



Control Number: 50714



Item Number: 24

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**SOAH DOCKET NO. 473-20-3301  
PUC DOCKET NO. 50714**



**APPLICATION OF ENTERGY TEXAS, §  
INC. TO AMEND ITS DISTRIBUTION §  
COST RECOVERY FACTOR §**

**BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS**

**DIRECT TESTIMONY**

**OF**

**KARL J. NALEPA**

**ON BEHALF OF**

**CITIES SERVED BY APPLICANT**

**MAY 20, 2020**

**DIRECT TESTIMONY OF  
KARL J. NALEPA**

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**ATTACHMENTS**

Exhibit KJN-1     Statement of Qualifications  
Exhibit KJN-2     Summary of Previously Filed Testimony

**WORKPAPERS**

Calculation of adjusted DCRF without Regulatory Asset and associated Amortization Expense  
(Microsoft Excel file)

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PUC DOCKET NO. 50714**

<b>APPLICATION OF ENTERGY TEXAS, INC. TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR</b>	§ § §	<b>BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>
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**DIRECT TESTIMONY OF  
KARL J. NALEPA**

**I.     INTRODUCTION**

1     **Q.     PLEASE STATE YOUR NAME, OCCUPATION AND ADDRESS.**

2     A.     My name is Karl J. Nalepa. I am the President of ReSolved Energy Consulting, LLC  
3             ("REC"), an independent utility consulting company. My business address is 11044  
4             Research Blvd., Suite A-420, Austin, Texas 78759.

5     **Q.     PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
6             **PROFESSIONAL EXPERIENCE.**

7     A.     I have been a partner at REC since July 2011, but joined R.J. Covington Consulting, its  
8             predecessor firm, in June 2003. I lead our firm's regulated market practice, where I  
9             represent the interests of clients in utility regulatory proceedings, prepare client cost  
10            studies, and develop client regulatory filings. Before joining REC, I served for more than  
11            five years as an Assistant Director at the Railroad Commission of Texas ("RRC"). In this  
12            position, I was responsible for overseeing the economic regulation of natural gas utilities  
13            in Texas, which included supervising staff casework, advising Commissioners on  
14            regulatory issues, and serving as a Technical Rate Examiner in regulatory proceedings.  
15            Prior to joining the RRC, I worked as an independent consultant advising clients on a broad  
16            range of electric and natural gas industry issues, and before that I spent five years as a

1 supervising consultant with Resource Management International, Inc. I also served for  
2 four years as a Fuel Analyst at the Public Utility Commission of Texas (“PUC” or  
3 “Commission”), where I evaluated fuel issues in electric utility rate filings, participated in  
4 electric utility-related rulemaking proceedings, and participated in the review of electric  
5 utility resource plans. My professional career began with eight years in the reservoir  
6 engineering department of Transco Exploration Company, which was an affiliate of  
7 Transco Gas Pipeline Company, a major interstate pipeline company.

8 I hold a Master of Science degree in Petroleum Engineering from the University of  
9 Houston, and a Bachelor of Science degree in Mineral Economics from The Pennsylvania  
10 State University. I am also a certified mediator. My Statement of Qualifications is  
11 included as Exhibit KJN-1.

12 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

13 A. Yes, I have testified many times before the Commission as well as the RRC on a variety  
14 of regulatory issues. I have also provided testimony before the Louisiana Public Service  
15 Commission, Arkansas Public Service Commission, and Colorado Public Utilities  
16 Commission. A summary of my previously filed testimony is included as Exhibit KJN-2.  
17 In addition, I have provided analysis and recommendations in numerous city-level  
18 regulatory proceedings that resulted in decisions without written testimony.

19 **Q. ON WHOSE BEHALF ARE YOU OFFERING TESTIMONY IN THIS**  
20 **PROCEEDING?**

21 A. I am offering testimony on behalf of the Cities of Anahuac, Beaumont, Bridge City,  
22 Cleveland, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota,  
23 Nederland, Oak Ridge North, Orange, Pine Forest, Pinehurst, Port Arthur, Port Neches,

1 Roman Forest, Shenandoah, Silsbee, Sour Lake, Splendora, Vidor, and West Orange  
2 (“Cities”).

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

4 A. The purpose of my testimony is to present certain recommendations regarding Entergy  
5 Texas Inc.’s (“ETI” or “Company”) application for approval of a Distribution Cost  
6 Recovery Factor (“DCRF”) that is currently before the Commission in Docket No. 50714.

7 **Q. WHAT IS A DCRF INTENDED TO ACCOMPLISH?**

8 A. A DCRF allows a utility to recover, on an interim basis, costs related to increases in its  
9 used and useful distribution invested capital placed in service, while recognizing offsetting  
10 revenues due to load growth.

11 **Q. PLEASE SUMMARIZE THE COMPANY’S REQUEST.**

12 A. ETI is requesting that the Commission approve its DCRF filed under Commission Rule  
13 25.243 which provides:

14 *An electric utility may apply for inclusion of a DCRF in its tariffs for*  
15 *wholesale and retail distribution service. To implement a DCRF, an electric*  
16 *utility shall file the application for the DCRF simultaneously with all*  
17 *regulatory authorities having original jurisdiction over the electric utility’s*  
18 *distribution service areas.<sup>1</sup>*

19 The Company’s proposed DCRF would result in total DCRF retail revenues of  
20 approximately \$23.6 million<sup>2</sup> on an annual basis or \$20.4 million in incremental annual

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<sup>1</sup> P.U.C. SUBST. R. 25.243(c)(1).

<sup>2</sup> Application at 8 (DCRF revenue requirement of \$28.2 million – load growth adjustment of \$4.6 million)

1 DCRF revenue above ETI's currently effective DCRF.<sup>3</sup> The increase is based on ETI's  
2 claimed change in net distribution invested capital of \$194 million between the baseline  
3 set in the Company's last rate case (Docket No. 48371) and December 31, 2019.<sup>4</sup>  
4

5 **II. CONCLUSIONS AND RECOMMENDATIONS**

6 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

7 A. Based on my review of the Company's application, I reached the following conclusions  
8 regarding ETI's proposed DCRF:

- 9 1. The Company's proposal to include a retired meter regulatory asset as a component  
10 of its net distribution invested capital is contrary to the DCRF rule, results in double  
11 counting of return and depreciation expense on the meters and should be rejected.
- 12 2. The Company's request for good cause exception to the DCRF rule is not supported  
13 by any cause and should likewise be rejected.

14 **Q. WHAT ADJUSTMENTS DO YOU RECOMMEND SHOULD BE MADE TO THE**  
15 **PROPOSED DCRF BASED ON YOUR CONCLUSIONS?**

16 A. I recommend the retired meter regulatory asset and associated amortization expense be  
17 removed from ETI's request and the DCRF calculation be revised accordingly. This results  
18 in a reduction to the DCRF revenue requirement of \$5,108,497.

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<sup>3</sup> Application at 1.

<sup>4</sup> Schedule B (Total rate base of \$166 million + regulatory asset of \$28 million).

1                                   **III.     RETIRED METER REGULATORY ASSET**

2   **Q.     WHAT IS THE BASIS FOR ADDRESSING THE RETIRED METER**  
3       **REGULATORY ASSET?**

4   A.     Issue No. 11 in the Commission’s Preliminary Order<sup>5</sup> states:

5                   *Should FERC account 182 reflecting the regulatory asset for non-AMS*  
6                   *meters be included in the requested adjusted DCRF in view of 16 TAC §*  
7                   *25.243(b)(3)?*

8   **Q.     PLEASE DESCRIBE THE RETIRED METER REGULATORY ASSET.**

9   A.     The regulatory asset was authorized in Docket No. 47416, ETI’s Advanced Metering  
10       System (“AMS”) application.<sup>6</sup> As set out in the Settlement Agreement between the parties:

11                   *Upon commencement of AMS meter deployment, ETI agrees that it will*  
12                   *reclassify the remaining net book value (gross plant balance, less*  
13                   *accumulated depreciation) of the existing non-AMS meters to a separate*  
14                   *regulatory asset account (FERC account 182.2). The balance in this*  
15                   *account shall be included in rate base in all future base-rate cases (or*  
16                   *equivalent rate-setting decisions), and ETI shall be allowed to earn a return*  
17                   *on the balance equal to its full weighted average cost of capital.*<sup>7</sup>

18   **Q.     WHAT AMOUNT IS INCLUDED IN THE REGULATORY ASSET?**

19   A.     The regulatory asset includes \$48.6 million in gross meter plant less \$20.2 million in  
20       accumulated depreciation, for a net plant amount of \$28.4 million at year end 2019.<sup>8</sup>

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<sup>5</sup> Preliminary Order at 4.

<sup>6</sup> Docket No. 47416, *Application of Entergy Texas, Inc. for Approval of Advanced Metering System (AMS) Deployment Plan, AMS Surcharge, and Nonstandard Metering Service Fees.*

<sup>7</sup> *Ibid.*, Final Order, FoF 60 (December 14, 2017).

<sup>8</sup> Schedule WPs\_Schedule WP B-1Distribution Plant Workpaper.



1 **Q. DOES THE PROPOSED DCRF INCLUDE ANY OTHER COSTS RELATED TO**  
2 **THE REGULATORY ASSET?**

3 A. Yes. The DCRF includes \$2.3 million in annual amortization expense related to the  
4 regulatory asset.<sup>9</sup>

5 **Q. WHEN DID ETI CREATE THE REGULATORY ASSET?**

6 A. ETI created the regulatory asset in March 2019, when it retired the non-AMS meters from  
7 distribution plant.<sup>10</sup>

8 **Q. WHAT DOES ETI CLAIM AS THE BASIS FOR INCLUDING THE**  
9 **REGULATORY ASSET IN THE DCRF?**

10 A. ETI witness Lofton references Finding of Fact (“FoF”) 60 in the Final Order in Docket No.  
11 47416 that states that the “balance in this account shall be included in rate base in all future  
12 base-rate cases or equivalent rate-setting decisions.” She concludes that a DCRF is an  
13 equivalent rate setting decision and thus it is reasonable to include the regulatory asset in  
14 this proceeding.<sup>11</sup> Ms. Lofton also asserts that including the regulatory asset in the DCRF  
15 provides proper matching between the baselines set in ETI’s last base rate case, Docket  
16 No. 48371, and the value currently on ETI’s books.<sup>12</sup>

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<sup>9</sup> Schedule E-1.

<sup>10</sup> Direct Testimony of Allison P. Lofton at 14.

<sup>11</sup> *Ibid.* at 13.

<sup>12</sup> *Ibid.* at 14.

1 **IV. COMPLIANCE WITH THE DCRF RULE**

2 **Q. DOES ETI'S REQUEST TO INCLUDE THE RETIRED METER REGULATORY**  
3 **ASSET IN THE DCRF COMPLY WITH THE DCRF RULE?**

4 **A.** No, it does not.

5 **Q. PLEASE EXPLAIN WHY NOT.**

6 **A.** There are at least three reasons why not:

- 7 1. Only certain FERC accounts are eligible to be included in the DCRF. FERC  
8 account 182.2, to which the regulatory asset is booked, is not an eligible account.
- 9 2. The DCRF can only include distribution invested capital that has been placed into  
10 service. Retired meters are by definition not in service.
- 11 3. A DCRF proceeding is not a base rate proceeding and is not equivalent to a base  
12 rate proceeding.

13 **Q. PLEASE EXPLAIN WHY FERC ACCOUNT 182 IS NOT ELIGIBLE TO BE**  
14 **INCLUDED IN A DCRF.**

15 **A.** The DCRF rule specifically allows only distribution invested capital properly recorded to  
16 FERC accounts 303, 352, 353, 360 through 374, 391, and 397.<sup>13</sup> No other FERC accounts,  
17 even if they may include distribution plant, are eligible. So, while meters themselves may  
18 be considered distribution plant, the regulatory asset booked to FERC account 182.2 cannot  
19 be included in the DCRF.

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<sup>13</sup> §25.243(b)(3) *Distribution Invested Capital*.

1   **Q.    PLEASE EXPLAIN WHY RETIRED METERS ARE NOT ELIGIBLE TO BE**  
2   **INCLUDED IN A DCRF.**

3   A.    The DCRF rule specifically allows only distribution invested capital *that has been placed*  
4   *into service*, among other limitations.<sup>14</sup> Retired meters, as included in ETI's proposed  
5   regulatory asset, are by definition no longer in service and thus are not eligible to be  
6   included in the DCRF. So even though the Order in Docket No. 47416 allows ETI to earn  
7   a return on its regulatory asset<sup>15</sup> and amortize the regulatory asset balance<sup>16</sup> in a base rate  
8   case or equivalent proceeding, the regulatory asset reflects plant that is not in service and  
9   therefore cannot be included in the DCRF.

10   **Q.    PLEASE EXPLAIN WHY A DCRF IS NOT A BASE RATE PROCEEDING OR AN**  
11   **EQUIVALENT RATE-SETTING PROCEEDING.**

12   A.    ETI witness Lofton asserts that a DCRF is equivalent to a base rate proceeding and thus it  
13   is reasonable to include the regulatory asset in this proceeding.<sup>17</sup> But a DCRF is not  
14   equivalent to a base rate proceeding. A DCRF is a single-issue ratemaking procedure that  
15   isolates the increase in certain distribution invested capital accounts and allows a return on  
16   and of that net invested capital. Although the rule allows a load growth offset to the  
17   resulting revenue requirement, no other components of the utility's costs are adjusted. For  
18   example, production, transmission and other general plant are not adjusted. Other rate base

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<sup>14</sup> *Ibid.*

<sup>15</sup> Docket No. 47416, Final Order, FoF 60 (December 14, 2017).

<sup>16</sup> *Ibid.*, FoF 61.

<sup>17</sup> Direct Testimony of Allison P. Lofton at 13.

1 components such working capital and materials and supplies are not adjusted. Operating  
2 expenses are likewise not adjusted.

3 In contrast, a base rate proceeding addresses all aspects of a utility's invested  
4 capital, cost of operation, and revenues. A component that might be excluded from a  
5 DCRF, such as an ineligible FERC account, can be considered in a base rate proceeding.  
6 Notably, the rate impact of a DCRF is added to previously approved base rates – the base  
7 rates do not change. A DCRF is not equivalent to a base rate proceeding for the reasons  
8 discussed, and thus it is not appropriate to include the retired meter regulatory asset in the  
9 DCRF.

10  
11 **V. COMPLIANCE WITH THE ORDER IN DOCKET NO. 47416**

12 **Q. WHAT DOES THE ORDER IN DOCKET NO. 47416 ALLOW ETI TO DO WITH**  
13 **ITS RETIRED NON-AMS METERS?**

14 **A.** The Order allows ETI to earn a return and recover depreciation expense on the non-AMS  
15 meters it retired in March 2019.

16 **Q. ISN'T ETI ALREADY EARNING A RETURN AND RECOVERING**  
17 **DEPRECIATION EXPENSE ON THESE METERS?**

18 **A.** Yes. ETI's non-AMS meters were still in service during ETI's last comprehensive base  
19 rate proceeding in Docket No. 48371,<sup>18</sup> which had a 2017 test year, so are already in base  
20 rates. Thus, while the non-AMS meters were retired in 2019, the Company continues to  
21 earn a return on and of these meters in its base rates. Specifically, the rate base requested

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<sup>18</sup> Docket No. 48371, *Application of Entergy Texas, Inc. for Authority to Change Rates*.

1 by ETI in Docket No. 48371, on which ETI earns a return, contained \$52 million  
2 attributable to meters in FERC account 370.<sup>19</sup> In addition, the depreciation expense  
3 requested by ETI in Docket No. 48371 included \$2.1 million attributable to meters.<sup>20</sup>

4 **Q. DID ETI INCLUDE THE RETIRED METERS IN ITS PROPOSED DCRF?**

5 A. Yes. ETI included \$48.6 million of gross non-AMS meter retirements in its DCRF.

6 **Q. HOW ARE THESE METER RETIREMENTS REFLECTED IN THE DCRF**  
7 **CALCULATION?**

8 A. The DCRF formula simply tabulates the plant additions and retirements from the eligible  
9 distribution accounts since the DCRF baseline was established in the utility's last base rate  
10 case.<sup>21</sup> If the difference between the baseline revenue requirement and revenue  
11 requirement resulting from the change in plant is positive, the utility can increase its DCRF.  
12 ETI appropriately included as retired plant the non-AMS meters that it agreed to retire as  
13 part of the settlement in its AMS Docket No. 47416. Including the retired meters in the  
14 DCRF is just the logical consequence of ETI retiring the meters.

15 **Q. WHAT WOULD BE THE EFFECT OF ETI'S PROPOSAL TO ALSO INCLUDE**  
16 **THE REGULATORY ASSET IN THE DCRF?**

17 A. Since ETI is already earning a return of and on its non-AMS meters in base rates, it would  
18 be premature to include the regulatory asset in the DCRF. If the regulatory asset is included,

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<sup>19</sup> *Ibid.*, Schedule C-2.

<sup>20</sup> *Ibid.*, Direct Testimony of Dane A. Watson, Exhibit DAW-2 at 101.

<sup>21</sup> §25.243(d) *Calculation of DCRF*.

1 then ETI is effectively earning a return and depreciation expense on the non-AMS meters  
2 twice – once in base rates and once in the DCRF.

3 **Q. IS EXCLUDING THE REGULATORY ASSET FROM THE DCRF THE SAME AS**  
4 **DISALLOWING THE ASSET?**

5 A. No. While ETI witness Lofton asserted that “failure to include this regulatory asset account  
6 (in the DCRF) will effectively disallow the cost of the retired meters from base rate  
7 recovery,”<sup>22</sup> this is not the case. As I have discussed, ETI’s base rates already include those  
8 meters and the Company continues to earn a return and depreciation expense on those  
9 meters. Furthermore, as allowed by the DCRF rule, the DCRF includes plant additions and  
10 retirements, including the retired non-AMS meters, realized since ETI’s last base rate case.  
11 Finally, as I also discussed, while the regulatory asset is not eligible to be included in the  
12 DCRF, it has not been disallowed but only deferred and can be considered in ETI’s next  
13 base rate proceeding.  
14

15 **VI. REQUEST FOR GOOD CAUSE EXCEPTION**

16 **Q. IS ETI REQUESTING A GOOD CAUSE EXCEPTION?**

17 A. Yes. ETI explained that if it is determined that the proposed regulatory asset related to non-  
18 AMS meters cannot be included in the DCRF based on the rule’s limitation on includable  
19 FERC Accounts, the Company requests a good cause exception to the Rule’s limitation.<sup>23</sup>

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<sup>22</sup> Direct Testimony of Allison P. Lofton at 14.

<sup>23</sup> Application at 8.

1 **Q. DID ETI PROVIDE A BASIS FOR REQUESTING A GOOD CAUSE**  
2 **EXCEPTION?**

3 A. No. ETI simply requested that if its proposed regulatory asset is excluded from the DCRF  
4 because it does not comply with the DCRF rule, that it be allowed to include the regulatory  
5 asset anyway. The Company provided no other basis or support for its request.

6 **Q. IS THERE A BASIS FOR EXCLUDING THE REGULATORY ASSET FROM THE**  
7 **DCRF?**

8 A. Yes. As I explained in Sections III and IV of my testimony, ETI's proposal to include the  
9 retired meter regulatory asset as a component of its net distribution invested capital is  
10 contrary to the DCRF rule. The intent of the Commission to allow ETI to earn a return and  
11 recover depreciation expense on the non-AMS meters is being fully met in base rates, so  
12 including the regulatory asset in the DCRF only results in double counting of return and  
13 depreciation expense on the meters.

14 **Q. WHAT DO YOU CONCLUDE ABOUT ETI'S REQUEST FOR A GOOD CAUSE**  
15 **EXCEPTION?**

16 A. Because ETI provided no basis for granting a good cause exception, and there is a sound  
17 basis for excluding the regulatory asset from the DCRF, the Company's request for a good  
18 cause exception should be denied.

1                   **VII. IMPACT OF REMOVING THE REGULATORY ASSET**

2   **Q.   WHAT IS THE IMPACT OF REMOVING THE RETIRED METER**  
3       **REGULATORY ASSET FROM THE DCRF?**

4   **A.**   Removing the regulatory asset from distribution invested capital and related amortization  
5       expense portion from total depreciation expense reduces invested capital by \$28.4 million  
6       and amortization expense by \$2.3 million. The DCRF revenue requirement impact of this  
7       adjustment is a reduction of approximately \$5.1 million.

8   **Q.   DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

9   **A.**   Yes.



EXHIBIT KJN-1  
STATEMENT OF QUALIFICATIONS

## **KARL J. NALEPA**

Mr. Nalepa is an energy economist with more than 35 years of private and public sector experience in the electric and natural gas industries. He has extensive experience analyzing utility rate filings and resource plans with particular focus on fuel and power supply requirements, quality of fuel supply management, and reasonableness of energy costs. Mr. Nalepa developed peak demand and energy forecasts for public utilities and has forecast the price of natural gas in ratemaking and resource plan evaluations. He led a management and performance review of the Texas Public Utility Commission, and has conducted performance reviews and valuation studies of municipal utility systems. Mr. Nalepa previously directed the Railroad Commission of Texas' Regulatory Analysis & Policy Section, with responsibility for preparing timely natural gas industry analysis, managing ratemaking proceedings, mediating informal complaints, and overseeing consumer complaint resolution. He has prepared and defended expert testimony in both administrative and civil proceedings, and has served as a technical examiner in natural gas rate proceedings.

### **EDUCATION**

- 1998            Certificate of Mediation  
                 Dispute Resolution Center, Austin
- 1989            NARUC Regulatory Studies Program  
                 Michigan State University
- 1988            M.S. - Petroleum Engineering  
                 University of Houston
- 1980            B.S. - Mineral Economics  
                 Pennsylvania State University

### **PROFESSIONAL HISTORY**

- 2011 -           ReSolved Energy Consulting  
                 Partner
- 2003 - 2011    RJ Covington Consulting  
                 Managing Director
- 1997 – 2003    Railroad Commission of Texas  
                 Asst. Director, Regulatory Analysis & Policy
- 1995 – 1997    Karl J. Nalepa Consulting  
                 Principal
- 1992 – 1995    Resource Management International, Inc.  
                 Supervising Consultant
- 1988 – 1992    Public Utility Commission of Texas  
                 Fuels Analyst

## **AREAS OF EXPERTISE**

### **Regulatory Analysis**

*Electric Power:* Analyzed electric utility rate, certification, and resource forecast filings. Assessed the quality of fuel supply management, and reasonableness of fuel costs recovered from ratepayers. Projected the cost of fuel and purchased power. Estimated the impact of environmental costs on utility resource selection. Participated in regulatory rulemaking activities. Provided expert staff testimony in a number of proceedings before the Texas Public Utility Commission.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the Public Utility Commission. Also assist municipal utilities in preparing and defending requests to change rates and other regulatory matters before the Public Utility Commission.

*Natural Gas:* Directed the economic regulation of gas utilities in Texas for the Railroad Commission of Texas. Responsible for monitoring, analyzing and reporting on conditions and events in the natural gas industry. Managed Commission staff representing the public interest in contested rate proceedings before the Railroad Commission, and acted as technical examiner on behalf of the Commission. Mediated informal disputes between industry participants and directed handling of customer billing and service complaints. Oversaw utility compliance filings and staff rulemaking initiatives. Served as a policy advisor to the Commissioners.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the cities and Railroad Commission. Also assist small utilities in preparing and defending requests to change rates and other regulatory matters before the Railroad Commission.

### **Litigation Support**

Retained to support litigation in natural gas contract disputes. Analyzed the results of contract negotiations and competitiveness of gas supply proposals considering gas market conditions contemporaneous with the period reviewed. Supported litigation related to alleged price discrimination related to natural gas sales for regulated customers. Provided analysis of regulatory and accounting issues related to ownership of certain natural gas distribution assets in support of litigation against a natural gas utility. Supported independent power supplier in binding arbitration regarding proper interpretation of a natural gas transportation contract. Provided expert witness testimony in administrative and civil court proceedings.

## **Utility System Assessment**

Led a management and performance review of the Public Utility Commission. Conducted performance reviews and valuation studies of municipal utility systems. Assessed ability to compete in the marketplace, and recommended specific actions to improve the competitive position of the utilities. Provided comprehensive support in the potential sale of a municipal gas system, including preparation of a valuation study and all activities leading to negotiation of contract for sale and franchise agreements.

## **Energy Supply Analysis**

Reviewed system requirements and prepared requests for proposals (RFPs) to obtain natural gas and power supplies for both utility and non-utility clients. Evaluated submittals under alternative demand and market conditions, and recommended cost-effective supply proposals. Assessed supply strategies to determine optimum mix of available resources.

## **Econometric Forecasting**

Prepared econometric forecasts of peak demand and energy for municipal and electric cooperative utilities in support of system planning activities. Developed forecasts at the rate class and substation levels. Projected price of natural gas by individual supplier for Texas electric and natural gas utilities to support review of utility resource plans.

## **Reservoir Engineering**

Managed certain reserves for a petroleum exploration and production company in Texas. Responsible for field surveillance of producing oil and natural gas properties, including reserve estimation, production forecasting, regulatory reporting, and performance optimization. Performed evaluations of oil and natural gas exploration prospects in Texas and Louisiana.

## **PROFESSIONAL MEMBERSHIPS**

Society of Petroleum Engineers  
International Association for Energy Economics  
United States Association for Energy Economics

## SELECT PUBLICATIONS, PRESENTATIONS, AND TESTIMONY

- “Summary of the USAEE Central Texas Chapter’s Workshop entitled ‘EPA’s Proposed Clean Power Plan Rules: Economic Modeling and Effects on the Electric Reliability of Texas Region,’” with Dr. Jay Zarnikau and Mr. Neil McAndrews, USAEE Dialogue, May 2015
- “Public Utility Ratemaking,” EBF 401: Strategic Corporate Finance, The Pennsylvania State University, September 2013
- “What You Should Know About Public Utilities,” EBF 401: Strategic Corporate Finance, The Pennsylvania State University, October 2011
- “Natural Gas Markets and the Impact on Electricity Prices in ERCOT,” Texas Coalition of Cities for Fair Utility Issues, Dallas, October 2008
- “Natural Gas Regulatory Policy in Texas,” Hungarian Oil and Gas Policy Business Colloquium, U.S. Trade and Development Agency, Houston, May 2003
- “Railroad Commission Update,” Texas Society of Certified Public Accountants, Austin, April 2003
- “Gas Utility Update,” Railroad Commission Regulatory Expo and Open House, October 2002
- “Deregulation: A Work in Progress,” Interview by Karen Stidger, *Gas Utility Manager*, October 2002
- “Regulatory Overview: An Industry Perspective,” Southern Gas Association’s Ratemaking Process Seminar, Houston, February 2001
- “Natural Gas Prices Could Get Squeezed,” with Commissioner Charles R. Matthews, *Natural Gas*, December 2000
- “Railroad Commission Update,” Texas Society of Certified Public Accountants, Austin, April 2000
- “A New Approach to Electronic Tariff Access,” Association of Texas Intrastate Natural Gas Pipeline Annual Meeting, Houston, January 1999
- “A Texas Natural Gas Model,” United States Association for Energy Economics North American Conference, Albuquerque, 1998
- “Texas Railroad Commission Aiding Gas Industry by Updated Systems, Regulations,” *Natural Gas*, July 1998
- “Current Trends in Texas Natural Gas Regulation,” Natural Gas Producers Association, Midland, 1998
- “An Overview of the American Petroleum Industry,” Institute of International Education Training Program, Austin, 1993
- Direct testimony in PUC Docket No. 10400 summarized in *Environmental Externality*, Energy Research Group for the Edison Electric Institute, 1992
- “God’s Fuel - Natural Gas Exploration, Production, Transportation and Regulation,” with Danny Bivens, Public Utility Commission of Texas Staff Seminar, 1992
- “A Summary of Utilities’ Positions Regarding the Clean Air Act Amendments of 1990,” Industrial Energy Technology Conference, Houston, 1992
- “The Clean Air Act Amendments of 1990,” Public Utility Commission of Texas Staff Seminar, 1992

EXHIBIT KJN-2

SUMMARY OF PREVIOUSLY FILED TESTIMONY

**KARL J. NALEPA  
TESTIMONY FILED**

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
<u>Before the Public Utility Commission of Texas</u>					
50110	Dec 19	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
49831	Feb 20	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost of Service
49737	Jan 20	Office of Public Counsel	SWEPCO	CCN	Public Interest Review
49594	Jul 19	Oncor Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
49592	Jul 19	AEP Cities	AEP Texas Inc.	EECRF	EECRF Methodology
49586	Jul 19	TNMP Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
49583	Aug 19	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
49496	Jun 19	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
49494	Jul 19	AEP Cities	AEP Texas Inc.	Cost of Service	Plant Additions
49421	Jun 19	Office of Public Counsel	CenterPoint Energy Houston	Cost of Service	Cost of Service
49395	May 19	City of El Paso	El Paso Electric	DCRF	DCRF Methodology
49148	Apr 19	City of El Paso	El Paso Electric	TCRF	TCRF Methodology
49042	Mar 19	SWEPCO Cities	SWEPCO	TCRF	TCRF Methodology
49041	Feb 19	SWEPCO Cities	SWEPCO	DCRF	DCRF Methodology
48973	May 19	Xcel Municipalities	Southwestern Public Service	Fuel Reconciliation	Fuel / Purch Power Costs
48963	Dec 18	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
48420	Aug 18	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
48404	Jul 18	Cities	Texas-New Mexico Power	EECRF	EECRF Methodology

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
48371	Aug 18	Cities	Entergy Texas Inc.	Cost of Service	Cost of Service
48231	May 18	Cities	Oncor Electric Delivery	DCRF	DCRF Methodology
48226	May 18	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
48222	Apr 18	Cities	AEP Texas Inc.	DCRF	DCRF Methodology
47900	Dec 17	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
47527	Apr 18	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost of Service
47461	Dec 17	Office of Public Counsel	SWEPSCO	CCN	Public Interest Review
47236	Jul 17	Cities	AEP Texas	EECRF	EECRF Methodology
47235	Jul 17	Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
47217	Jul 17	Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
47032	May 17	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
46936	Oct 17	Xcel Municipalities	Southwestern Public Service	CCN	Public Interest Review
46449	Apr 17	Cities	SWEPSCO	Cost of Service	Cost of Service
46348	Sep 16	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
46238	Jan 17	Office of Public Counsel	Oncor Electric Delivery	STM	Public Interest Review
46076	Dec 16	Cities	Entergy Texas Inc.	Fuel Reconciliation	Fuel Cost
46050	Aug 16	Cities	AEP Texas	STM	Public Interest Review
46014	Jul 16	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
45788	May 16	Cities	AEP-TNC	DCRF	DCRF Methodology
45787	May 16	Cities	AEP-TCC	DCRF	DCRF Methodology
45747	May 16	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology



<b><u>DKT NO.</u></b>	<b><u>DATE</u></b>	<b><u>REPRESENTING</u></b>	<b><u>UTILITY</u></b>	<b><u>PHASE</u></b>		<b><u>ISSUES</u></b>
45712	Apr 16	Cities	SWEPCO	DCRF		DCRF Methodology
45691	Jun 16	Cities	SWEPCO	TCRF		TCRF Methodology
45414	Feb 17	Office of Public Counsel	Sharyland	Cost of Service		Cost of Service
45248	May 16	City of Fritch	City of Fritch	Cost of Service (water)		Cost of Service
45084	Nov 15	Cities	Entergy Texas Inc.	TCRF		TCRF Methodology
45083	Oct 15	Cities	Entergy Texas Inc.	DCRF		DCRF Methodology
45071	Aug 15	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate	
44941	Dec 15	City of El Paso	El Paso Electric	Cost of Service		CEP Adjustments
44677	Jul 15	City of El Paso	El Paso Electric	EECRF		EECRF Methodology
44572	May 15	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF		DCRF Methodology
44060	May 15	City of Frisco	Brazos Electric Coop	CCN	Transmission Cost Recovery	
43695	May 15	Pioneer Natural Resources	Southwestern Public Service	Cost of Service		Cost Allocation
43111	Oct 14	Cities	Entergy Texas Inc.	DCRF		DCRF Methodology
42770	Aug 14	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate	
42485	Jul 14	Cities	Entergy Texas Inc.	EECRF		EECRF Methodology
42449	Jul 14	City of El Paso	El Paso Electric	EECRF		EECRF Methodology
42448	Jul 14	Cities	SWEPCO	TCRF	Transmission Cost Recovery Factor	
42370	Dec 14	Cities	SWEPCO	Rate Case Expenses		Rate Case Expenses
41791	Jan 14	Cities	Entergy Texas Inc.	Cost of Service		Cost of Service/Fuel
41539	Jul 13	Cities	AEP Texas North	EECRF		EECRF Methodology
41538	Jul 13	Cities	AEP Texas Central	EECRF		EECRF Methodology

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
41444	Jul 13	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
41223	Apr 13	Cities	Entergy Texas Inc.	ITC Transfer	Public Interest Review
40627	Nov 12	Austin Energy	Austin Energy	Cost of Service	General Fund Transfers
40443	Dec 12	Office of Public Counsel	SWEPSCO	Cost of Service	Cost of Service/Fuel
40346	Jul 12	Cities	Entergy Texas Inc.	Join MISO	Public Interest Review
39896	Mar 12	Cities	Entergy Texas Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power
39366	Jul 11	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
38951	Feb 12	Cities	Entergy Texas Inc.	CGS Tariff	CGS Costs
38815	Sep 10	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
38480	Nov 10	Cities	Texas-New Mexico Power	Cost of Service	Cost of Service/Rate Design
37744	Jun 10	Cities	Entergy Texas Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power/ Gen
37580	Dec 09	Cities	Entergy Texas Inc.	Fuel Refund	Fuel Refund Methodology
36956	Jul 09	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
36392	Nov 08	Texas Municipal Power	Texas Municipal Power	Interim TCOS	Wholesale Transmission Rate
35717	Nov 08	Cities Steering Committee	Oncor Electric Delivery	Cost of Service	Cost of Service/Rate Design
34800	Apr 08	Cities	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Coal/Nuclear
16705	May 97	North Star Steel	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Fuel Oil
10694	Jan 92	PUC Staff	Midwest Electric Coop	Revenue Requirements	Depreciation/ Quality of Service
10473	Sep 91	PUC Staff	HL&P	Notice of Intent	Environmental Costs
10400	Aug 91	PUC Staff	TU Electric	Notice of Intent	Environmental Costs

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
10092	Mar 91	PUC Staff	HL&P	Fuel Reconciliation	Natural Gas/Fuel Oil
10035	Jun 91	PUC Staff	West Texas Utilities	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas/Fuel Oil/Coal
9850	Feb 91	PUC Staff	HL&P	Revenue Req. Fuel Factor	Natural Gas/Fuel Oil/ETSI Natural Gas/Coal/Lignite
9561	Aug 90	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
9427	Jul 90	PUC Staff	LCRA	Fuel Factor	Natural Gas
9165	Feb 90	PUC Staff	El Paso Electric	Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas
8900	Jan 90	PUC Staff	SWEPCO	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas
8702	Sep 89 Jul 89	PUC Staff	Gulf States Utilities	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas/Fuel Oil Natural Gas/Fuel Oil
8646	May 89 Jun 89	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
8588	Aug 89	PUC Staff	El Paso Electric	Fuel Reconciliation	Natural Gas

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
<u>Before the Railroad Commission of Texas</u>					
10928	Mar 20	TGS Cities	Texas Gas Service	Cost of Service	Cost of Service/Rate Design
10920	Feb 20	East Texas Cities Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10900	Nov 19	Cities Steering Committee	Atmos Energy Triangle	Cost of Service	Cost of Service
10899	Sep 19	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10737	Jun 18	T&L Gas Co.	T&L Gas Co.	Cost of Service	Cost of Service/Rate Design
10622	Apr 17	LDC, LLC	LDC, LLC	Cost of Service	Cost of Service/Rate Design
10617	Mar 17	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10580	Mar 17	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
10567	Feb 17	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10506	Jun 16	City of El Paso	Texas Gas Service	Cost of Service	Cost of Service/Energy Efficiency
10498	Feb 16	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10359	Jul 14	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10295	Oct 13	Cities Steering Committee	Atmos Pipeline Texas	Revenue Rider	Rider Renewal
10242	Jan 13	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10196	Jul 12	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
10190	Jan 13	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design
10174	Aug 12	Cities Steering Committee	Atmos Energy West Texas	Cost of Service	Cost of Service/Rate Design
10170	Aug 12	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10106	Oct 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10083	Aug 11	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
10038	Feb 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10021	Oct 10	AgriTex Gas, Inc.	AgriTex Gas, Inc.	Cost of Service	Cost of Service/Rate Design
10000	Dec 10	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
9902	Oct 09	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
9810	Jul 08	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
9797	Apr 08	Universal Natural Gas	Universal Natural Gas	Cost of Service	Cost of Service/Rate Design
9732	Jul 08	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9670	Oct 06	Cities Steering Committee	Atmos Energy Corp.	Cost of Service	Affiliate Transactions/ O&M Expenses/GRIP
9667	Nov 06	Oneok Westex Transmission	Oneok Westex Transmission	Abandonment	Abandonment
9598	Sep 05	Cities Steering Committee	Atmos Energy Corp.	GRIP Appeal	GRIP Calculation
9530	Apr 05	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9400	Dec 03	Cities Steering Committee	TXU Gas Company	Cost of Service O&M Expenses/Capital Costs	Affiliate Transactions/

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
<u>Before the Louisiana Public Service Commission</u>					
U-35359	Feb 20	PSC Staff	Dixie Electric Membership Corporation	Cost of Service	Cost of Service / FRP Renewal / AMS Certification
U-34344/ U-34717	Apr 18	PSC Staff	Dixie Electric Member Corporation	Formula Rate Plan	Stipulation
U-34344	Jan 18	PSC Staff	Dixie Electric Member Corporation	Formula Rate Plan	Adjusted Revenues
U-33633	Nov 15	PSC Staff	Entergy Louisiana, LLC/ Entergy Gulf States Louisiana	Resource Certification	Prudence
U-33033	Jul 14	PSC Staff	Entergy Louisiana, LLC/ Entergy Gulf States Louisiana	Resource Certification	Revenue Requirement
U-31971	Nov 11	PSC Staff	Entergy Louisiana, LLC/ Entergy Gulf States Louisiana	Resource Certification	Certification/Cost Recovery
<u>Before the Arkansas Public Service Commission</u>					
O7-105-U	Mar 08	Arkansas Customers	CenterPoint Energy, Inc. & pipelines serving CenterPoint	Gas Cost Complaint	Prudence / Cost Recovery
<u>Before the Colorado Public Utilities Commission</u>					
18A-0791E	Mar 19	Pueblo County	Black Hills Colorado Electric	Economic Development Rate	Tariff Issues

**Schedule A : Summary of Distribution Cost of Service (DCOS)**

<b>Distribution Cost Recovery Factor</b> <b>Entergy Texas, Inc.</b> <b>Update Period 1/1/2018 - 12/31/19</b> <b>Revised</b>					
Line No.	Description	Total Approved Docket No. 48371 Final Order (1)	Annual Change (2)	Revenue Requirement (3) = (1) + (2)	Reference Schedule
1	Operation & Maintenance, including (A&G)	N/A	N/A	N/A	
2	Depreciation and Amortization	\$ 55,591,975	\$ 9,202,184	\$ 64,794,158	E-1
3	Taxes Other Than Income Taxes	\$ 17,978,185	1,838,400	19,816,585	E-2
4	Federal Income Tax	\$ 14,797,232.14	(818,926)	13,978,306	E-3
5	Return on Rate Base	\$ 79,164,995	12,832,232	91,997,227	B
6	Total Revenue Requirement	167,532,386	23,053,890	190,586,276	
7	Other Revenues	N/A	N/A	N/A	
8	<b>Total</b>	<b>\$ 167,532,386</b>	<b>\$ 23,053,890</b>	<b>\$ 190,586,276</b>	

N/A Lines 1 and 7 are not applicable to the DCRF based upon the formula prescribed in 16 TAC § 25.243(d).

Note: The amount in Col (2) line 8 Total Annual Change is before the adjustments for growth which are reflected in Schedule J.

Distribution Cost Recovery Factor  
Entergy Texas, Inc.  
Update Period 1/1/2018 - 12/31/19  
As Filed

Line No.	Description	Total Approved Docket No. 48371 Final Order (1)	Annual Change (2)	Revenue Requirement (3) = (1) + (2)	Reference Schedule
1	Operation & Maintenance, including (A&G)	N/A	N/A	N/A	
2	Depreciation and Amortization	\$ 55,591,975	\$ 11,536,053	\$ 67,128,027	E-1
3	Taxes Other Than Income Taxes	\$ 17,978,185	\$ 1,838,400	\$ 19,816,585	E-2
4	Federal Income Tax	\$ 14,797,232	\$ (236,254)	\$ 14,560,978	E-3
5	Return on Rate Base	\$ 79,164,995	\$ 15,024,188	\$ 94,189,183	B
6	Total Revenue Requirement	\$ 167,532,386	\$ 28,162,387	\$ 195,694,774	
7	Other Revenues	N/A	N/A	N/A	
8	Total	\$ 167,532,386	\$ 28,162,387	\$ 195,694,774	

Difference: **\$ (5,108,497)**

Schedule A

**Schedule B: Summary of Distribution Rate Base**

Distribution Rate Base Entergy Texas, Inc. Update Period 1/1/2018 - 12/31/19					
Line No	Description	Balance Approved in Docket No 48371 Final Order (1)	Balance as of end of update period (2)	Increase in Rate Base & Return (3) = (2) - (1)	Reference Schedules
	<b>Direct Assigned:</b>				
1	Original Plant In Service	\$ 1,759,446,685	\$ 1,959,857,454	\$ 200,410,769	B-1
2	(Accumulated Depreciation)	(469,034,623)	(523,692,485)	(54,657,862)	B-5
3	Net Plant In Service	1,290,412,062	1,436,164,969	145,752,908	
4	Allocated Plant Accounts- Net *				
4a	Original Plant In Service	55,456,065	86,357,272	30,901,207	B1
4b	(Accumulated Depreciation)	(36,671,926)	(46,216,772)	(9,544,846)	B5
4c	Net Plant In Service	18,784,140	40,140,500	21,356,361	
	NOT INCLUDED IN DCRF				
4d	Allocated Plant Accounts- Net *	65,938,883	N/A	N/A	Docket No 48371
5	CWIP * (A)	-	N/A	N/A	Docket No 48371
6	Working Capital *	4,587,207	N/A	N/A	Docket No 48371
7	Plant Held for Future Use *	-	N/A	N/A	Docket No 48371
8	Reserve for Insurance *	(3,587,589)	N/A	N/A	Docket No 48371
9	Other *	27,699,097	N/A	N/A	Docket No 48371
10	Accumulated Deferred Federal Income Taxes (ADFIT)	(292,675,440)	N/A	N/A	Docket No 48371
	Total Not Included in DCRF	(198,037,842)			
10a	Accumulated Deferred Federal Income Taxes (ADFIT)	(284,428,559)	(285,428,346)	(999,787)	B-7, Line 24, Column 5
11	Unrecovered Meters Regulatory Asset	-	-	-	
12	Total Rate Base	826,729,800	N/A	N/A	
12a	Net Distribution Invested Capital - lines 3, 4c, 10a and 11	1,024,767,642	1,190,877,124	166,109,482	
13	Rate of Return *	7 73%	7 73%	7 73%	Docket No 48371
14	Return on Net Distribution Invested Capital	\$ 79,164,995	\$ 91,997,227	\$ 12,832,232	

\* Per the provisions of 16 TAC § 25.243(d)(2).

N/A Lines 4d through 10 and line 12 are not applicable to the DCRF based upon the formula prescribed in 16 TAC § 25 243(d)

(A) The Company did not request Rate Base treatment for Construction Work in Progress in Docket No 48371



**Schedule B-1: Distribution Plant**

<b>Distribution Plant</b> <b>Entergy Texas, Inc.</b> <b>Update Period 1/1/2018 - 12/31/19</b>							
Line No.	Account No	Description	Reference Schedule Workpaper	Balance Approved in Docket No. 48371 (1)	Additions since Docket No. 48371 (2)	Retirements/Adjustments since Docket No. 48371 (3)	Balance at end of period (4) = (1)+(2)+(3)
1	<b>Distribution Intangible Plant</b> A303	Miscellaneous Intangible Plant	Schedule B_1_B_5_B_7workpaper	\$ 45,372,893	\$ 27,828,394	\$ -	\$ 73,201,287
2	<b>Transmission Plant</b> A352	Structures and Improvements	Schedule B_1_B_5_B_7workpaper	-	-	-	-
3	A353	Station Equipment	Schedule B_1_B_5_B_7workpaper	-	-	-	-
4		<b>Sub-Total</b>		-	-	-	-
5	<b>Distribution Plant</b> A360 1	Land	Schedule B_1_B_5_B_7workpaper	7,710,600	1,093,751	-	8,804,351
6	A360 2	Land Rights	Schedule B_1_B_5_B_7workpaper	11,800,472	60,673	-	11,861,144
7	A361	Structures and Improvements	Schedule B_1_B_5_B_7workpaper	18,549,643	10,479,446	(2,911)	29,026,178
8	A362	Station Equipment	Schedule B_1_B_5_B_7workpaper	225,796,324	49,903,472	(2,725,450)	272,974,346
9	A363	Storage Battery Equipment	Schedule B_1_B_5_B_7workpaper	-	-	-	-
10	A364	Poles, Towers & Fixtures	Schedule B_1_B_5_B_7workpaper	264,161,278	25,007,952	(2,290,983)	286,878,248
11	A365	O.H. Conductors & Devices	Schedule B_1_B_5_B_7workpaper	304,907,030	29,658,621	(5,680,401)	328,885,250
12	A366	Underground Conduits	Schedule B_1_B_5_B_7workpaper	50,194,887	6,524,192	(45,066)	56,674,013
13	A367	U.G. Conductors & Devices	Schedule B_1_B_5_B_7workpaper	135,543,168	14,370,137	(388,654)	149,524,651
14	A368	Line Transformers	Schedule B_1_B_5_B_7workpaper	473,102,171	97,655,878	(5,542,569)	565,215,480
15	A369 1	Overhead Services	Schedule B_1_B_5_B_7workpaper	91,234,069	8,696,901	(132,596)	99,798,374
16	A369.2	Underground Services	Schedule B_1_B_5_B_7workpaper	72,886,409	6,211,607	(60,448)	79,037,567
17	A370	Meters (Customer)	Schedule B_1_B_5_B_7workpaper	46,704,948	3,679,240	(45,820,111)	4,564,077
18	A370	Meters (Substation)	Schedule B_1_B_5_B_7workpaper	5,522,221	-	(2,301,840)	3,220,382
19	A370	Meters and Devices	Schedule B_1_B_5_B_7workpaper	-	6,608,296	(492,362)	6,115,934
20	A371	Install. on Customer Premises	Schedule B_1_B_5_B_7workpaper	33,234,767	2,323,813	(47,611)	35,510,970
21	A372	Leased Prop on Cust Premises	Schedule B_1_B_5_B_7workpaper	-	-	-	-
22	A373.1	Street Lights - Roadway	Schedule B_1_B_5_B_7workpaper	18,098,698	4,063,829	(396,185)	21,766,342
23	A373.2	Street Lights - Non-roadway	Schedule B_1_B_5_B_7workpaper	0	148	-	148
24	A374	Asset Retirement Costs - Distr Plant	Schedule B_1_B_5_B_7workpaper	-	-	-	-
25		<b>Sub-Total</b>		1,759,446,685	266,337,957	(65,927,187)	1,959,857,454
26	<b>General Plant</b> A391.1	Office furniture and equipment	Schedule B_1_B_5_B_7workpaper	251,512	67,429	(36,552)	282,389
27	A391 2	Information Systems	Schedule B_1_B_5_B_7workpaper	2,337,857	1,653,950	(558,628)	3,433,179
28	A391.3	Data Handling Equipment	Schedule B_1_B_5_B_7workpaper	258,837	173,200	(557)	431,480
29	A397.1	Misc. Communication Equipment	Schedule B_1_B_5_B_7workpaper	3,267,523	671,224	(30,894)	3,907,853
30	A397.2	Communication and Microwave Equipment	Schedule B_1_B_5_B_7workpaper	3,967,444	1,147,389	(13,749)	5,101,084
31		<b>Sub-Total</b>		10,083,173	3,713,192	(640,379)	13,155,985
32		<b>TOTAL GROSS PLANT</b>		\$ 1,814,902,750	\$ 297,879,543	\$ (66,567,566)	\$ 2,046,214,726
33	<b>Regulatory Asset Unrecovered Plant Meters</b> 182	Regulatory Asset Unrecovered Plant- Meters	Schedule B_1_B_5_B_7workpaper	-	-	-	-

Schedule B-1

**Schedule B-5: Distribution Accumulated Depreciation**

Distribution Accumulated Depreciation Entergy Texas, Inc. Update Period 1/1/2018 - 12/31/19							
Line No.	Account No.	Description	Reference Schedule Workpaper	Balance Approved in Docket No. 48371 (1)	Depreciation Expense since Docket No. 48371 (2)	Retirements/Adjustments since Docket No. 48371 (3)	Balance at end of period (4) = (1) + (2) + (3)
1	<b>Accumulated Depreciation Distribution Intangible Plant</b>						
	A303	Miscellaneous Intangible Plant	Schedule B_1_B_5_B_7workpaper	\$ (36,049,480)	\$ (8,377,095)	\$ 1,491,817	\$ (42,934,757)
2	<b>Transmission Plant</b>						
	A352	Structures and Improvements	Schedule B_1_B_5_B_7workpaper	-	-	-	-
3	A353	Station Equipment	Schedule B_1_B_5_B_7workpaper	-	-	-	-
4	<b>Sub-Total</b>			-	-	-	-
5	<b>Distribution Plant</b>						
	A360	Land and Land Rights	Schedule B_1_B_5_B_7workpaper	(4,930,406)	(380,198)	4	(5,310,600)
6	A361	Structures and Improvements	Schedule B_1_B_5_B_7workpaper	(3,820,846)	(637,919)	181,348	(4,277,416)
7	A362	Station Equipment	Schedule B_1_B_5_B_7workpaper	(53,679,093)	(9,329,891)	4,758,211	(58,250,773)
8	A363	Storage Battery Equipment	Schedule B_1_B_5_B_7workpaper	-	-	-	-
9	A364	Poles, Towers & Fixtures	Schedule B_1_B_5_B_7workpaper	(93,322,371)	(16,988,531)	4,868,821	(105,442,081)
10	A365	O.H. Conductors & Devices	Schedule B_1_B_5_B_7workpaper	(55,491,793)	(18,756,953)	9,794,002	(64,454,744)
11	A366	Underground Conduits	Schedule B_1_B_5_B_7workpaper	(11,915,438)	(1,943,799)	(51,138)	(13,910,375)
12	A367	U G Conductors & Devices	Schedule B_1_B_5_B_7workpaper	(46,698,081)	(7,499,724)	829,430	(53,368,376)
13	A368	Line Transformers	Schedule B_1_B_5_B_7workpaper	(99,814,933)	(33,197,040)	11,991,119	(121,020,854)
14	A369	Services	Schedule B_1_B_5_B_7workpaper	(64,359,711)	(13,777,754)	825,873	(77,311,593)
15	A370	Meters (Customer)	Schedule B_1_B_5_B_7workpaper	(16,872,186)	(2,970,516)	18,670,921	(1,171,781)
16	A370	Meters (Substation)	Schedule B_1_B_5_B_7workpaper	(3,862,947)	(303,175)	1,306,017	(2,860,105)
17	A370	Meters and Devices	Schedule B_1_B_5_B_7workpaper	-	(2,083,447)	1,991,317	(92,131)
18	A371	Install. on Customer Premises	Schedule B_1_B_5_B_7workpaper	(12,706,737)	(1,693,485)	176,647	(14,223,575)
19	A372	Leased Prop. on Cust. Premises	Schedule B_1_B_5_B_7workpaper	-	-	-	-
20	A373	Street Lights	Schedule B_1_B_5_B_7workpaper	(1,560,082)	(907,205)	469,206	(1,998,081)
21	A374	Asset Retirement Costs - Distr Plant	Schedule B_1_B_5_B_7workpaper	-	-	-	-
22	<b>Sub-Total</b>			(469,034,623)	(110,469,639)	55,811,777	(523,692,485)
23	<b>General Plant</b>						
	A391	Office Furniture and Equipment	Schedule B_1_B_5_B_7workpaper	947,789	(1,992,520)	540,325	(504,405)
24	A397	Communication Equipment	Schedule B_1_B_5_B_7workpaper	(1,570,235)	(1,124,082)	(83,292)	(2,777,609)
	<b>Sub-Total</b>			(622,446)	(3,116,601)	457,033	(3,282,014)
25	<b>TOTAL</b>			\$ (505,706,549)	\$ (121,963,335)	\$ 57,760,627	\$ (569,909,256)

Schedule B-5

**Schedule B-7: DIC-Related Accumulated Deferred Federal Income Taxes (ADFIT)**

Distribution Accumulated Deferred Federal Income Taxes Entergy Texas, Inc. Update Period 1/1/2018 - 12/31/19								
Line No	Account No	Description	Gross Incremental Distribution Investment since Docket No. 48371 (1)	Accumulated Depreciation since Docket No. 48371 (2)	Net Plant Additions since Docket No. 48371 (3) = (1) - (2)		Change in ADFIT since Docket No. 48371 (5)	Reference Schedule
1		<b>Incremental Distribution Plant in Service</b> Note This line is intended to represent the increase in total distribution plant, not just the DIC (see related worksheet)	\$ 231,311,976	\$ 64,202,707	\$ 167,109,269		\$ (999,787)	Col (1) from Sch B-1, Col (2) from Sch B-5, Col (5) from Sch E-3 10
2	A303	<b>Distribution Intangible Plant</b> Miscellaneous Intangible Plant	\$ 27,828,394	\$ 6,885,278	\$ 20,943,116	12.53%	\$ (125,299)	B-1 Column 2 & 3, B-5 Column 2 & 3
3	A352	<b>Transmission Plant</b> Structures and Improvements	-	-	-	0.00%	-	B-1 Column 2 & 3, B-5 Column 2 & 3
4	A353	Station Equipment	-	-	-	0.00%	-	B-1 Column 2 & 3, B-5 Column 2 & 3
5		<b>Sub-Total</b>	-	-	-	0.00%	-	
6	A360	<b>Distribution Plant</b> Land and Land Rights	1,154,424	380,194	774,229	0.46%	(4,632)	B-1 Column 2 & 3, B-5 Column 2 & 3
7	A361	Structures and Improvements	10,476,535	456,571	10,019,964	6.00%	(59,948)	B-1 Column 2 & 3, B-5 Column 2 & 3
8	A362	Station Equipment	47,178,023	4,571,681	42,606,342	25.50%	(254,907)	B-1 Column 2 & 3, B-5 Column 2 & 3
9	A363	Storage Battery Equipment	-	-	-	0.00%	-	B-1 Column 2 & 3, B-5 Column 2 & 3
10	A364	Poles, Towers & Fixtures	22,716,970	12,119,710	10,597,260	6.34%	(63,402)	B-1 Column 2 & 3, B-5 Column 2 & 3
11	A365	O H Conductors & Devices	23,978,220	8,962,951	15,015,270	8.99%	(89,834)	B-1 Column 2 & 3, B-5 Column 2 & 3
12	A366	Underground Conduits	6,479,126	1,994,937	4,484,189	2.68%	(26,828)	B-1 Column 2 & 3, B-5 Column 2 & 3
13	A367	U G Conductors & Devices	13,981,483	6,670,295	7,311,188	4.38%	(43,742)	B-1 Column 2 & 3, B-5 Column 2 & 3
14	A368	Line Transformers	92,113,309	21,205,921	70,907,388	42.43%	(424,227)	B-1 Column 2 & 3, B-5 Column 2 & 3
15	A369	Services	14,715,463	12,951,882	1,763,581	1.06%	(10,551)	B-1 Column 2 & 3, B-5 Column 2 & 3
16	A370	Meters	(42,140,871)	(15,700,405)	(26,440,467)	-15.82%	158,189	B-1 Column 2 & 3, B-5 Column 2 & 3
17	A370	Meters (Substation)	(2,301,840)	(1,002,841)	(1,298,998)	-0.78%	7,772	
18	A370	Meters and Devices	6,115,934	92,131	6,023,804	3.60%	(36,039)	
19	A371	Install on Customer Premises	2,276,202	1,516,838	759,365	0.45%	(4,543)	B-1 Column 2 & 3, B-5 Column 2 & 3
20	A372	Leased Prop on Cust Premises	-	-	-	0.00%	-	B-1 Column 2 & 3, B-5 Column 2 & 3
21	A373	Street Lights	3,667,644	437,999	3,229,645	1.93%	(19,322)	B-1 Column 2 & 3, B-5 Column 2 & 3
22	A374	Asset Retirement Costs - Distr Plant	148	-	148	0.00%	(1)	B-1 Column 2 & 3, B-5 Column 2 & 3
23		<b>Sub-Total</b>	200,410,769	54,657,862	145,752,908	87.22%	(872,015)	
24	A391	<b>General Plant</b> Office Furniture and Equipment	1,298,842	1,452,195	(153,352)	-0.09%	917	B-1 Column 2 & 3, B-5 Column 2 & 3
25	A397	Communication Equipment	1,773,970	1,207,374	566,597	0.34%	(3,390)	B-1 Column 2 & 3, B-5 Column 2 & 3
		<b>Sub-Total</b>	3,072,813	2,659,568	413,244	0.25%	(2,472)	
26		<b>TOTAL ADFIT Allocated to DIC</b>	\$ 231,311,976	\$ 64,202,707	\$ 167,109,269	100.00%	\$ (999,787)	

Schedule B-7

Schedule E-1 Distribution Depreciation Expense

Distribution Depreciation Expense Entergy Texas, Inc. Change in Depreciation Expense Update Period 1/1/2018 - 12/31/19										
Line No	Account No	Description	Reference Schedule Workpaper	Depreciation Expense Approved in Docket No 48371 (1)	Gross Plant Balance at 12/31/2017 Per D-48371 (2)	Gross Plant Balance at 12/31/2019 including Requested Additions (3)	Increase in Gross Plant Balance (Requested Additions) (4) = (3) - (2)	Depreciation rate approved in Docket No 48371 (5)	Additional Depreciation Expense on Gross Plant Additions (6) = (4) * (5)	Total Depreciation Expense (7) = (1) + (6)
1	A303	Depreciation Expense Distribution Intangible Plant Miscellaneous Intangible Plant	Sched E-1 workpaper	\$ 1,861,244	\$ 45,372,893	\$ 73,201,287	\$ 27,828,394	0.119599	\$ 3,328,253	\$ 5,189,497
2	A352	Transmission Plant Structures and Improvements	Sched E-1 workpaper	-	-	-	-	-	-	-
3	A353	Station Equipment	Sched E-1 workpaper	-	-	-	-	-	-	-
4		Sub-Total		-	-	-	-	-	-	-
5	A360 1	Distribution Plant Land	Sched E-1 workpaper	-	7,710,600	8,804,351	1,093,751	-	-	-
6	A360 2	Land Rights	Sched E-1 workpaper	176,457	11,800,472	11,861,144	60,673	0.014953	907	177,365
7	A361	Structures and Improvements	Sched E-1 workpaper	236,545	18,549,643	29,026,178	10,476,535	0.012753	133,605	370,150
8	A362	Station Equipment	Sched E-1 workpaper	4,108,300	225,796,324	272,974,346	47,178,023	0.018195	858,397	4,966,698
9	A363	Storage Battery Equipment	Sched E-1 workpaper	-	-	-	-	-	-	-
10	A364	Poles, Towers & Fixtures	Sched E-1 workpaper	8,110,526	264,161,278	286,878,248	22,716,970	0.030703	697,477	8,808,003
11	A365	O H Conductors & Devices	Sched E-1 workpaper	9,290,196	304,907,030	328,885,250	23,978,220	0.030532	732,095	10,022,291
12	A366	Underground Conduits	Sched E-1 workpaper	889,824	50,194,887	56,674,013	6,479,126	0.017728	114,859	1,004,684
13	A367	U G Conductors & Devices	Sched E-1 workpaper	2,989,764	135,543,168	149,524,651	13,981,483	0.022058	308,402	3,298,166
14	A368	Line Transformers	Sched E-1 workpaper	16,629,187	473,102,171	565,215,480	92,113,309	0.035149	3,237,715	19,866,902
15	A369 1	Overhead Services	Sched E-1 workpaper	2,346,793	91,234,069	99,798,374	8,564,304	0.025727	220,336	2,567,129
16	A369 2	Underground Services	Sched E-1 workpaper	3,579,491	72,886,409	79,037,567	6,151,158	0.049107	302,064	3,881,554
17	A370	Meters (Customer)	Sched E-1 workpaper	2,123,358	46,704,948	4,564,077	(42,140,871)	0.045462	(1,915,813)	207,545
18	A370	Meters (Substation)	Sched E-1 workpaper	472,133	5,522,221	3,220,382	(2,301,840)	0.089694	(206,462)	265,671
19	A370	Meters and Devices	Sched E-1 workpaper	-	-	6,115,934	6,115,934	0.142900	873,967	873,967
20	A371	Install on Customer Premises	Sched E-1 workpaper	702,778	33,234,767	35,510,970	2,276,202	0.021147	48,135	750,912
21	A372	Leased Prop on Cust Premises	Sched E-1 workpaper	-	-	-	-	-	-	-
22	A373 1	Street Lights - Roadway	Sched E-1 workpaper	588,686	18,098,698	21,766,342	3,667,644	0.032525	119,290	707,976
23	A373 2	Street Lights - Non-roadway	Sched E-1 workpaper	-	0	148	148	-	-	-
24	A374	Asset Retirement Costs - Distr Plant	Sched E-1 workpaper	-	-	-	-	-	-	-
25		Sub-Total		\$ 52,244,036	1,759,446,685	1,959,857,454	200,410,769	-	5,524,975	57,769,011
26	A391 1	General Plant Office furniture and equipment	Sched E-1 workpaper	58,533	251,512	282,389	30,877	0.066700	2,060	60,593
27	A391 2	Information Systems	Sched E-1 workpaper	923,827	2,337,857	3,433,179	1,095,322	0.200000	219,064	1,142,891
28	A391 3	Data Handling Equipment	Sched E-1 workpaper	(83,237)	258,837	431,480	172,643	0.066700	11,515	(71,722)
29	A397.1	Misc Communication Equipment	Sched E-1 workpaper	404,597	3,267,523	3,907,853	640,330	0.100000	64,033	468,630
30	A397 2	Communication and Microwave Equipment	Sched E-1 workpaper	182,974	3,967,444	5,101,084	1,133,640	0.046120	52,283	235,258
31		Sub-Total		\$ 1,486,695	10,083,173	13,155,985	3,072,813	-	348,956	1,835,650
32		TOTAL DEPRCIATION EXPENSE		\$ 55,591,975	\$ 1,814,902,750	\$ 2,046,214,726	\$ 231,311,976	\$ 0	\$ 9,202,184	\$ 64,794,158
33	182	Amortization Expense Regulatory Asset Unrecovered Plant Meters Unrecovered Plant Meters <sup>1</sup>	Sched E-1 workpaper	-	-	-	-	0.077474	0	-

Schedule E-1

**Schedule E-2: Summary of Distribution Taxes Other Than Income Taxes**

Distribution Taxes Other Than Income Taxes Entergy Texas, Inc. Change in Other Taxes Update Period 1/1/2018 - 12/31/19						
Line No.	FERC Account	Account Description	Schedule / Workpaper Reference	Total Approved Per Docket 48371 (1)	Annual Increase (2)	Total Other Taxes (3) = (1) + (2)
	<b>Taxes Other Than Income Taxes:</b>					
1	408142	Ad Valorem Taxes	Schedule E2 Other Tax workpaper	\$ 14,607,818	\$ 1,443,008	\$ 16,050,826
2	408110	Payroll Taxes (A)	Schedule E2 Other Tax workpaper	N/A	N/A	N/A
3	408152	State Gross Margin (Franchise) Tax	Schedule E2 Other Tax workpaper	311,505	110,910	422,415
4	see below	Other (B)	Schedule E2 Other Tax workpaper	3,058,861	284,483	3,343,344
5	<b>Total Taxes Other Than FIT Taxes</b>			<b>\$ 17,978,185</b>	<b>\$ 1,838,400</b>	<b>\$ 19,816,585</b>

Notes

- (A) Payroll Taxes were not included in the DCRF baselines  
 (B) Line 4 includes the following

408 100 Sales & Use Taxes  
 408 122 Excise Tax  
 408 123 Excise Tax Federal  
 408 164 Gross Receipts & Sales Taxes  
 408 172 Regulatory Commission

Total Approved Per Docket 48371	Annual Increase	Total Other Taxes
\$ -	\$ -	\$ -
5,464	1,766	7,231
2,801	14,870.30	17,671
2,390,172	220,899	2,611,071
660,425	46,947	707,371
<b>\$ 3,058,861</b>	<b>\$ 284,483</b>	<b>\$ 3,343,344</b>

**Schedule E-3: Summary of Distribution Federal Income Taxes**

Distribution Federal Income Taxes Entergy Texas, Inc. Change in Federal Taxes Update Period 1/1/2018 - 12/31/19					
Line No.	Account Description	Reference Schedule	Amount Approved per Docket 48371 (1)	Interim Annual Change (2)	Balance at 12/31/2019 (3) = (1) + (2)
1	<b>Federal Income Taxes</b>				
2					
3	<b>Return on Rate Base</b>	Schedule B	\$ 79,164,995	\$ 12,832,232	\$ 91,997,227
4					
5	<b>Deductions:</b>				
6	Synchronized Interest	Schedule E-3 FIT workpaper	28,832,838	5,471,989	34,304,827
7	ITC Amortization	Schedule E-3 FIT workpaper	276,386	(3,879)	272,507
8	Amortization of Protected Excess DFIT	Schedule E-3 FIT workpaper	1,731,229	414,800	2,146,028
9	Amortization of Non-protected Excess DFIT				
10	Amortization of Reserved Non Ratable Net Excess				
11	Depletion				
12	Other				
13	<b>Subtotal</b>		<b>30,840,453</b>	<b>5,882,910</b>	<b>36,723,363</b>
14					
15	<b>Additions:</b>				
16	Depreciation Adjustment	Schedule E-3 FIT workpaper	10,788,468	(5,040,418)	5,748,050
17	Other Permanent Additions (A)	Schedule E-3 FIT workpaper	34,331	86,021	120,352
18	<b>Subtotal</b>		<b>10,822,799</b>	<b>(4,954,397)</b>	<b>5,868,402</b>
19					
20					
21	<b>Taxable Component of Return</b>		<b>59,147,341</b>	<b>1,994,925</b>	<b>61,142,266</b>
22	<b>Tax Factor</b>		<b>26.582278%</b>	<b>26.582278%</b>	<b>26.582278%</b>
23					
24	<b>Federal Income Taxes Before Adjust.</b>		<b>15,722,711</b>	<b>530,296</b>	<b>16,253,007</b>
25					
26	<b>Tax Credits-Deduct</b>				
27	ITC Amortization	Schedule E-3 FIT workpaper	(276,386)	3,879	(272,507)
28	Amortization of Protected Excess DFIT	Schedule E-3 FIT workpaper	(1,731,229)	(414,800)	(2,146,028)
29	Amortization of Excess Deferred Taxes (B)	Schedule E-3 FIT workpaper	1,082,136	(938,302)	143,834
30	Amortization of Reserved Non-ratable Net Excess				
31					
32					
33	<b>TOTAL FEDERAL INCOME TAXES</b>		<b>\$ 14,797,232</b>	<b>\$ (818,926)</b>	<b>\$ 13,978,306</b>

Notes.

(A) Line 17 includes the following

	<b>Docket 48371</b>	<b>Bal @ 12/31/2019</b>
ESI Taxes	1,082,136	\$ 143,834
Current State Income Tax	81,048	46,397
Deferred State Income Tax	37,092	(46,506)
Other Permanent Differences	(1,165,946)	(23,373)
<b>\$</b>	<b>34,331</b>	<b>\$ 120,352</b>

(B) Line 29 reflects ESI taxes for both the baseline and update period

**Schedule E-3.7: Summary of Plant-Related Accumulated Deferred Federal Income Tax (ADFIT) Balances**

Plant-Related ADFIT Balances Entergy Texas, Inc. Update Period 1/1/2018 - 12/31/19							
Line No.	Account Number	Description	Reference Schedule Workpaper	Company Total at period end (A) (1)	Funct Factor Name	Distribution Funct. Factor (B) (2)	Distribution Total at period end (3) = (1) * (2)
1	282111	Liberalized Depreciation Fed	Schedule E-3.7 ADFIT workpaper	\$ (474,833,755)	ADFIT282-282 - FEDERAL	43.09%	\$ (204,607,042)
2	282171	Interest Cap - Afdc - Fed	Schedule E-3.7 ADFIT workpaper	\$ (13,424,022)	ADFIT282-282 - FEDERAL	43.09%	\$ (5,784,444)
3	282223	Repairs & Maint Exp - Federal	Schedule E-3.7 ADFIT workpaper	\$ (12,932,294)	ADFIT282-282 - FEDERAL	43.09%	\$ (5,572,558)
4	282351	Tax Int (Avoided Cost)-Fed	Schedule E-3.7 ADFIT workpaper	\$ 8,388,782	ADFIT282-282 - FEDERAL	43.09%	\$ 3,614,747
5	282533	Casualty Loss Deduction-Fed	Schedule E-3.7 ADFIT workpaper	\$ (132,141,454)	ADFIT282-282 - FEDERAL	43.09%	\$ (56,940,080)
6	282901	263A Method Change-DSC - Fed	Schedule E-3.7 ADFIT workpaper	\$ (33,225,662)	ADFIT282-282 - FEDERAL	43.09%	\$ (14,317,020)
7	282907	Unit of Property Ded-Trans-Fed	Schedule E-3.7 ADFIT workpaper	\$ (4,228,216)	ADFIT282-282 - FEDERAL	43.09%	\$ (1,821,949)
		<b>Total Distribution Plant-related ADFIT</b>		<b>\$ (662,396,622)</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ (285,428,346)</b>

Notes.

(A) The ADFIT associated with the Regulatory Asset for the Non-AMS meters is included in account 282111

(B) As per DCRF Baseline from Docket No. 48371

**Schedule E-3.10: Distribution Plant Accumulated Deferred Federal Income Tax (ADFIT) Change**

Distribution Plant ADFIT Entergy Texas, Inc. Update Period 1/1/2018 - 12/31/19						
Line No.	Description	Reference Schedule Workpaper	Distribution Total approved in Docket No. 48371 (1)	Distribution Total at period end (2)	Change in ADFIT (3) = (2) - (1)	Reference Schedule
1	Total Distribution Plant-related ADFIT-282111	Schedule E-3.7 ADFIT workpaper	\$ (204,373,050)	\$(204,607,042)	\$ (233,991)	E-3.7, Column 3
2	Total Distribution Plant-related ADFIT-282171	Schedule E-3.7 ADFIT workpaper	\$ (4,643,764)	\$ (5,784,444)	\$ (1,140,680)	E-3.7, Column 3
3	Total Distribution Plant-related ADFIT-282223	Schedule E-3.7 ADFIT workpaper	\$ (6,194,770)	\$ (5,572,558)	\$ 622,212	E-3.7, Column 3
4	Total Distribution Plant-related ADFIT-282351	Schedule E-3.7 ADFIT workpaper	\$ 2,199,073	\$ 3,614,747	\$ 1,415,674	E-3.7, Column 3
5	Total Distribution Plant-related ADFIT-282533	Schedule E-3.7 ADFIT workpaper	\$ (58,374,924)	\$ (56,940,080)	\$ 1,434,844	E-3.7, Column 3
6	Total Distribution Plant-related ADFIT-282901	Schedule E-3.7 ADFIT workpaper	\$ (11,010,233)	\$ (14,317,020)	\$ (3,306,788)	E-3.7, Column 3
7	Total Distribution Plant-related ADFIT-282907	Schedule E-3.7 ADFIT workpaper	\$ (2,030,891)	\$ (1,821,949)	\$ 208,942	E-3.7, Column 3
<b>Total Distribution Plant-related ADFIT</b>			<b>\$ (284,428,559)</b>	<b>\$(285,428,346)</b>	<b>\$ (999,787)</b>	



**Schedule H: Distribution Revenues, Sales and Customer Data**

Distribution Cost Recovery Factor  
 Entergy Texas, Inc.  
 Update Period 1/1/2018 - 12/31/19

LINE	DESCRIPTION	VOLT	Billing Unit Type (1)	Reference Schedule Workpaper	Billing units approved in Docket No. 48371 (A) (2)	Twelve Months Ended December 31, 2019					Change in Billing Units (8) = (7) - (2)	Percent Change (9) = (8) / (2)
						Unadjusted Billing Units at Meter (3)	Billing Unit Weather Adjustment (4)	Adjusted Billing Units at Meter (5) = (3) + (4)	YE Customer Adjustment (6)	Adjusted Billing Units (7) = (5) + (6)		
1	RESIDENTIAL SERVICE	Secondary	kWh	(B)	5,950,774,000	6,015,971,034	(43,271,537)	5,972,699,497	36,395,084	6,009,094,581	58,320,581	0.98%
2	SMALL GENERAL	Secondary	kWh	(B)	357,321,000	414,579,308	(2,801,402)	411,777,906	(1,482,901)	410,295,005	52,974,005	14.83%
3	GENERAL SERVICE	Secondary, Primary (2.4KV-34.5KV), 69KV/138KV	kW	(B)	11,633,892	11,790,862	-	11,790,862	(128,466)	11,662,396	28,504	0.25%
4	LARGE GENERAL	Secondary, Primary (2.4KV-34.5KV), 69KV/138KV	kW	(B)	3,187,693	3,263,305	-	3,263,305	49,887	3,313,192	125,499	3.94%
5	LARGE INDUSTRIAL	Less than Transmission (< 69KV), Transmission (69KV), (138KV), (230KV)	kW	(B)	13,302,756	14,862,855	-	14,862,855	131,135	14,993,990	1,691,234	12.71%
6	LIGHTING SERVICE	Secondary	kWh	(B)	94,386,000	94,129,125	-	94,129,125	-	94,129,125	(256,875)	-0.27%

Notes

(A) Values in column (2) are from the Unit Cost schedule per the Settlement and Stipulation Agreement

Schedule J. Summary of Distribution Cost Recovery Factor

Distribution Cost Recovery Factor						
Entergy Texas, Inc.						
Update Period 1/1/2018 - 12/31/19						
Summary of Revenue Requirement by Class						
Class	Cumulative PRA Revenue Schedule A (A)	(Plus/Minus) Weather Adjustment (B)	(Plus/Minus) Customer Adjustment (B)	Adjusted Cumulative PRA Revenues	Billing Units	Rate (\$)
Residential	\$ 11,403,404			\$ 11,403,404	6,009,094,581	\$ 0.001898 kWh
Small General	\$ 782,771			\$ 782,771	410,295,005	\$ 0.001908 kWh
General	\$ 4,244,608			\$ 4,244,608	11,662,396	\$ 0.364 kW
Large General	\$ 1,101,548			\$ 1,101,548	3,313,192	\$ 0.332 kW
Large Industrial	\$ 336,150			\$ 336,150	14,993,990	\$ 0.022 kW
Lighting	\$ 622,692			\$ 622,692	94,129,125	\$ 0.006615 kWh

Notes

(A) Unadjusted Annual Change from Schedule A, column (2), adjusted for growth and allocated per the provisions of 16 TAC § 25.243(d)(1)

(B) Components of weather and customer adjustments calculated and provided separately (below)

**% Growth Adjustment:**

Schedule A Column (2) Annual Change \$ 23,053,890

	RESIDENTIAL SERVICE	SMALL GENERAL	GENERAL SERVICE	LARGE GENERAL	LARGE INDUSTRIAL	LIGHTING SERVICE
DISTREV <sub>RC</sub>	104,946,205	17,751,239	28,923,024	7,937,135	4,165,157	3,809,626
%GROWTH <sub>Class</sub>	0.98%	14.83%	0.25%	3.94%	12.71%	-0.27%
Sum DISTREV <sub>RC-CLASS</sub> * %GROWTH	4,562,717	1,028,526	2,631,679	70,864	529,534	(10,368)
Adjusted DISTREV	\$ 18,491,173	23.6				

Class Allocation Calculation:		3.25
		20.35
DCRF Class Revenue Requirement		Per Docket No 48371
Residential	\$ 11,403,404	61.67%
Small General	782,771	4.23%
General	4,244,608	22.95%
Large General	1,101,548	5.96%
Large Industrial	336,150	1.82%
Lighting	622,692	3.37%
Adjusted DISTREV	\$ 18,491,173	100.00%

(B) Components of Load Growth Adjustment Including Weather and Customer Adjustments

Class	Cumulative DISTREV-RC Class	Weather Adjustment % Change	(Plus/Minus) Weather Adjustment	Customer Adjustment % Change	(Plus/Minus) Customer Adjustment	Other Change in Load Adjustment	Plus/Minus Other Change in Load Adjustment	Total Change in Load % Change	Change in Load Adjustment to PRA Revenues
Residential	\$ 104,946,205	-0.73%	\$ (763,125)	0.61%	\$ 641,854	1.10%	\$ 1,149,797	0.98%	\$ 1,028,526
Small General Service	17,751,239	-0.78%	(139,170)	-0.42%	(73,669)	16.02%	2,844,518	14.83%	2,631,679
General Service	28,923,024	0.00%	-	-1.10%	(319,379)	1.35%	390,243	0.25%	70,864
Large General Service	7,937,135	0.00%	-	1.56%	124,215	2.37%	188,268	3.94%	312,483
Large Industrial Power Service	4,165,157	0.00%	-	0.99%	41,059	11.73%	488,475	12.71%	529,534
Lighting	3,809,626	0.00%	-	0.00%	-	-0.27%	(10,368)	-0.27%	(10,368)
Total	\$ 167,532,386		\$ (902,295)		\$ 414,080		\$ 5,050,932		\$ 4,562,717

**Distribution Cost Recovery Factor**  
**Entergy Texas, Inc.**  
**Update Period 1/1/2018 - 12/31/19**

**Schedule K**

PUC Earnings Monitoring Report  
for the 12 months ended December 31, 2019