ETI's transmission investment in his direct testimony.

Q22. PLEASE DESCRIBE ETI'S DISTRIBUTION INVESTMENT SINCE DOCKET NO. 48371.

A. As detailed in Ms. Taylor's direct testimony, ETI made distribution-related capital additions of $932.8 million from January 1, 2018 through December 31, 2021. These Distribution Function capital projects include capital additions in the categories of Distribution Plant, General Plant, and Intangible. These distribution capital expenditures support ETI's goals of meeting construction and service delivery commitments to customers; minimizing the frequency of outages; and safely restoring service as quickly as reasonably possible following necessary or unavoidable interruptions in customers' service. Ms. Taylor provides additional information and supports the prudence of ETI's distribution investment in her direct testimony.

Q23. WHAT OTHER CATEGORIES OF CAPITAL INVESTMENT IS ETI SEEKING TO INCLUDE IN RATES IN THIS CASE?

A. The other categories of capital investment ETI is seeking to include in rates in this case include Information Technology capital additions, Supply Chain capital additions, and Administrative Services capital additions, as detailed in the direct testimony of Ms. Renton. Ms. Renton provides additional information and support for the prudence of these investments in her direct testimony.

B. Planned Capital Investment

Q24. DOES THE COMPANY EXPECT TO CONTINUE MAKING SIGNIFICANT CAPITAL INVESTMENTS IN THE NEAR FUTURE?

A. Yes. The Company expects to continue making significant investments in the near future in its transmission and distribution systems and generation fleet in order to replace aging infrastructure and to further improve its quality of service and the resilience of its electric system. Investing in reliability and resilience will support continued economic growth in the communities in Southeast Texas that ETI serves and also help the region be more prepared for and better withstand major hurricanes and other significant weather events that are prevalent in ETI's service area. As such events increase in intensity and frequency, and as ETI's customers depend more than ever on energy to power their lives and businesses, the need to further invest in resilient infrastructure that can better withstand extreme events, avoid or mitigate customer outages from such events, and facilitate faster restoration of service after such events is critical. ETI's capital budget includes plans to invest over $2.5 billion in capital projects between 2022 and 2024.

Granting the rate relief requested in this case will provide ETI with a financial foundation on which to make these sizeable new investments. In turn, ETI's customers will benefit from a financially healthy company that can access capital markets on favorable terms under a variety of market conditions. ETI's ability to attract capital on reasonable terms in all market conditions is essential considering the Gulf Region's exposure to major weather events, such as

hurricanes, and the resulting need for ETI to access large amounts of capital quickly for restoration projects. ETI's financial health directly supports its robust investments to improve reliability, enhance resilience, and replace aging infrastructure in order to continue providing safe, reliable, affordable, and sustainable service to its customers.

Q25. PLEASE DESCRIBE ETI'S PLANNED FUTURE INVESTMENT IN GENERATION ASSETS.

A. ETI is planning to continue its investment in generation facilities, including the construction and operation of OCAPS. As described in ETI's currently pending CCN proceeding,[5] OCAPS is a foundational component of ETI's resource adequacy and fleet modernization plan. OCAPS will provide 1,215 MW (nameplate) of clean, dispatchable capacity in the industrial corridor of Southeast Texas to help ensure ETI is able to supply power to Texas customers in a reliable and economic manner for decades to come. OCAPS is based on modern, commercially proven combustion turbine technology with dual fuel capability, able to co-fire up to 30% hydrogen by volume upon commercial operation. This investment is a major step towards providing the next generation of clean and reliable energy for Southeast Texas. ETI's planned generation capital spending in 2022–2024 totals approximately $895 million.

[5] *Application of Entergy Texas, Inc. to Amend its Certificate of Convenience and Necessity to Construct Orange County Advanced Power Station*, Docket No. 52487 (pending).

Q26. PLEASE DESCRIBE ETI'S OTHER PLANNED CAPITAL INVESTMENTS.

A. ETI will continue to strengthen its transmission system through new construction. ETI is actively involved as a stakeholder in the MISO Transmission Expansion Plan process to optimize upgrades to the ETI transmission system for Texas customers. For example, ETI has applied to amend its CCN for authority to construct and operate a new double-circuit 230-kV transmission line to connect the new Castle substation into the Company's 230-kV system in Montgomery and Grimes Counties;[6] as well as a double-circuit 138 kV electric transmission line to connect the new Millbend Substation to an existing transmission line in Montgomery County.[7] ETI's planned transmission capital spending in 2022–2024 totals approximately $475 million.

ETI's planned distribution capital spending in 2022–2024 totals approximately $1.005 billion. Along with ETI's planned generation and transmission capital investments, these distribution projects will address reliability needs, enable service to new customers, provide operational flexibility, produce economic benefits to Texas customers, and further harden ETI's system against the inevitable storms of the future.

Finally, ETI plans to invest $180 million in other utility projects in 2022-2024.

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[6] *Application of Entergy Texas, Inc. to Amend Its Certificate of Convenience and Necessity for the Castle 230-kV Transmission Line Project in Montgomery and Grimes Counties*, Docket No. 52304 (pending).

[7] *Application of Entergy Texas, Inc. to Amend its Certificate of Convenience and Necessity for the Millbend 138-kV Transmission Line Project in Montgomery County*, Docket No. 52241 (pending).

C. Summary of ETI's Current Cycle of Capital Investment

Q27. PLEASE SUMMARIZE ETI'S CURRENT CYCLE OF CAPITAL INVESTMENT AND ITS LONG-TERM CAPITAL INVESTMENT PLANS.

A. ETI's $2.3 billion of capital additions closed to plant between January 1, 2018 and December 31, 2021, and its planned $2.5 billion investment between 2022 and 2024, demonstrate the Company's commitment to investing in infrastructure to provide safe and reliable utility service while supporting the economic growth of the communities in southeast Texas that it serves. To continue to execute on its infrastructure strategy, and to make critical investments to enhance the resilience of its system and to better withstand increasingly frequent and intense major weather events, ETI must also be in a financially healthy condition. That is, ETI must have a reasonable opportunity to earn its authorized ROE along with regulatory support and credit metrics that support a robust investment grade credit rating and ready access to capital on reasonable terms under a variety of market conditions.

IV. CASE PRESENTATION AND LIST OF WITNESSES

Q28. PLEASE DESCRIBE THIS PORTION OF YOUR TESTIMONY.

A. In this section, I briefly describe the testimony through which the Company`s case is presented.

Q29. PLEASE DESCRIBE THE TESTIMONY THAT ETI IS SUBMITTING IN SUPPORT OF THE RATE FILING PACKAGE.

A. In addition to my testimony, the Company is submitting testimony by the following witnesses in support of the rate filing package:

- **Jess K. Totten** addresses the factors the Commission must consider under PURA[8] in setting a reasonable opportunity to earn a reasonable return and supports ETI's request to recover a higher rate of return on equity based on the high-quality performance of ETI and its management team.

- **Richard D. Starkweather** provides benchmark data and analysis that demonstrates the affordability and reasonableness of ETI's retail rates.

- **Ann E. Bulkley** provides the Commission with a recommendation regarding the Company's ROE and assesses the reasonableness of ETI's proposed capital structure for ratemaking purposes.

- **Bobby R. Sperandeo** presents the Company's capital structure and overall cost of capital; supports the reasonableness of ETI's non-production O&M expenses; addresses certain pro forma adjustments to the Company's revenue requirement; and supports the Financial Services and Treasury Classes of affiliate services.

- **Beverley Gale** provides an overview of ETI's generation portfolio and supports the Company's fossil plant capital additions and non-fuel O&M expenses, including associated affiliate costs from the Power Generation group.

- **Gary C. Dickens** supports the prudence of MCPS, including ETI's execution of construction plans, costs, and benefits to customers.

- **Khamsune Vongkhamchanh** sponsors ETI's Transmission Function capital investment and Test Year O&M costs, and he supports the demand and energy loss factors for the ETI transmission and distribution systems.

- **William Phillips, Jr.** supports the Company's Advanced Metering System ("AMS") reconciliation.

- **Melanie L. Taylor** addresses ETI's distribution operations organization capital additions and Test Year O&M expenses, including the Distribution

[8] Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 ("PURA").

Operations and Transmission and Distribution Support Classes of affiliate costs. She also discusses the Company's reliability improvement and vegetation management programs, and she supports the Company's quality of service and charges to the storm reserve.

- **Stuart Barrett** addresses the Company's quality of service from a customer communications aspect, low-income programs, changes to certain rate schedules, ETI customer service operations and maintenance expenses, and capital additions related to experimental backup generation projects.

- **David C. Batten** addresses the Company's pension and other post-retirement benefits ("OPEB") reserve; the accounting treatment of certain costs ETI seeks to include in rate base, rider true-ups; and AMS reconciliation.

- **Andrew L. Dornier** presents the Company's cost-benefit analysis of the continued operation of the Spindletop salt dome natural gas storage facility, in accordance with the final order in Docket No. 49916 (ETI's most recent fuel reconciliation); supports the Company's recovery of costs associated with the Spindletop facility and the inventory level for the facility; addresses the maintenance costs associated with the Southern Gulf Railway and ETI's level of coal inventory; and supports the Energy and Fuel Management Class of affiliate costs.

- **Anastasia R. Meyer** sponsors the Company's Test Year purchased power costs and supports the updated projected deactivation dates for ETI generating units.

- **Stacey L. Whaley** presents the Company's proposal regarding Financial Accounting Standards Board's Interpretation No. ("FIN") 48 liabilities, supports the Company's per book Test Year federal income tax amounts, and sponsors the Income Tax Expense and Tax Services Classes of affiliate costs.

- **Allison P. Lofton** is the Company's overall accounting witness and supports the Company's total cost of service, including per book Test Year accounting data and several pro forma or post-Test Year adjustments. She also addresses ETI's regulatory treatment of miscellaneous expenses; compliance with certain provisions of PURA and the Commission's rules; and co-sponsors certain baseline values.

- **Ryan M. Dumas** provides an overview of the Entergy Services, LLC ("ESL") affiliate case, including how this portion of ETI's filing is organized and the regulation of Entergy Corporation's affiliate

transactions; provides benchmarking of ESL costs; and describes affiliate transaction-related issues. He also supports the following classes of affiliate costs: Depreciation, Service Company Recipient Offsets, and Other Expenses.

- **Dawn D. Renton** supports capital additions and O&M affiliate expenses related to ETI's Information Technology, Supply Chain, and Administrative Services Classes.

- **Jennifer A. Raeder** supports the Entergy Corporation compensation and benefits programs and the O&M and administrative and general ("A&G") expenses of the Human Resources Class of affiliate services.

- **Paula R. Waters** addresses the Retail Operations Class of affiliate costs, which supports the Customer Service function.

- **Leslie Dennis** supports the Company's Meter to Cash O&M affiliate costs.

- **Daniel T. Falstad** addresses ETI's Legal Services Class and its associated affiliate and non-affiliate O&M costs.

- **Molly C. Griffin** sponsors the Security and Reliability Governance and Oversight Class of affiliate services and its related O&M costs.

- **Bryan C. Bennett** sponsors the Internal and External Communications Class of affiliate services and its related O&M costs.

- **Jay J. Joyce** sponsors the results of the lead-lag study for measuring the cash working capital allowance required for the Company's operations.

- **Gregory S. Wilson** supports ETI's proposed self-insurance reserve, including calculating the amount of the necessary annual accruals to account for expected property losses. Mr. Wilson also calculates the appropriate target reserve level and the amount of annual accruals necessary to reach that level over the next four years.

- **Sean C. McHone** sponsors the Company's site-specific demolition cost estimate studies conducted to estimate the costs of dismantling certain ETI electric generating facilities.

- **Dane A. Watson** sponsors the Company's depreciation rate study and supports and justifies the recommended depreciation rate changes for ETI's facilities based on the results of the depreciation study.

- **Alyssa Maurice-Anderson** supports the calculation of the nuclear decommissioning escalation rate and the affiliate costs associated with the Regulatory Services Class.

- **Lori A. Glander** presents the Nuclear Regulatory Commission minimum value for River Bend Station ("River Bend").

- **Elizabeth S. Hunter** presents and discusses various financial assumptions supporting the River Bend decommissioning revenue requirement and compliance with investment guidelines.

- **Kristin Sasser** provides data and support for: (1) the weather normalization of the Test Year loads and billing determinants; and (2) the Company's sales and demand forecast.

- **Richard E. Lain** addresses the Company's River Bend decommissioning revenue requirement, certain pro forma adjustments to Test Year revenues and expenses, the Company's class cost-of-service study, and request for waivers from various rules. He also addresses the Company's requested rate case expenses.

- **Crystal K. Elbe** presents the Company's external cost allocation factors and rate design, including rate schedules, riders, and tariff changes.

- **Meghan E. Griffiths** presents the Company's rate case expenses associated with outside attorneys and consultants.

- **David E. Hunt** addresses ETI's proposed Green Future Option tariff and Rider MVDR.

- **Samantha F. Hill** addresses two new proposed riders related to TE technologies.

V. UTILITY AND EXECUTIVE MANAGEMENT CLASS

Q30. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section of my testimony, I explain how the Company is presenting its affiliate transactions and support the Company's request for recovery of affiliate costs associated with the Utility and Executive Management Class of affiliate services. I will demonstrate that the types of services provided by this class and

that their associated costs are reasonable and necessary. I will also explain how ETI is billed for the same or similar services as other affiliates using the same methodology and at prices no higher than those charged to the other affiliates. My testimony will also show that the costs for these services that have been charged to ETI represent their actual cost.

Q31. HOW IS THE COMPANY PRESENTING ITS AFFILIATE TRANSACTIONS?

A. ETI is presenting its affiliate expenses consistent with how these expenses were presented in the Company's last base rate case. ETI has divided the affiliate payments into classes of service and presents testimony and documentary evidence (e.g., discussion of budgeting and cost control efforts, benchmarking results as available, review of the costs of major components for each class, and historical cost trends) for each class, demonstrating that the affiliate transaction payments satisfy the standard for recovery set out in PURA § 36.058. The direct testimony of Mr. Dumas explains the organization of evidence supporting affiliate payments.

A. Description of the Utility and Executive Management Class

Q32. PLEASE DESCRIBE THE UTILITY AND EXECUTIVE MANAGEMENT CLASS.

A. Generally, this class can be broken into two groups of services: the Utility Management group and the Executive Management group. As described in more detail below, ETI uses the Utility Management group for executive leadership and

management of its operations, and delegates to the Executive Management group oversight of the Company's operations for matters that are common to all of the Entergy companies and stewardship of ETI's corporate assets. As CEO of ETI, these functions generally fall under my purview and leadership.

Q33. DOES ETI HAVE ITS OWN MANAGEMENT-RELATED O&M COSTS THAT ARE NOT ATTRIBUTABLE TO THE UTILITY AND EXECUTIVE MANAGEMENT CLASS?

A. Yes. ETI's own management O&M expenses are part of the overall cost of service included in Schedule A of ETI's Rate Filing Package. These expenses were necessary for ETI to provide safe and reliable service to its customers, were subject to the budgeting and control processes discussed below, and were reasonable.

Q34. WHAT TYPES OF SERVICES DOES ETI OBTAIN FROM THE UTILITY MANAGEMENT GROUP?

A. At ETI's direction and under ETI's supervision, this group assists ETI in the development of short-term and long-term plans to ensure the continued reliable operation of the electric system; development and execution of large, complex utility projects; establishment of requirements and strategy for complying with Federal Energy Regulatory Commission ("FERC")-approved, mandatory North American Electric Reliability Corporation reliability standards, including the Critical Infrastructure Protection requirements; development and support of safety

initiatives to improve safety performance; and development and implementation of incident management activities, including coordinating response and restoration performance for storms. ETI also uses this group for executive oversight and guidance related to the Power Generation, Distribution, Transmission, and System Planning and Operations organizations. Finally, ETI receives oversight for performance measurement efforts and ongoing O&M benchmarking from this group.

Q35. WHAT TYPES OF SERVICES DOES ETI OBTAIN FROM THE EXECUTIVE MANAGEMENT GROUP?

A. ETI delegates to the Executive Management Group oversight of the operations of the Company for matters common to all of the EOCs and stewardship of ETI's corporate assets. The group further provides policy direction, including the appropriate use of consulting services, with respect to regulatory, legal, and strategic decisions. Additionally, this group helps assess ETI's and the other Entergy companies' business culture and assists management in improving their ability to lead in ways that create a productive, efficient, and engaged workforce.

Q36. IS THE UTILITY AND EXECUTIVE MANAGEMENT CLASS OF AFFILIATE SERVICES DUPLICATED BY ETI OR ANOTHER AFFILIATE PROVIDING SERVICES TO ETI?

A. No. One of the primary advantages of delegating these services to the Utility and Executive Management Groups is that ETI avoids the need and cost to maintain

its own contingent of personnel to perform these services.

B. Reasonableness and Necessity of the Utility and Executive Management Class

Q37. ARE THE SERVICES PROVIDED BY THE UTILITY AND EXECUTIVE MANAGEMENT CLASS REASONABLE AND NECESSARY FOR ETI TO OPERATE AND PROVIDE ELECTRIC SERVICE?

A. Yes. Like any regulated utility, ETI requires management of its legal, regulatory, and policy matters. Furthermore, implementing operational practices consistent with the other EOCs prevents ETI from incurring the fully loaded costs of employees that otherwise would be necessary to provide these management services. Witnesses supporting ETI's affiliate classes testify to operational performance results demonstrating the effectiveness of ETI's delegation of these services to ESL.

C. Overview of the Utility and Executive Management Class Costs and Billing Methods

Q38. WHAT IS THE TOTAL AMOUNT OF COSTS THAT YOU SUPPORT FOR THIS CLASS OF SERVICES?

A. I sponsor the direct and allocated portions of ETI's $4,038,164 of total costs for the Utility and Executive Management Class shown in Table 2 below. This amount, referred to as the "Total ETI Adjusted" amount in Exhibits EV-A through EV-C, consists of the total ESL affiliate charges directly billed or allocated to ETI during the Test Year subject to certain exclusions or adjustments

explained below or in the testimony of other witnesses identified below.

Table 2: Utility and Executive Management Class – Total ETI Adjusted Amount [9]

Class	Total Billings	Total ETI Adjusted Amount	% Direct	% Allocated
Utility and Executive Management	$79,433,777	$4,038,164	1%	99%

Q39. PLEASE DISTINGUISH BETWEEN COSTS THAT ARE "DIRECT BILLED" VERSUS COSTS THAT ARE "ALLOCATED" TO ETI.

A. Whenever appropriate, costs are direct billed to ETI. This means the services performed (and the associated costs incurred) are specific to ETI customers or employees, and no other affiliate benefits from these activities. By contrast, costs are allocated to ETI only when ETI and one or more of the other Entergy companies causes such costs.

Q40. PLEASE DESCRIBE THE EXHIBITS THAT SUPPORT THE UTILITY AND EXECUTIVE MANAGEMENT COSTS IN TABLE 2.

A. Exhibits EV-A through EV-C illustrate the calculation of the Total ETI Adjusted amount for the Utility and Executive Management Class. Exhibit EV-A breaks down the amount by the departments comprising the class. Exhibit EV-B breaks down the same information by project code and the billing method assigned to

[9] **Total Billings** is ESL's total billings to all Entergy companies for the Test Year, plus all other affiliate charges that originated from any Entergy company. This is the amount from Column C of Exhibits EV-A, EV-B, and EV-C. **Total ETI Adjusted Amount** is ETI's cost of service amount after pro forma adjustments and exclusions noted in Exhibit EV-D. **% Direct Billed** is the percentage of the Total ETI Adjusted Amount that was billed directly to ETI for the Test Year. **% Allocated** is the percentage of the Total ETI Adjusted Amount that was allocated to ETI for the Test Year.

each project code. Exhibit EV-C breaks down the information by class, department, billing method, and project code.

In his direct testimony, Mr. Dumas describes the calculations that take the dollars of support services in Column A to the Total ETI Adjusted numbers shown on Column H of each of the above exhibits.

Q41. DOES ETI PROPOSE ANY KNOWN AND MEASURABLE ADJUSTMENTS TO THIS CLASS?

A. Yes. Exhibit EV-D lists the known and measurable changes to the Utility and Executive Management Class costs and indicates the witnesses who sponsor these changes.

Q42. WHAT ARE THE MAJOR COST COMPONENTS OF THIS CLASS?

A. Table 3 reflects the major cost components for this class:

Table 3: Utility and Executive Management Class – Major Cost Components

Utility and Executive Management Cost Component	Cost	% of Total*
Payroll and Employee Costs	$1,181,066	29%
Outside Services	$2,533,894	63%
Office and Employee Expenses	$140,265	3%
Other	$26,885	1%
Service Company Recipient	$156,053	4%
Total	**$4,038,164**	**100%**

* Amounts may not sum due to rounding.

Q43. WHAT IS THE IMPORTANCE OF THESE COST CATEGORIES?

A. The breakout is significant because other witnesses in this case provide additional

overall support for the affiliate costs included in several of these categories. For instance, with respect to the "Payroll and Employee Costs" component, Ms. Raeder supports the market competitiveness and overall reasonableness of compensation costs. "Outside Services" pertains to services provided by third party employees and firms, such as outside consultants and vendors. "Office and Employee Expenses" covers the costs of maintaining workspaces and office supplies, employee business travel and expense. Workspaces and office supplies are primarily addressed by Ms. Renton in her direct testimony, and Mr. Sperandeo's testimony supports the employee business travel and expenses processes. Thus, they provide secondary support for this category of costs in this class. Finally, the "Service Company Recipient" row of the table pertains to costs common throughout ESL, such as IT, rents, and human resources, which are primarily incurred to support ESL operations. Those costs are spread to all affiliate classes as explained by Mr. Dumas.

Q44. HOW ARE COSTS IN THIS CLASS ALLOCATED?

A. The costs for these services are collected in one or more project codes. As Mr. Dumas explains, a billing method for the project code is selected based upon cost causation, and while several organizations may bill to a single project code, only one billing method is assigned to each project code. Through the use of a single billing method, the costs of all services performed under a project code are allocated among the affiliates using the same criteria, at cost. This ensures that where ETI causes costs to be incurred and benefits from the applicable service,

the Company pays its appropriate proportion of the costs. It also ensures that the affiliates are, in total, charged no more and no less than 100% of the costs for services provided under the project code. Finally, the use of a single billing method ensures that the price charged to ETI for the services is no higher than the price charged by ESL to other affiliates for the same or similar services and represents the actual cost of the services.

Q45. WHAT ARE THE PREDOMINANT BILLING METHODS USED FOR THIS CLASS OF SERVICES?

A. The following billing methods account for approximately 94% of the Test Year Total ETI Adjusted costs for the Utility and Executive Management Class: CUSTEGOP, ASSTSALL and PKLOADAL. These methods are appropriate because they are based on cost causation principles. For a detailed explanation of the above predominant billing methods and why they are appropriate to the project codes to which they are assigned, please refer to Exhibit EV-1.

Q46. HAVE YOU DETERMINED THAT THE APPROPRIATE PROJECT CODES AND BILLING METHODS HAVE BEEN USED FOR THE REMAINING 6% OF TOTAL ETI ADJUSTED COSTS ASSOCIATED WITH THIS CLASS?

A. Yes. I have reviewed each of the project codes and associated billing methods used for the remaining 6% of the Total ETI Adjusted costs associated with this class, set forth in my Exhibits EV-B and EV-C, and conclude that they are reasonable. The costs associated with the remaining billing methods are

consistent with and reflect the services captured in each respective project code.

Q47. HAVE YOU REACHED A CONCLUSION ABOUT THE MANNER ESL BILLS ETI FOR THE UTILITY AND EXECUTIVE MANAGEMENT CLASS OF AFFILIATE SERVICES?

A. Yes. The unit cost to ETI as a result of the application of these billing methods is no higher than the unit cost to other affiliates for the same or similar service and represents the actual cost of services. As I discuss below, the charges for these services are both reasonable and necessary to ETI's operations.

D. Reasonableness and Necessity of the Utility and Executive Management Class Costs

Q48. HOW DO THE COSTS FOR THE UTILITY AND EXECUTIVE MANAGEMENT CLASS IN PREVIOUS YEARS COMPARE TO THE TEST YEAR?

A. As shown in Table 4 below, the total affiliate O&M charges to ETI for this class of service (adjusted to remove Corporate Aviation costs, Nuclear department codes, Gas department codes, and other non-ratemaking items) have increased since 2018. The increase is primarily related to the Outside Services category and is driven by customer focused initiatives. The increased charges attributable to these initiatives or similar projects are expected to continue to be incurred going forward.

Table 4: Total Utility and Executive Management Class Charges to ETI

	2018	2019	2020	Test Year
Total O&M	$2,013,830	$3,376,549	$1,998,582	$4,038,164

Q49. ARE THESE NECESSARY SERVICES PROVIDED AT A REASONABLE COST?

A. Yes, these necessary services are provided at a reasonable cost. First, the costs reflected in this class are subject to the cost control and monitoring process more fully described in the direct testimony of Mr. Sperandeo. As Mr. Sperandeo explains, budgets are first developed by executives at the functional level (e.g., Distribution, Transmission, and Generation), and then each department within ESL, ETI, and other business units develops detailed budgets to meet the functional spending targets. The department manager first reviews those detailed budgets before submitting them for additional reviews by Directors, Vice-Presidents, jurisdictional Presidents, and other executives. When the detailed budgets are complete, the combination of ESL (affiliate costs) and ETI (non-affiliate costs) budgeted costs result in ETI's non-fuel budget. I review and approve the budgets of all the functions affecting ETI, including the costs that are budgeted at ESL departments.

As a form of cost control, the management of each department reviews actual charges on a monthly basis and compares them to budgeted costs. Variances from budgets must be explained through appropriate higher levels of management, and changes are made as necessary. As the executive ultimately accountable for ETI's costs, including the costs associated with services provided

by our affiliate service company, supported by Mr. Sperandeo, I monitor and review all variances. Additionally, budget coordinators review the project codes used by their departments to ensure that they are appropriate for the services being provided, including the billing method assigned to each project code. This budgeting and reporting process supports accountability between ETI and its service company affiliates with respect to its use of affiliate services and the associated costs that are charged to ETI. The process provides assurance that affiliate costs are reasonable, including the costs for this class.

Moreover, the benchmarking analyses sponsored by Mr. Starkweather, Mr. Dumas, and Mr. Sperandeo illustrate the reasonableness of the costs associated with the Utility and Executive Management Class. Mr. Starkweather evaluated a number of retail pricing measures to assess the efficiency of ETI's operations and quality of management. For each metric, he benchmarked ETI's relative performance to other utilities in Texas, the investor-owned utility members of SERC Reliability Corporation ("SERC"), and other utilities throughout the United States using data obtained from publicly available FERC Form 1 filings and company websites. Mr. Starkweather's analysis found that ETI's total average price for retail electricity remained consistently in the top quartile for the national and SERC/Texas peer groups throughout the 2017 to 2021 time period. Mr. Starkweather also reviewed the EEI Typical Bills and Average Rates Report and found that, on nearly every measure, ETI's retail rates were lower (i.e., more favorable to customers) than those of the other utilities in the SERC/Texas peer groups.

Mr. Dumas conducted a benchmarking analysis comparing ESL's costs with the costs of peer service companies using publicly available information in the 2020 FERC Form No. 60 filings for a peer group of service companies and the December 31, 2021 Form 10K for the related holding companies. His analysis shows that ESL's costs are generally in line with those of peer service companies, indicating that ETI is providing services in a cost-effective manner.

Mr. Sperandeo conducted a benchmarking analysis of how ETI compares to a peer group for non-production O&M costs in terms of the cost per MWh sold to customers as well as per customer based on FERC Form No. 1 filings. His analysis found that ETI's non-production costs per MWh sold are far below the industry average. In fact, ETI ranks in the *top decile* of the companies analyzed in terms of non-production costs per MWh sold. Further, ETI's costs expressed on a per customer basis are below or near industry average, even though ETI's MWh sales per customer are approximately 77% greater than the industry average. As Mr. Sperandeo testifies, O&M costs are not generally caused by the number of customers nor, for the most part, are such costs billed to customers on a per customer basis. Despite the fact that ETI's customers consume more energy on a per customer basis than the industry average, ETI still performs well using this metric.

Based on the cost control process and the benchmarking performed by Company witnesses, in addition to my previous discussion of the Company's cost control efforts and the benefits of non-duplication of the services provided by a centralized service company, I conclude that the costs associated with the Utility

and Executive Management class are reasonable.

E. Summary of the Utility and Executive Management Class

Q50. PLEASE SUMMARIZE YOUR CONCLUSION WITH REGARD TO THE UTILITY AND EXECUTIVE MANAGEMENT CLASS OF AFFILIATE SERVICES.

A. In summary, I conclude that the services provided to ETI under the Utility and Executive Management Class as well as the costs for those services are reasonable and necessary. The budgeting process, cost control measures, and benchmarking I described ensure that the costs are reasonable. The application of the described billing methodology ensures that the costs allocated to ETI reflect the actual costs of providing the services and are no higher than the prices charged to other affiliates for the same or similar services. As such, ETI should be allowed to recover its affiliate expenses for this class.

VI. CONCLUSION

Q51. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

AFFIDAVIT OF ELIECER VIAMONTES

THE STATE OF TEXAS)
)
COUNTY OF MONTGOMERY)

This day, Eliecer Viamontes 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 Eliecer Viamontes. 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.

Eliecer Viamontes

SUBSCRIBED AND SWORN TO BEFORE ME, notary public, on this the 17th day of June 2022.

NANCY MAXWELL
Notary ID #129702124
My Commission Expires
January 12, 2026

Nancy Maxwell
Notary Public, State of Texas

My Commission expires:
1-12-2026

Utility and Executive Management Class Predominant Billing Methods

Billing Allocation Methodology	Basis for Selection of Billing Allocation Methodology
CUSTEGOP	Billing Method CUSTEGOP (Electric and Gas Customers) is appropriate to use for the project codes to which it applies because it allocates costs based on the 12-month average number of each EOC's residential, commercial, industrial, government, and municipal general business electric and gas customers. For example, Project Code F3PCE99795 (Group President – Utility Operations) captures costs associated with general activities of the office of the Group President – Utility Operations related to executive management and oversight of the EOCs' regulated utility operations. The Group President also manages the support functions that provide coordinated services across the EOCs, including engineering, customer services, regulatory support, safety, and economic development. This project code includes activities such as meetings with EOC presidents to discuss day-to-day operations of the EOCs, Board of Directors meetings and activities, and meetings with regulators and their staffs on utility matters, which directly relate to regulated utility customers served by each EOC. Because the relative levels of activities and costs for this project code are driven by, in ETI's case, the number of the Company's electric customers (for EOCs with gas customers, their total gas and electric customers drive these costs), allocating costs according to the relative number of customers served by these activities is appropriate.
ASSTSALL	Billing Method ASSTSALL (Total Assets) is appropriate to use for the project codes to which it applies because it allocates costs based on the total Entergy Corp. assets at period end. For example, Project Code F3PCC31255 (Operations – Office of the CEO) captures costs associated with the general administrative operations of the CEO. The services at the corporate level are critical to the ability of the Operating Companies to function as a family of companies that make use of and benefit from affiliate services. ETI benefits from the corporate level activities provided by the CEO because the CEO participates in investment and strategic decisions necessary to support ETI's activities. Because the costs for this project code are driven by the activities associated with the oversight of the operations of all Entergy companies and the stewardship of the corporation's assets, allocating costs on the basis of the relative number of assets is appropriate.

PKLOADAL	Billing Method PKLOADAL (Peak Load) is appropriate to use for the project codes to which it applies because it allocates costs based on the ratio of each EOC's load to the peak load at the time of all of the EOCs' peak load. For example, Project Code F3PPWE0360 (Self Supply Project Team – Administration) is used by the Project Management group, which provides project management for large fossil generation capital projects and information regarding generation technologies, cost, and implementation schedules to the generation planning function at System Planning & Operations and the EOCs. This project code includes general activities related to the study, development, and implementation of fossil generation projects. Because the costs associated with this project code are driven by the need for new reliable, cost-effective generation assets to serve the loads of the EOCs, it is appropriate to allocate the costs for this project code on the basis of the EOCs' peak load ratios.

See Native Excel file Viamontes Direct_Exhibits EV-A through D.

DOCKET NO. 53719

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS

DIRECT TESTIMONY

OF

JESS K. TOTTEN

ON BEHALF OF

ENTERGY TEXAS, INC.

JULY 2022

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF JESS K. TOTTEN
2022 RATE CASE

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EXHIBITS

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS

A. My name is Jess K. Totten. I am a Principal with Osprey Energy Group, LLC. My business address is 4930 Trail West Drive, Austin, Texas 78735.

Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of Entergy Texas, Inc. ("Entergy Texas," "ETI" or "the Company").

Q3. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I was employed by the Public Utility Commission of Texas ("Commission") for 23 years, retiring in July 2011. When I retired from the Commission, I was serving as the Director of the Competitive Markets Division. Prior to that, I was the Director of the Electric Industry Oversight Division. My responsibilities in these positions included managing Commission Staff efforts and advising Commissioners on electricity competition policy, retail and wholesale electricity market rules, regulation of electric utilities, and implementation of the Commission's energy efficiency and renewable energy programs. Since I retired I have worked as a consultant on electric energy matters for over ten years, and am now working for Osprey Energy Group, LLC. I have a BA degree from Rice University and a JD from the University of Texas at Austin. More details on my education and experience are set out in Exhibit JKT-1, which is a part of this

testimony.

Q4. HAVE YOU FILED TESTIMONY BEFORE ANY REGULATORY AUTHORITIES?

A. Yes. A list of the cases in which I have testified is attached as Exhibit JKT-2.

II. ASSIGNMENT AND SUMMARY OF TESTIMONY

Q5. WHAT IS YOUR ASSIGNMENT IN THIS PROCEEDING?

A. I am testifying on behalf of Entergy Texas in support of its request that the Commission recognize the company's stellar performance when it establishes a return on equity ("ROE") in this proceeding. Another witness for the Company, Ann Bulkley, testifies to the appropriate rate of return to be awarded in this proceeding, and she incorporates into her testimony my recommendation for a higher ROE, based on the Company's performance.

Q6. PLEASE SUMMARIZE YOU TESTIMONY AND CONCLUSIONS.

A. Section 36.052 of the Public Utility Regulatory Act ("PURA") directs the Commission to consider a number of factors in establishing a reasonable return on invested capital for an electric utility.[1] I conclude that Entergy Texas has performed well on several of the factors listed in this section, and that it warrants adoption of a higher rate of return as a result of this high-quality performance. I

[1] Tex. Util. Code § 36.052.

am recommending that, based on ETI's high-quality performance, the Commission adopt a higher ROE (a component of the utility's overall rate of return). Specifically, Ms. Bulkley calculates a recommended ROE based on financial factors and then adds to that the increase of 30 basis points that I am recommending.[2] The factors I considered in reaching this conclusion, all areas in which ETI has performed well, are the following:

- ETI has low retail rates and low operations and maintenance ("O&M") costs, compared to utilities in the region in which it operates and nationally;
- ETI has responded very well to significant storms that have landed in its service territory (10 basis points); and
- ETI manages through difficult circumstances and brought the benefits of MCPS to customers early and under budget (10 basis points).

III. THE REGULATORY CONTEXT FOR THIS PROCEEDING

Q7. WHAT FACTORS DOES PURA REQUIRE THE COMMISSION TO CONSIDER WHEN ESTABLISHING A UTILITY'S ROE FOR RATEMAKING PURPOSES?

A. PURA § 36.052 requires the Commission to consider the following factors in setting a reasonable return on invested capital:

(1) the efforts and achievements of the utility in conserving resources;

(2) the quality of the utility's services;

(3) the efficiency of the utility's operations; and

[2] Direct Testimony of Ann Bulkley at 3.

(4) the quality of the utility's management.

Q8. WHAT CONCLUSIONS DO YOU DRAW IN CONSIDERING ETI'S PERFORMANCE AS IT PERTAINS TO THESE FACTORS?

A. For the reasons discussed below, I believe the Commission should increase ETI's ROE by 30 basis points above the level that the Commission would otherwise adopt.

IV. ETI'S MANAGEMENT AND PERFORMANCE

Q9. ARE THERE FACTORS THAT INDICATE THAT ENTERGY TEXAS HAS HAD A HIGH QUALITY OF MANAGEMENT AND SERVICE TO CUSTOMERS AND WARRANTS A HIGHER ROE IN THIS PROCEEDING?

A. Yes. As previously identified, there are three factors that I believe warrant a higher ROE for ETI in this proceeding. Each of these factors is discussed in more detail below.

Q10. PLEASE EXPLAIN WHAT YOU MEAN WHEN YOU STATE THAT ETI SHOULD BE AWARDED A HIGHER RATE OF RETURN IN THIS PROCEEDING.

A. Witnesses on the issue of ROE typically analyze a number of primarily financial factors to determine what they believe to be an appropriate rate of return, and they typically report what they regard as a reasonable range for the ROE, and a specific rate within that range, as their recommendation. The Entergy Texas

witness on ROE has followed this approach.[3] Other parties participating in the proceeding may also sponsor witnesses on this issue, and their reported reasonable range and recommended specific rate of return may be different from Ms. Bulkley's conclusions. In considering the various recommendations that are submitted on this issue, I recommend that once the Commission adopts an ROE, it adjust that rate, increasing it by 30 basis points, to reflect ETI's high-quality performance in recent years.

A. Low Retail Rates

Q11. ARE ETI'S RETAIL RATES LOWER THAN THE AVERAGE ELECTRIC UTILITY RATES IN THE REGION IN WHICH IT OPERATES AND NATIONWIDE?

A. Yes. Mr. Richard Starkweather conducted a benchmarking study to compare the rates charged by Entergy Texas to the retail rates charged by other utilities nationwide and in Texas and the Southeast U.S. for the period 2017 to 2021. He concludes that by a number of measures, ETI's rates are low.[4] He concludes, for example, that:

- for the entire period, ETI's total revenue per kilowatt-hour ("kwh") was in the first quartile (lowest revenue/kwh) nationwide and in the Texas-SE region;
- for 2017-2020, ETI's residential revenue/kwh was in the first quartile nationwide and in the Texas-SE region;

[3] Direct Testimony of Ann Bulkley at 5-6.

[4] Direct Testimony of Richard Starkweather at 4-5.

- for 2017-2020, ETI's commercial revenue/kwh was in the first quartile nationwide and in the Texas-SE region;
- for 2017-2019, ETI's industrial revenue/kwh was in the first quartile nationwide; and
- in the years in which revenue in any category was not in the first quartile, it was at, very near, or below the median nationally and in the Texas-SE region.

Thus, ETI has performed well in providing low rates to its customers. Low retail rates are an important element of high-quality customer service.

B. Low Operating Costs

Q12. ARE ETI'S COSTS LOWER THAN AVERAGE ELECTRIC UTILITY COSTS NATIONWIDE?

A. For the most part, yes. Mr. Bobby R. Sperandeo, Jr. performed a benchmarking study that compared ETI's O&M expenses to those incurred by other utilities nationwide for the period 2018 to 2020. He compares ETI's O&M expenses in several categories to a group of about 120 utilities, comparing ETI's cost/kwh and cost/customer to the weighted average costs of the other utilities and ranks Entergy Texas in this group of nationwide utilities. He reports, for example, that

- ETI's total O&M expenses per retail megawatt-hours ("MWh") sold were 42% of the average expense of the national group or lower for the 2018-2020 period;[5]
- ETI's total O&M expense per MWh ranked it in the top decile of the national group for the 2018-2020 period;[6]

[5] Direct Testimony of Bobby R. Sperandeo, Jr. at 7.

[6] *Ibid.*

- ETI's distribution O&M expenses per retail MWh sold were 45% of the average expense of the national group or lower for the 2018-2020 period;[7]

- ETI's distribution O&M expense per MWh ranked it in the top quartile of the national group for the 2018-2020 period;[8]

- ETI's transmission O&M expenses per retail MWh sold were 31% of the average expense of the national group or lower for the 2018-2020 period;[9]

- ETI's transmission O&M expense per MWh ranked it in the top quartile of the national group for the 2018-2020 period;[10]

- ETI's customer accounts, service and information, and sales O&M expenses per retail MWh sold were 44% of the average expense of the national group or lower for the 2018-2020 period;[11]

- ETI's customer accounts, service and information, and sales O&M expenses per MWh ranked it in the top quartile of the national group for the 2018-2020 period;[12]

- ETI's administrative and general O&M expenses per retail MWh sold were 55% of the average expense of the national group or lower for the 2018-2020 period;[13] and

- ETI's customer accounts, service and information, and O&M sales expenses per MWh ranked it in or just above the first quartile of the national group for the 2018-2020 period.[14]

Mr. Sperandeo also benchmarked ETI's O&M expenses on a cost per customer basis. This analysis showed that, for the most part, ETI's O&M expenses on a per-customer basis compared somewhat less favorably than on a per-MWh basis.

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7 *Ibid.* at 8.

8 *Ibid.*

9 *Ibid.*

10 *Ibid.*

11 *Ibid.* at 9.

12 *Ibid.*

13 *Ibid.* at 9.

14 *Ibid.*

Mr. Sperandeo concludes that the difference in the metrics is a result of the higher sales per customer for ETI than the national average.[15] Nevertheless, the expenses in most categories were below the national average, and ETI ranked in the second or first quartile.[16] Entergy Texas has performed well in providing low O&M costs in serving its customers. Low O&M expenses contribute to low overall costs and rates, so they are also an element of high-quality service.

C. Management Performance

Q13. HAS ETI DEMONSTRATED EFFECTIVE AND EFFICIENT MANAGEMENT IN CHALLENGING CIRCUMSTANCES? IF SO, PLEASE EXPLAIN.

A. Yes. One of the challenging circumstances that ETI encountered in the recent past were storms in 2020 that damaged generation, transmission, and distribution facilities, impairing the Company's ability to serve all of its customers. These storms were:

- Hurricane Laura, a Category 4 hurricane that made landfall in Louisiana just east of the ETI service area on August 27, 2020; and
- Hurricane Delta, a Category 2 hurricane that also made landfall in western Louisiana on October 9, 2020.

Hurricane Laura caused extensive damage to generation, transmission, and distribution facilities in the ETI service area and also to transmission facilities in Louisiana that the Company relies on to import energy to serve its customers.

[15] *Ibid.* at 14.

[16] *Ibid.* at 11-14.

Delta caused additional damage to transmission and distribution facilities.[17]

Q14. HOW WERE CUSTOMERS AFFECTED BY THESE STORMS?

A. There were direct impacts of the storms, such as damage to transmission and distribution facilities and generation facilities that prevented the Company from delivering electricity to all of its customers. There was also an indirect impact from Laura, because the loss of transmission facilities was so extensive that both the Southwest Power Pool and Midcontinent Independent System Operator ("MISO") identified grid stability concerns, and MISO directed ETI to shed over 300 MW of load in order to maintain a reliable grid.[18] The Company reported that the damage from these storms resulted in 120,000 customers losing power after Laura and 101,000 customers losing power after Delta.[19]

Q15. DID ETI FACE UNUSUAL CHALLENGES IN ADDRESSING THE CONSEQUENCES OF THESE STORMS?

A. Yes. First, Laura was an intense storm, reaching Category 4 and remaining at hurricane strength as far from the coast as Shreveport, Louisiana.[20] Laura and Delta both struck the same area of western Louisiana, and both caused significant

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[17] Direct Testimony of Khamsune Vongkhamchanh at 24-31; *Application of Entergy Texas, Inc. for Determination of System Recovery Costs,* Docket No. 51997, Direct Testimony of Sallie T. Rainer at 12-19; Direct Testimony of Melanie L. Taylor at 43-51.

[18] *Issues Related to the Disaster from Hurricane Laura,* Project No. 51223, Presentation by Sallie T. Rainer, attached to Memo of Chairman DeAnn Walker (Sep. 10, 2020); Direct Testimony of Khamsune Vongkhamchanh at 21.

[19] Docket No. 51997, Application at 2.

[20] Docket No. 51997, Direct Testimony of Sallie T. Rainer at 13.

damage in the ETI service area. In addition, the 2020 hurricane season was an active one, creating a large demand for personnel, material, and other resources needed to restore service, and the hurricanes resulted in road closures from high water and debris.[21]

Q16. WAS ETI'S RESPONSE TO THE STORMS EFFECTIVE?

A. Yes. Entergy Corporation implements a planning process, including storm drills to prepare for the hurricane season, tracks the storms as they approach its service area, and adapts and implements its plans after a storm hits.[22] ETI mobilized more than 6,000 personnel to complete the restoration efforts after Laura, including workers from several states. ETI established multiple staging sites to locate workers, trucks, and materials to support the restoration efforts. It also focused resources initially on restoring to service the transmission lines that were damaged in the Entergy Louisiana, LLC area.[23] Before the fifth day after Hurricane Laura made landfall, ETI had restored service to 60 percent of the customers without power, and within seven days, it had restored service to 83 percent of its customers. By the end of the tenth day, power was restored to 97 percent customers who could take service.[24] The Company mobilized 2,000 personnel to complete the restoration efforts after Delta and deal with the

[21] Direct Testimony of Melanie L. Taylor at 42-44; Direct Testimony of Khamsune Vongkhamchanh at 22; Docket No. 51997, Direct Testimony of Alan East at 6-7.

[22] Direct Testimony of Melanie L. Taylor at 48-50.

[23] Docket No. 51997, Direct Testimony of Sallie T. Rainer at 15.

[24] Direct Testimony of Melanie L. Taylor at 50.

challenges associated with the protracted response to back-to-back storms. For example, mutual-aid resources from other utilities often had to head back to their home systems, requiring ETI to find other solutions.[25] By day three of the Delta restoration effort, ETI had restored service to 68 percent of its customers without power, and by day five, to 95 percent of the customers. By the end of the eighth day, almost all of the remaining customers who could take service were receiving it.[26] In my view, these were effective responses to challenging circumstances, and the Company's restoration efforts represent high-quality service and efficient operations and demonstrate an effective management, warranting a higher ROE.

Q17. IS THERE ANOTHER SET OF CHALLENGING CIRCUMSTANCES THAT DEMONSTRATE ETI'S EFFECTIVE AND EFFICIENT MANAGEMENT?

A. Yes. The Company recently constructed a 993 MW combined-cycle generation project in Montgomery County, the Montgomery County Power Station ("MCPS"), which was planned to be completed and in service in June 2021. The construction of such a large project is a complex undertaking, but the MCPS project was made more difficult by several circumstances that arose during the course of the construction project:[27]

- The parent company of the entity with which ETI contracted to construct the project went through a bankruptcy proceeding.

[25] *Ibid.* at 47; Docket No. 51997, Direct Testimony of Sallie T. Rainer at 17.
[26] Docket No. 51997, Application at 2.
[27] Direct Testimony of Gary C. Dickens at 24 *et seq.*

- The project was affected by the COVID-19 outbreak and the impact it had on businesses.
- As is discussed above, two hurricanes hit the Louisiana-Texas region during the summer of 2020, while the construction project was underway.

Mr. Gary Dickens' testimony describes the oversight procedures that the Company implemented in connection with the project and the measures that were taken to overcome the challenges that arose after it had begun. As he testifies, despite these difficulties, the project was completed ahead of schedule (January 2021) and under budget (by $35 million).[28] The completion of the project ahead of schedule and under budget, in the face of these challenges, represents efficient and effective management warranting a higher ROE in this proceeding.

Q18. IS THERE ANOTHER FACTOR THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE EFFECTIVENESS AND EFFICIENCY OF THE COMPANY'S MANAGEMENT.

A. Yes. Mr. Eliecer Viamontes, the Company's President and Chief Executive Officer, notes that Entergy Corporation has in recent years received several awards and recognitions from national organizations. Among these is an award from the U.S. Chamber of Commerce Foundation as the winner of the Best Economic Opportunity and Empowerment Program. The description of this award on the Foundation's web page indicates that this award is directly tied to customer-related performance:

[28] *Ibid.* at 22-23. In addition, ETI sold a share of the plant to East Texas Electric Cooperative, Inc. for about $35 million, further reducing costs for ETI customers.

> Ensuring that struggling customers receive bill payment assistance from the Low Income Home Energy Assistance Program (LIHEAP) is a long-standing component of Entergy's poverty-relief efforts that gained momentum during the pandemic. Entergy helped more than 250,000 bills get paid with $65.4 million in assistance, exceeding the goal by almost $20 million and increasing bill payments by 26 percent over 2019.[29]

These awards are another indication of the effectiveness of the management of Entergy Corporation and Entergy Texas.

V. QUANTIFICATION OF INCREASE IN ROE

Q19. ARE THERE RECENT CASES IN WHICH THE COMMISSION HAS EXPLICITLY ADJUSTED AN ROE BECAUSE OF A UTILITY'S PERFORMANCE AND DISCUSSED HOW TO QUANTIFY SUCH AN ADJUSTMENT?

A. There are two recent rate cases in which parties have proposed that the utility's rate of return be reduced because of poor performance. In one case, a party (HEB, a large grocery chain) recommended a reduction in CenterPoint Energy Houston Electric, LLC's ("CenterPoint") rate of return based on an assertion of poor service at its stores in the utility's service area. The Administrative Law Judges ("ALJs") recommended that the Commission make a reduction in the ROE of three basis points.[30] However, the parties to the proceeding subsequently entered into negotiations to settle the rate case, and the settlement agreement

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[29] Available at https://www.uschamberfoundation.org/citizens-awards/2021-winners.

[30] *Application of CenterPoint Energy Houston Electric LLC for Authority to Change Rates*, Docket No. 49421, Proposal for Decision at 169-170.

ultimately reached and approved by the Commission did not include a specific reduction in the rate of return based on the utility's performance.

In the other case, Commission Staff recommended a lower rate of return for Southwestern Electric Power Company ("SWEPCO") of 12.5 basis points of ROE, because of a transmission line outage and poor SAIDI and SAIFI scores.[31] The ALJs recommended that the Staff reduction in ROE not be adopted,[32] but Chairman Lake filed a memo prior to the discussion of the case in an open meeting, in which he recommended a lower ROE than what the ALJs recommended (9.3% versus 9.45%), on the basis of periodically unreliable service and then-current financial conditions.[33] The Commissioners discussed the reliability issues and the appropriate ROE at length at the open meeting on November 18, 2021, and largely agreed with Chairman Lake's recommendation. Ultimately the Commission adopted an even lower ROE (9.25%), but there was no explicit discussion in the Commission's Order of how the ROE adjustment was calculated.[34] Because two factors influenced the Commission's decision to reduce the ROE (financial conditions and the utility's performance) it is difficult to attribute a specific number to each of these factors.

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[31] *Application of Southwestern Electric Power Company for Authority to Change Rates,* Docket No. 51415, Proposal for Decision at 139-140.

[32] *Ibid.* at 145.

[33] Docket No. 51415, Chairman Lake Memorandum, November 17, 2021, at 2.

[34] Docket No. 51415, Order, January 14, 2022, at 2.

Q20. DID THE ALJS OR PROPONENTS OF A REDUCED ROE DISCUSS HOW TO QUANTIFY SUCH AN ADJUSTMENT?

A. The HEB witness in the CenterPoint case recommended that the ROE be lower than requested by CenterPoint, and not exceed 10%.[35] In discussing the basis for their recommended reduction in the ROE, the ALJs stated:[36]

> In calculating the amount of the penalty, the ALJs find that it must not be exorbitant, but it must be sufficiently large to focus the attention of the utility on the problem and force it to institute actions to cure the problem in the future. The ALJs find that a three-basis-point reduction in the ROE found above will accomplish these goals and recommend that the Commission adopt that reduction.

The Staff recommendation in the SWEPCO case of a 12.5 basis-point reduction was premised on an assertion of poor service to customers generally, based on a widespread transmission outage and low reliability statistics. The amount of the recommended reduction in the ROE, 12.5 basis points, was based on the utility's estimate of the costs incurred in responding to the outage.[37] The difference in the magnitude of the recommended adjustments was significant. In the CenterPoint case the ALJs recommended a three-basis-point reduction for poor service to a single customer with multiple locations, while in the SWEPCO case the Staff witnesses proposed a 12.5 basis-point reduction for poor service affecting many of SWEPCO's customers.

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[35] Docket No. 49421, Direct Testimony of George W. Presses at 25.

[36] *Application of CenterPoint Energy Houston Electric LLC for Authority to Change Rates,* Docket No. 49421, Proposal for Decision at 169-170.

[37] Docket No. 51415, Direct Testimony of John Poole at 11; Direct Testimony of Mark Filarowicz at 30.

Q21. WHAT IS THE BASIS FOR YOUR RECOMMENDATION TO INCREASE THE ROE BY 30 BASIS POINTS?

A. I rely on three points of strong performance by ETI: low rates, low O&M costs, and effective and efficient performance in two different challenging circumstances. The first two of these factors have a significant overlap, because low O&M costs contribute to low rates for customers. For the purposes of calculating the ROE adjustment, I am treating these as a single factor. The circumstances of the hurricanes and the construction of the MCPS and their impact on customers were very different, and I regard them as two separate factors. The hurricanes had an immediate, major impact on customers (loss of service), and they required the Company to pull together resources very quickly and on a large scale to address the problem. The completion of the MCPS on time and under budget had immediate impact in improving reliability and reducing energy costs, but the benefits of completing it on time will benefit customers in the future as well. The challenges of this project required a different response, close monitoring of the project and a reasonable response to the risks of the bankruptcy.[38] All of the factors affect customers generally, so they warrant a higher adjustment than a factor that affects only a limited number of customers. A ten-basis-point adjustment appears to be within the range that the Staff found appropriate in the SWEPCO case, so I am recommending a ten-basis-point upward adjustment in the ROE for each of the three factors, that is, a total

[38] Direct Testimony of Gary C. Dickens at 22, 24-25.

increase of 30 basis points.

VI. POLICY CONSIDERATIONS

Q22. WOULD PROVIDING ENTERGY TEXAS A HIGHER ROE BASED ON THESE FACTORS BE SOUND REGULATORY POLICY?

A. Section 36.052 of PURA provides that the Commission shall consider performance factors in setting a reasonable rate of return for a utility. In my view, this provision explicitly provides authority for the Commission to incentivize high-quality management and service to customers through a higher ROE. This seems particularly clear in light of the SWEPCO decision, discussed above, in which the Commission provided a negative incentive where it found the utility had performed poorly. The directive in PURA § 36.052 is for the Commission to consider certain factors in setting a reasonable return on invested capital, and there is nothing that says or implies that the only permissible adjustment is a negative one. Where a utility performs well on the statutory factors, the logical conclusion is that the resulting ROE adjustment would be an upward adjustment. Moreover, it is sound policy to recognize and reward a utility for providing high-quality, cost-efficient service to their customers. Providing incentives for strong performance in these areas provides several benefits:

- it encourages the utility to continue such behavior;
- it better aligns the utility's goals with its customers' goals, and those of its regulator;
- it incentivizes good performance by other utilities whose rates are regulated by the Commission; and

- it ensures that the utility and its customers share in the success of the utility.

Utilities such as Entergy Texas face the challenge of meeting at times conflicting policy goals, such as providing customers safe, reliable electric service that is affordable to the customers. Incentives that recognize utilities for excellent performance will encourage them to continue their pursuit of these goals and may spur other utilities toward providing better service and more affordable rates. In addition, recognizing high-quality performance through a higher ROE should allow ETI continued access to the capital it needs to support its ongoing investments to improve utility infrastructure and continue providing excellent service to its customers.

Q23. ARE THERE OTHER AREAS IN WHICH THE COMMISSION PROVIDES MONETARY INCENTIVES TO UTILITIES BASED ON PERFORMANCE?

A. Yes. The Commission routinely provides positive incentives for utilities that meet their energy-efficiency goals and provides penalties for utilities that fail to meet the reliability performance standards for their distribution systems. Performance bonuses for the energy-efficiency programs are authorized for utilities that meet their goals by 16 Tex. Admin. Code § 25.182(e), and penalties for failure to meet the goals may be assessed under 16 Tex. Admin. Code § 25.181(v).[39] 16 Tex. Admin. Code § 25.52(g) establishes standards for various distribution-system reliability measures and authorizes the Commission to take

[39] 16 Tex. Admin. Code §§ 25.182, 25.181.

action against utilities that fail to meet the standards.[40]

Both the Legislature, in PURA § 36.052, and the Commission, in its actions to implement the energy-efficiency program and the distribution reliability program, have concluded that incentives can be important measures to induce behavior that is in the interests of customers. Adopting a higher rate of return in this case would be just such an inducement, rewarding a utility, strengthening its financial condition, and inducing it to continue to pursue customer-focused programs and decisions.

VII. CONCLUSION

Q24. SHOULD THE COMMISSION APPROVE A HIGHER ROE FOR ETI IN THIS PROCEEDING?

A. Yes. I conclude that ETI has performed well on the statutory factors set out in PURA § 36.052, and that it is appropriate for the Commission to adopt a higher ROE, and thus rate of return, than it would otherwise adopt, based on ETI's high-quality performance.

Q25. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

[40] 16 Tex. Admin. Code §§ 25.52.

AFFIDAVIT

STATE OF TEXAS)
)
COUNTY OF TRAVIS)

JESS K. TOTTEN, first being sworn on his oath, states:

I am the witness identified in the preceding testimony. I have read the testimony and the accompanying attachments and am familiar with their contents. Based upon my personal knowledge, the facts stated in the testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.

JESS K. TOTTEN

Subscribed and sworn to before me this 15th day of June, 2022 by JESS K. TOTTEN.

Notary Public, State of Texas
My Commission Expires: 12/31/2022

JANINE CHRISTY McDOWELL
Notary Public
STATE OF TEXAS
ID#131841747
My Comm. Exp. Dec. 31, 2022

Attachment JKT-D-1: Jess Totten Work History

Jess Totten is a principal of the Austin, Texas energy consulting firm Osprey Energy Group. From 2011 to 2016 he was a consultant with Stratus Energy Group, and prior to joining Stratus, he worked for 23 years at the Public Utility Commission of Texas, in a number of management, legal, and policy positions. He provides advice to clients concerning electric utility matters, particularly with regard to rules and procedures of the Public Utility Commission of Texas (PUC) and protocols and procedures of the Electric Reliability Council of Texas (ERCOT). He also provides expert testimony in rate cases and other proceedings concerning electricity policy.

Work History

Mr. Totten has served as an electricity consultant and expert witness in proceedings before the PUC since 2011. He has advocated on behalf of energy clients at the PUC and in ERCOT stakeholder meetings, primarily in connection with demand-response issues as they relate to ERCOT markets and programs. He has provided expert testimony in rate cases and other matters concerning regulated utilities. He has also provided advice and reports to other clients, including the Southwest Partnership for Energy Efficiency as a Resource, and, as a subcontractor under US State Department engagements, provided reports and advice on electricity issues to the governments of the Philippines and Peru.

Mr. Totten served as the Director of the Competitive Markets Division of the PUC at the time of his retirement in 2011. In this position, he managed staff efforts and advised Commissioners on electricity and telecommunications competition policy. From 2001 to 2008 he served as Director of the Electric Industry Oversight Division, managing staff and advising Commissioners on retail and wholesale electricity market rules, implementation of the Commission's energy efficiency and renewable energy programs, and regulation of electric utilities. Prior to 2001, he served in other management, legal, and policy positions at the Commission.

Mr. Totten helped manage the PUC efforts to develop a framework for designating Competitive Renewable Energy Zones and selecting transmission companies to build the CREZ facilities. He also participated in PUC activities to address topics such as the governance of ERCOT and participated in the development of the Annual Baseline Assessment of Choice in Canada and the United States, a set of criteria used to evaluate the retail electric competition regimes in North America.

During his tenure at the PUC, Mr. Totten made presentations at numerous conferences on topics such as retail and wholesale competition; transmission open access; renewable energy; energy efficiency; and the construction of transmission to support renewable energy development.

Prior to joining the PUC, he served as an attorney and deputy general counsel of the Panama Canal Commission, with responsibilities including litigation and labor law issues, and was the chief negotiator in the first collective bargaining agreement negotiated by the Commission.

Education

Mr. Totten has a BA from Rice University and JD from the University of Texas Law School.

Attachment JKT-D-2: Jess Totten Prior Testimony

The table below lists the cases in which Mr. Totten testified.

Proceeding	Party Testified For	Date
Petition for Designation of Competitive Renewable Energy Zones, Docket No. 33672	Commission Staff	2008
Complaint of Johnny H. Vinson and Eloise Vinson Against Oncor Electric Delivery Company, LLC, Docket No. 40953	Oncor Electric Delivery Company	2013
Application of Entergy Texas for Authority to Redetermine Rates for Energy Efficiency Cost Recovery Factor, Docket No. 41444	Entergy Texas, Inc.	2013
Application of CenterPoint Energy Houston Electric LLC for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor, Docket No. 41540	CenterPoint Energy Houston Electric, LLC	2013
Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs, Docket No. 41791	Entergy Texas, Inc.	2014
Application of Entergy Texas for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor, Docket No. 42485	Entergy Texas, Inc.	2014
New Braunfels Utilities v. Lower Colorado River Authority, No. C2012-1075B, District Court of Comal County	Lower Colorado River Authority	2014
Application of Entergy Texas, Inc. to Amend its Certificate of Convenience and Necessity and for Public Service Determination for Purchase of Unit 1, Union Power Station in Union County, Arkansas, Docket No. 43958	Entergy Texas, Inc.	2014
Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs, Docket No. 44704	Entergy Texas, Inc.	2015
Application of Entergy Texas, Inc. Approval to Amend its Distribution Cost Recovery Factor, Docket No. 45083	Entergy Texas, Inc.	2015
Application of Entergy Texas, Inc. for Approval of a Transmission Cost Recovery Factor, Docket No. 45084	Entergy Texas, Inc.	2015
Review of Rate Case Expenses Incurred by Southwestern Public Service Company and Municipalities in Docket No.43695, Docket No. 44498	Southwestern Public Service Company	2016
Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy, Inc. for Regulatory Approvals Pursuant to PURA §§ 14.101, 39.262 and 39.915, Docket No. 46238	NextEra Energy, Inc.	2016
Application of Entergy Texas, Inc. for Approval to Amend its Transmission Cost Recovery Factor, Docket No. 46357	Entergy Texas, Inc.	2016
Application of Entergy Texas, Inc. for a Certificate of Convenience and Necessity to Construct Montgomery County Power Station, Docket No. 46416	Entergy Texas, Inc.	2016

Petition of the Cities of Garland, Mesquite, Plano, and Richardson Appealing the Decision of the North Texas Municipal Water District Affecting Wholesale Water Rates, Docket No. 46662	Cities of Garland, Mesquite, Plano, and Richardson	2017
Application of Entergy Texas, Inc. for Authority to Change Rates, Docket No. 48371	Entergy Texas, Inc.	2018
Application of Southwestern Public Service Company for a Change in Rates, Docket No. 51802	Southwestern Public Service Company	2021
Application of Entergy Texas, Inc. for a Certificate of Convenience and Necessity to Construct Orange County Advanced Power Station, Docket No. 52487	Entergy Texas, Inc.	2022

DOCKET NO. 53719

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS

DIRECT TESTIMONY

OF

RICHARD D. STARKWEATHER

ON BEHALF OF

ENTERGY TEXAS, INC.

JULY 2022

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF RICHARD D. STARKWEATHER
2022 RATE CASE

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EXHIBITS

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Richard D. Starkweather. My business address is 3120 Cranesbill Drive, Raleigh, North Carolina 27613.

Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am filing testimony on behalf of Entergy Texas, Inc. ("ETI"), a Texas corporation, which is a wholly owned electric utility subsidiary of Entergy Corporation ("Entergy").

Q3. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. On April 30, 2022, I retired as a Partner with ScottMadden, Inc. ("ScottMadden") and I am now working as an Executive Advisor for ScottMadden on this engagement.

Q4. PLEASE BRIEFLY OUTLINE YOUR FORMER RESPONSIBILITIES AS A PARTNER.

A. As a Partner with ScottMadden, I provided direction for the work conducted by ScottMadden consultants, and was accountable for the overall quality of analyses and deliverables developed on behalf of clients such as ETI.

Q5. PLEASE DESCRIBE SCOTTMADDEN'S CONSULTING PRACTICE AND THE SERVICES IT PROVIDES.

A. Founded in 1983, ScottMadden is a management consulting firm with three practice areas: Energy; Rates & Regulation; and Corporate and Shared Services. Since 1983, they have served hundreds of clients, including the top 20 energy utilities in the United States. ScottMadden has performed projects across every energy utility business unit and every function.

Q6. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.

A. I graduated from Northwestern University with a Bachelor of Science degree in Mechanical Engineering in 1978, and then earned my Master of Business Administration degree from the University of Chicago Booth School of Business in 1980.

Q7. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

A. I began my career with Exxon Chemical Americas as a Forecast Coordinator for the Bayway Chemical Plant in Linden, New Jersey. My responsibilities included the coordination of the annual operating budget for all of the departments at the plant. I began my consulting career in 1982, and other than three years in the managed healthcare industry and three years working for Edison International, I have been a management consultant for my entire professional career. I started working for Touche Ross & Co. in 1982, which then became Deloitte & Touche after the merger with Deloitte, Haskins & Sells in 1989. I joined ScottMadden in