

Henderson Ridge Consulting, Inc.

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January 16, 2020

Louisiana Public Service Commission
Kathryn Bowman
Executive Counsel
602 North Fifth Street (Galvez Building) (70802)
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

Re: RFP No. 19-25 – Docket No. U-35443
Entergy Louisiana, LLC, ex parte.
In re: Application for Authorization to Change Rates by Filing Market Value Demand Response Rider Schedule MVDR.

Dear Kathryn,

Henderson Ridge Consulting is pleased to respond to the December 27, 2019 Request For Proposal to assist the Staff of the Louisiana Public Service Commission (“LPSC” or “the Commission”) in the review of Entergy Louisiana, LLC’s (“ELL” or “the Company”) Application to change rates through the filing of the Market Value Demand Response Rider Schedule MVDR. The MVDR Rider has been filed pursuant to Commission General Order dated July 1, 2019 in Docket No. R-34738.

Scope of Representation

As defined in the RFP, the consultant retained by the Commission will undertake an evaluation of ELL’s Application to establish the new Schedule MVDR. The evaluation to be conducted on behalf of the Commission Staff will consider whether Schedule MVDR, as proposed by the Company, protects all of ELL’s customers and that the Commission retains its proper jurisdiction. As part of the evaluation, the allocation of costs and benefits under the proposed Schedule MVDR will be examined as well as the impact on the Company’s long-term reliability and planning through the participation of customers and

Aggregators of Retail Customers (“ARCs”) that may request service under the new schedule.

Summary of Work Plan

Henderson Ridge Consulting will conduct a comprehensive review of the prefiled testimony filed by the Company in support of its Application, including the terms and conditions of Schedule MVDR as proposed by the Company. Consistent with the Scope of Representation as discussed above, we will determine whether the proposed Schedule MVDR treats all of the Company’s customers equitably and that the Commission’s jurisdiction is properly maintained. Our analysis will be based on the recognition that Schedule MVDR reflects ELL’s interpretation of requirements and provisions of prior Commission rulemakings and we will constructively challenge those interpretations as necessary.

The major services, procedures, and tests that will be performed include but are not limited to:

- Examine the terms and conditions of the new Schedule MVDR as proposed by ELL in the prefiled testimony supporting the Application;
- Identify the costs and benefits that stem from the implementation of new Schedule MVDR;
- Examine the Company’s proposed allocation of costs and benefits to customer classes;
- Prepare formal discovery and review responses;
- Examine the projected effect on the Company’s long-term planning and reliability from the implementation of Schedule MVDR;
- Examine ELL’s load forecasts and assumptions for service under Schedule MVDR;
- Evaluate Schedule MVDR in the context of the Commission’s prior rulemakings;
- Review similar Demand Response schedules approved in other jurisdictions;
- Examine the Midcontinent Independent System Operator (“MISO”) requirements for participation in Demand Response markets;
- Meet and hold conference calls with the Staff and ELL representatives;
- Prepare final report and/or testimony in support of recommendations;
- Attend hearings before the Administrative Law Judge;
- Attend Business and Executive Session to support Staff recommendations; and

- Provide general support services throughout the engagement.

Experience of Henderson Ridge Consulting

Henderson Ridge Consulting is very familiar with the filings of the Entergy and Entergy Louisiana, LLC. Our firm has served as the Commission’s consultant in many important proceedings that have evaluated the applications submitted by the Entergy operating companies, including: evaluations of annual Formula Rate Plan reports, storm restoration relief, audits of storm restoration expenditures, nuclear decommissioning revenue requirement for the River Bend unit, individual tariff reviews, evaluation of Long Term Service Agreements, fuel adjustment clause audits, environmental adjustment clause audits, the certifications of the St. Charles Power Station and the Lake Charles Power Station as being in the public interest and the monitoring of the construction phase of those two new generating units.

Henderson Ridge Consulting has worked closely with the Commission Staff and Entergy for several years. We have deep experience with the ELL’s accounting processes and systems as well as the Entergy System’s long-term planning processes. Our firm has examined the load forecasting methodologies applied by the Company as well as the unit deactivation studies that have been undertaken. We are well-qualified to assess whether Schedule MVDR, as proposed by ELL, is fair and reasonable and strikes an appropriate balance between the Company, its customers, and the Commission.

A firm resume has been attached to the proposal and provides further background on our experience and prior engagements. Our firm has been retained by the Louisiana Public Service Commission over the last twenty five years to assist Staff in numerous dockets covering the myriad requests, issues, and audits of utilities under the Commission’s jurisdiction. These engagements have involved gas local distribution companies, electric utilities, telecommunications service providers, and water and wastewater utilities.

Minimum Requirements

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of gas local distribution companies, electric utilities, telecommunications service providers, and water and sewer companies under the jurisdiction of the Louisiana Public Service Commission. This experience has been applied for the purpose of setting just and reasonable rates. To that end, the firm has experience with several approaches to determine the utility's revenue requirement and under different forms of regulatory oversight.

As discussed in the Experience section of our proposal, Henderson Ridge Consulting is very familiar with Entergy and the Entergy operating companies, including the ratemaking treatment and principles specific to their operations. We have reviewed the list of minimum requirements identified in Section IV (1) through (8) of the Commission's RFP. Our firm is experienced with each of the minimum requirements and can readily satisfy this group of standards that the Commission expects of its consultants.

Estimate of Cost

Henderson Ridge Consulting anticipates that the review of ELL's Application to establish Schedule MVDR can be conducted in a cost-effective manner but also recognizing that it is likely to be a highly contested proceeding.¹ The professional fees for the project are estimated at \$64,200.00 based upon an hourly rate of \$150 for William Barta. Travel-related expenses are anticipated to be \$3,600.00 for appearances at hearings and at the Commission's Business and Executive Session in support of Staff's recommendations. The total project budget amounts to \$67,800.00.

¹ The Louisiana Energy Users Group has already intervened and there may be other intervenors such as Aggregators of Retail Customers.

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RFP No. 19-25
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Conflict of Interest

Henderson Ridge Consulting has no current assignments, or any prior assignments, that could pose any conflicts of interest, or the appearance of such conflicts, including, but not limited to, any work performed on behalf of the Louisiana Public Service Commission.

Henderson Ridge Consulting appreciates the opportunity to respond to the RFP and to continue its relationship with the Commission and its Staff.

Sincerely,

William Barta
Principal