

# Bid to Review Entergy's 2015 Rate Stabilization Plan (RSP)

## 1 OPA&I

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OPA&I is experienced in the changing needs of today's utilities. This experience helps us determine the right questions to ask and focus on the largest rate-case impact from filings.

Our insight comes from experience. We work closely with clients to assess all dependencies and promotes teamwork within clients and all impacted organizations.

While working with utilities all across the country, we have improved operations, isolated expenses from rate case submissions, prepared lines of business for corporate strategy, and enjoyed measurable success in several legal filings before state utility commissions.

## 2 OUR UNDERSTANDING OF THE REVIEW REQUIREMENT

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The Louisiana Public Service Commission (LPSC) and the filing utility have 60 days after the RSP filing to review the submission for compliance with all regulatory requirements. If any errors in the filing are discovered, they must be communicated with proposed correction before the 60 days expire. The utility will have 25 days to review any proposed corrections, resolve differences, and file a revised report. The filing utility will provide the Commission with papers supporting any revisions made to the initial filing.

A fast, but complete, review is needed given the required review and coordination time associated with the filing, assessment, and correction (if needed) deadlines.

## 3 APPROACH TO ENTERGY'S RSP REVIEW

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We recommend following the structure of the Rate Stabilization Plan Rider to accomplish the review. This keeps intact the structure and flow from the utility and helps speed up the validation and review process. For example (Figure 1 below):

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### ENTERGY LOUISIANA, LLC- GAS

#### LPSC JURISDICTION

#### EARNED RATE OF RETURN ON COMMON EQUITY FORMULA

Line No	Description	Adjusted Amount	<u>Validated Amount</u>
1	RATE BASE (Attachment A, Page 2, Line 10)		
2	BENCHMARK RATE OF RETURN ON RATE BASE (Attachment C, Column D, Line 7)		
3	REQUIRED OPERATING INCOME (Line 1 * Line 2)		
4	NET UTILITY OPERATING INCOME (Attachment A, Page 3,		

	Line 22)
<b>5</b>	OPERATING INCOME DEFICIENCY (EXCESS) (Line 3 - Line 4)
<b>6</b>	COMMON EQUITY DEFICIENCY (EXCESS) (%) (Line 5 / Line 1)
<b>7</b>	WEIGHTED EVALUATION PERIOD COST RATE FOR COMMON EQUITY (%) (Attachment C, Column D, Line 6)
<b>8</b>	WEIGHTED EARNED COMMON EQUITY RATE (%) (Line 7 – Line 6)
<b>9</b>	COMMON EQUITY RATIO (Attachment C, Column B, Line 6)
<b>10</b>	EARNED RATE OF RETURN ON COMMON EQUITY (%) (Line 8 / Line 9)

Figure 1

Each Rider will be assessed for accuracy, reasonable costs, benchmarked with other states and other utilities within the LPSC jurisdiction, and impact on rate payers.

The report will reflect the Commissions strategic vision of how RSP are reviewed and the criteria for approval.

## 4 FEES AND EXPENSES

We estimate a timeframe two (2) months to be sufficient to assess and coordinate the findings of the review with all affected parties. Time and materials will tracked for audit purposes with the understanding that the LPSC is limited to \$50,000, not including expenses. We estimate expense to be between 15% and 20% of contract value.