



Entergy Arkansas, Inc.
Regulatory Affairs
425 W. Capitol Avenue
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4000

VIA OVERNIGHT MAIL

December 9, 2016

Mr. David Foster
Chief, Utility Division
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Tennessee Regulatory Authority Tariff Filing No. 2016- 00145
Entergy Arkansas, Inc. Tariff Revisions for Revised Rate Schedule
No. 42 Grand Gulf Rider (Rider GGR)

Dear Mr. Foster:

In accordance with our letter dated November 9, 2016, attached is an original and 4 copies (along with an electronic copy) of EAI's revised Attachment A to Rate Schedule No. 42 Grand Gulf Rider, APSC General Staff Direct Testimony of Judy Kay Lindholm and APSC Order No. 1 approving the update to Attachment A.

On November 17, 2016, the APSC General Staff filed the Direct Testimony of Judy Kay Lindholm in Docket No. 16-096-TF recommending approval of EAI's revised Rate Schedule No. 42, Grand Gulf Rider, to be effective with the first billing cycle of January 2016, which is December 30, 2016.

On December 6, 2016, the APSC issued its Order No. 1 approving EAI's Grand Gulf Rider update.

For a typical residential customer using 1,000 kWh per month, the bill impact will be an increase of \$0.34 per month, or 0.34 percent.

Also included with this transmittal are both clean and revision-marked copies of the Grand Gulf Rider with these same revisions for filing with the Tennessee Regulatory Authority (TRA) for its acknowledgement and inclusion into EAI's Tennessee tariffs.

Mr. David Foster
December 9, 2016
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EAI is requesting the thirty-day notice required in TRA Rule 1220-4-1-.04 be waived to allow EAI to place these revised rates in effect for Arkansas retail customers residing in Tennessee concurrent with the effective date established in the APSC's order.

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-3571.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Palmer', with a long horizontal flourish extending to the right.

David Palmer, Manager
Arkansas Regulatory Affairs

DP/ss
Attachments

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
ENTERGY ARKANSAS, INC. FOR A PROPOSED)	DOCKET NO. 16-096-TF
TARIFF REVISION REGARDING GRAND GULF)	
RIDER)	

DIRECT TESTIMONY

OF

JUDY KAY LINDHOLM
RATE CASE ANALYST
ELECTRIC UTILITIES SECTION

ON BEHALF OF THE GENERAL STAFF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION

NOVEMBER 17, 2016

1 **Q. Please state your name and business address.**

2 A. My name is Judy Kay Lindholm. My business address is Arkansas Public
3 Service Commission (Commission), 1000 Center Street, P.O. Box 400,
4 Little Rock, Arkansas 72203-0400.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Commission's General Staff (Staff) as a Rate Case
7 Analyst in the Electric Section. In that capacity, I analyze utility company
8 filings, identify and evaluate issues, develop positions on those issues and
9 present those positions, when necessary, in written and oral testimony
10 before the Commission.

11 **Q. Please describe your educational background and work experience**
12 **with the Commission.**

13 A. I hold a Bachelor's degree in Information Technology Management and a
14 Master of Business Administration degree with Distinction from North Park
15 University in Chicago, Illinois. I also hold a Master of Science in
16 Accountancy degree from the University of Phoenix. I joined Staff in
17 August 2011 as a Public Utility Auditor in the Audits Section. Previously, I
18 held management positions in a variety of industries where I was
19 responsible for revenue forecasting, expense budgeting, operational
20 processes and project management. In July 2014 I was promoted to my
21 current position. Since joining Staff I have attended "The Basics –
22 Practical Regulatory Training for the Electric Industry" jointly sponsored by

1 the New Mexico State Center for Public Utilities and the National
2 Association of Regulatory Utility Commissioners, the Edison Electric
3 Institute's "Transmission and Wholesale Markets School", the "Advanced
4 Regulatory Studies Program" at Michigan State University's Institute of
5 Public Utilities (IPU), and IPU's Grid School. I have previously presented
6 testimony before this Commission.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to make recommendations regarding the
9 tariff revisions filed by Entergy Arkansas, Inc. (EAI or Company) on
10 November 1, 2016.

11 **Q. Please describe EAI's filing.**

12 A. On November 1, 2016, pursuant to the terms of the Grand Gulf Rider
13 (Rider GGR) and Stipulation and Settlement Agreement approved by the
14 Commission in its Order No. 26 in Docket No. 84-249-U, as modified by
15 the Amendment approved in Docket No. 88-115-TF, EAI filed its annual
16 Rider GGR update. The Application includes the Direct Testimony and
17 Exhibits of Tracy M. Vogelsanger. EAI witness Vogelsanger's Exhibit
18 TMV-1, Attachment A, includes Revised Tariff Sheet 42.2 of Rider GGR
19 which includes the revised Net Monthly Rates to become effective with the
20 first billing cycle of January 2017 and Attachment B which includes the
21 summary of the Rider GGR Revenue Requirement for 2017.

1 **Q. What are the filing requirements for Rider GGR?**

2 A. Under the terms of Rider GGR, EAI is required to file on or before
3 November 1 of each year revised Rider GGR rates which reflect the
4 Grand Gulf demand-related costs to be incurred over the twelve month
5 period beginning January 1 of the following year and a true-up of any prior
6 over- or under-recovery of such costs. Upon approval by the Commission,
7 the revised rates become effective on the first billing cycle of January of
8 the following year.

9 **Q. What is the purpose and ratemaking history of Rider GGR?**

10 A. Rider GGR recovers the Arkansas retail share of the non-fuel cost of the
11 Grand Gulf Unit 1 nuclear generating station in accordance with the
12 Stipulation and Settlement Agreement established in Docket No. 84-249-
13 U, as modified by the Amendment approved in Docket No. 88-115-TF.
14 Pursuant to the Stipulation and Settlement Agreement approved by
15 Commission Order No. 31 issued in Docket No. 96-360-U, Rider GGR
16 also recovers the revenue requirement associated with the Grand Gulf
17 Accelerated Recovery Tariff (GGART) which was approved by the Federal
18 Energy Regulatory Commission in its Letter Order in Docket No. ER98-
19 1917-000 issued on April 22, 1998. Commission Order No. 10 issued in
20 Docket No. 00-177-U approved the removal of the accelerated
21 amortization component of the GGART effective June 30, 2001. The
22 removal of the accelerated amortization component of the GGART results

1 in a credit to EAI's retail ratepayers. Therefore, the inclusion of the
2 revenue requirement associated with the GGART reduces the Rider GGR
3 revenue requirement.

4 In addition, Pursuant to Docket No. 12-038-U, Order No. 7, the
5 Commission authorized EAI to sell to third parties the Wholesale Baseload
6 portion of Grand Gulf capacity. Therefore, 13.87% of the Current
7 Recovery Share of Grand Gulf capacity is permanently allocated to the
8 wholesale jurisdiction.

9 **Q. Please describe EAI's proposed revision of Sheet No. 42.2 to Rider**
10 **GGR.**

11 A. The Net Monthly Rates for Rider GGR have been revised to recover the
12 projected Grand Gulf revenue requirement for the year 2017.

13 **Q. Briefly discuss the Grand Gulf revenue requirement for the year**
14 **2017.**

15 A. The total Rider GGR revenue requirement for the year 2017 presented in
16 EAI Exhibit TMV-1 is \$129,714,107 an increase of \$4.824 million from the
17 2016 Rider GGR revenue requirement. This increase is the result of a
18 \$3.001 million increase in the over/under recovery balance and a \$1.823
19 million increase in the projected Grand Gulf demand revenue requirement.

20 **Q. How were the net monthly rates for Rider GGR developed?**

21 A. Pursuant to the terms of Rider GGR, the total Rider GGR revenue
22 requirement discussed above was allocated to the revenue classes using

1 the class revenue requirements approved in EAI's most recent general
2 rate filing, Docket No. 15-015-U. The class revenue requirements were
3 then divided by the forecasted billing determinants to determine the net
4 monthly rates for each class. Table 1 below summarizes the change in
5 rates by class resulting from the Rider GGR update in EAI Exhibit TMV-1.
6 The impact of the rate change on an average residential customer using
7 1,000 kWh per month will be an increase of \$0.34 per month.

Table 1
Rider GGR Rates by Class

Class	Rates	
	Current	Proposed
Residential	\$0.00736 per kWh	\$0.00770 per kWh
SGS	\$0.00653 per kWh	\$0.00701 per kWh
LGS	\$1.89 per kW	\$1.86 per kW
Lighting	\$0.00964 per kWh	\$0.00887 per kWh

8 **Q. How did you evaluate the Company's annual filing for Rider GGR?**

9 A. I reviewed the Rider GGR workpapers provided with the Company's
10 November 1, 2016 filing. The workpapers present the calculation of the
11 over/under-recovery balance at September 30, 2016, including the
12 monthly Grand Gulf capacity charges, the calculation of the current
13 recovery share, the GGART revenue requirement, and monthly Rider
14 GGR revenue collections. The workpapers also include forecast data for
15 all components of the projected Grand Gulf demand revenue requirement

1 for 2017. Additionally, the workpapers show the development of the Rider
2 GGR rates for the revenue classes.

3 **Q. What is your recommendation with respect to Rider GGR?**

4 A. I recommend that the Revised Rider GGR Tariff Sheet 42.2 filed on
5 November 1, 2016 be approved to become effective on the first billing
6 cycle in January 2017.

7 **Q. Does this conclude your testimony?**

8 A. Yes, it does.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been delivered to all Parties of Record by electronic mail via the Electronic Filing System, this 17th day of November 2016.

/s/ *Christina L. Baker*
Christina L. Baker

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
ENTERGY ARKANSAS, INC. FOR A PROPOSED)	DOCKET NO. 16-096-TF
TARIFF REVISION REGARDING THE GRAND)	ORDER NO. 1
GULF RIDER)	

ORDER

On November 1, 2016, pursuant to the terms of its Rate Schedule 42, Grand Gulf Rider (Rider GGR), Entergy Arkansas Inc. (EAI) filed an annual Rider GGR update with the Arkansas Public Service Commission (Commission) supported by the Direct Testimony and Exhibits of EAI witness Tracy M. Vogelsanger. EAI Direct Exhibit TMV-1 sets out 20th Revised Sheet 42.2 of Rider GGR which includes the revised Net Monthly Rates to become effective with the first billing cycle of January 2017, and Attachment B which summarizes the Rider GGR Revenue Requirement for 2017.

On November 17, 2016, the General Staff (Staff) of the Commission filed the testimony of Judy Kay Lindholm recommending approval of EAI's November 1, 2016 filing.

EAI witness Vogelsanger describes Rider GGR as an exact recovery rider that recovers the demand charges associated with EAI's purchased power from System Energy Resources, Inc. in accordance with the Stipulation and Settlement Agreements in Commission Docket Nos. 84-249-U, 88-115-TF, 96-360-U, and 09-084-U. She states that Rider GGR also formerly recovered the revenue requirement associated with the Grand Gulf Accelerated Recovery Tariff (GGART); however, in 2001, the accelerated amortization component of the GGART was terminated which results in EAI's retail

customers receiving a credit in the annual Rider GGR rate redetermination associated with the GGART. Vogelsanger Direct at 4.

Ms. Vogelsanger testifies that Rider GGR provides that an annual update be filed on or before November 1 of each year, with rates effective for the first billing cycle of the following January. These rates reflect projected Grand Gulf demand-related costs for the upcoming calendar year and a true-up of the over/under-recovery balance for the period October through September of the filing year. She further testifies that the Rider GGR revenue requirement for 2017 is \$129.7 million, which reflects an under-recovery balance of \$3.5 million for the 12 months ended September 30, 2016, and a projected Grand Gulf demand revenue requirement of \$126.2 million for the year ended December 31, 2017. Ms. Vogelsanger testifies that the projected Grand Gulf revenue requirement increased \$4.8 million, or 3.86 percent, due to an increase in the under-recovery of \$3.0 million coupled with an increase in the projected Grand Gulf capacity costs of \$1.8 million. She states that 712,021 retail customers are subject to Rider GGR. Ms. Vogelsanger testifies that the estimated bill impact on an average residential customer using 1000 kWh per month is an increase of \$0.34, or 0.34 percent. She states that this update will not include any change in rate design that will result in any change in revenue allocation within a class or between classes. *Id.* at 4-6.

Staff witness Lindholm states that the total Rider GGR revenue requirement for 2017 shows an increase of \$4.824 million from the 2016 Rider GGR revenue requirement. She states that this increase is the result of a \$3.001 million increase in over/under- recovery balance and a \$1.823 million increase in the projected Grand Gulf demand revenue requirement. Ms. Lindholm testifies that she reviewed the Rider GGR

work papers provided with EAI's November 1, 2016 filing in this Docket. She recommends that revised Rider GGR Tariff Sheet 42.2 filed by EAI on November 1, 2016, be approved to become effective on the first billing cycle in January, 2017. Lindholm Direct at 5-7.

Based upon the Direct Testimony of EAI witness Vogelsanger and Staff witness Lindholm, the Commission finds that EAI's proposed GGR update is consistent with the provisions of EAI Rate Schedule 42.¹ Accordingly, the Commission approves EAI's revised Rate Schedule 42, Tariff Sheet 42.2 as filed on November 1, 2016, to be effective for the first billing cycle in January, 2017.

BY ORDER OF THE COMMISSION,

This 6th day of December, 2016.

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

☐ U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or

☒ Electronic mail using the email address of each party as indicated in the official docket file.



Ted J. Thomas, Chairman



Elana C. Wills, Commissioner



Kimberly A. O'Guinn, Commissioner



Michael Sappington, Secretary of the Commission

¹ The Commission takes notice of the current and ongoing outage at the Grand Gulf facility. There is no evidence in the record about whether the outage affects or will affect the Rider GGR rate. The Commission makes no finding at this time about the nature of the outage or its effect, if any, on Rider GGR rates.

ARKANSAS PUBLIC SERVICE COMMISSION

19th Revised Sheet No. 42.2 Schedule Sheet 2 of 3

Replacing: 18th Revised Sheet No. 42.2

Entergy Arkansas, Inc.
Name of Company

Kind of Service: Electric Class of Service: All

TRA Tariff Filing No.:

Part III. Rate Schedule No. 42

Effective: 12/30/16

Title: Grand Gulf Rider (GGR)

PSC File Mark Only

The Net Monthly Rates for Grand Gulf demand related costs for the billing period from January 2017 through December 2017 will be as follows:

(CT)

Rate Class	Rate Schedules	Net Monthly Rate	
Residential	RS, RT, REMT	\$0.00770 per kWh	(CR)
Small General Service	SGS, GFS, MP, AP, CTV, SMWHR CGS, TSS	\$0.00701 per kWh	(CR)
Large General Service	LGS, GST, LPS, PST, SSR	\$1.86 per kW	(CR)
Lighting	L1, L4, L1SH	\$0.00887 per kWh	(CR)

42.3. PROCEDURES FOR RECOVERY OF GRAND GULF COSTS

42.3.1. On or before November 1 of 1998 and each succeeding year thereafter, the Company will file with the APSC a revision to this Grand Gulf Rider which will reflect the demand related Grand Gulf costs which are projected to be incurred over the twelve-month period beginning on January 1 of the following year and will also file new Net Monthly Rates necessary to recover such costs to become effective on the first billing cycle of January of such year. These new Net Monthly Rates will reflect a true-up of any prior over or under recovery of such costs as determined in § 42.3.6 below. In the revision to this Grand Gulf Rider (GGR) filed with the APSC, the 36% allocation to EAI will be further allocated based on the percentages embodied in the Stipulation and Settlement Agreement as the Current Recovery Share and the Retained Share.

42.3.2. The Current Recovery Share allocated to the Company's Arkansas retail customers will be recovered on a current basis.

ARKANSAS PUBLIC SERVICE COMMISSION

~~18th~~19th Revised

Sheet No. 42.2

Schedule Sheet 2 of 3

Replacing: ~~17th~~18th
Revised

Sheet No. 42.2

Entergy Arkansas, Inc.

Name of Company

Kind of Service: Electric

Class of Service: All

TRA Tariff Filing No.:

Part III. Rate Schedule No. 42

Effective: 12/~~31/15~~30/16

Title: Grand Gulf Rider (GGR)

PSC File Mark Only

The Net Monthly Rates for Grand Gulf demand related costs for the billing period from January ~~2016~~2017 through December ~~2016~~2017 will be as follows:

(CT)

Rate Class	Rate Schedules	Net Monthly Rate	
Residential	RS, RT, REMT	\$0. 00736 <u>00770</u> per kWh	(CR)
Small General Service	SGS, GFS, MP, AP, CTV, SMWHR CGS, TSS	\$0. 00653 <u>00701</u> per kWh	(CR)
Large General Service	LGS, GST, LPS, PST, <u>SSR</u>	\$1. 8986 per kW	(CR)
Lighting	L1, L4, L1SH	\$0. 00964 <u>00887</u> per kWh	(CR)

42.3. PROCEDURES FOR RECOVERY OF GRAND GULF COSTS

42.3.1. On or before November 1 of 1998 and each succeeding year thereafter, the Company will file with the APSC a revision to this Grand Gulf Rider which will reflect the demand related Grand Gulf costs which are projected to be incurred over the twelve-month period beginning on January 1 of the following year and will also file new Net Monthly Rates necessary to recover such costs to become effective on the first billing cycle of January of such year. These new Net Monthly Rates will reflect a true-up of any prior over or under recovery of such costs as determined in § 42.3.6 below. In the revision to this Grand Gulf Rider (GGR) filed with the APSC, the 36% allocation to EAI will be further allocated based on the percentages embodied in the Stipulation and Settlement Agreement as the Current Recovery Share and the Retained Share.

42.3.2. The Current Recovery Share allocated to the Company's Arkansas retail customers will be recovered on a current basis.