

BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS

Docket No. UD-18-07

**CNO Docket
No. UD-18-07
EXHIBIT
ENO-59**

APPLICATION OF ENTERGY NEW)
ORLEANS, LLC, FOR A CHANGE IN)
ELECTRIC AND GAS RATES)
PURSUANT TO COUNCIL RESOLUTION)
R-15-194 AND R-17-504 AND FOR)
RELATED RELIEF. _)

DEPOSITION OF
PAMELA MORGAN

March 14, 2019
Tubac, Arizona

Colville & Dippel, LLC
(520) 884-9041
ArizonaDepos.com
Arizona RRP No. R1129

REPORTED BY: NANCY P. RICHMOND, RPR
Arizona CR No. 50864

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A P P E A R A N C E S

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8

9 Also Present:

10 D. Andrew Owens, Director, Entergy Services,
11 Inc.

12 Logan Atkinson Burke, Executive Director,
13 Alliance for Affordable Energy

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1 BE IT REMEMBERED that pursuant to notice,
2 the deposition of PAMELA MORGAN was taken at Tubac
3 Golf Resort & Spa in the City of Tubac, County of
4 Santa Cruz, State of Arizona, before Nancy P.
5 Richmond, a Certified Court Reporter, in and for the
6 State of Arizona, on the 14th day of March, 2019,
7 commencing at the hour of 9:04 a.m. on said day, in
8 a certain cause now pending before the Council of
9 the City of New Orleans.

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I N D E X

Examinations	Page	Line
PAMELA MORGAN		
By Mr. Olson	6	6

E X H I B I T S

No.	Description	Page	Line
<u>Exhibit 1</u>	Summary of Decoupling within the FRP using PBG-8	32	13

1 PAMELA MORGAN,
2 having been first duly sworn by the Certified
3 Reporter to tell the truth, the whole truth, and
4 nothing but the truth, testified as follows:

5

6 EXAMINATION

7 BY MR. OLSON:

8 MR. OLSON: Here in the room, we'll
9 go around and identify ourselves. Scott Olson,
10 representing Entergy New Orleans.

11 MR. OWENS: Andrew Owens,
12 representing Entergy New Orleans.

13 MS. BURKE: Logan Atkinson Burke with
14 the Alliance for Affordable Energy.

15 MS. MILLER: Susan Stevens Miller,
16 representing the Alliance.

17 THE WITNESS: Pamela Morgan with
18 Graceful Systems.

19 MR. OLSON: Susan, you stipulate to
20 the normal stipulations in reserving all objections
21 except as to form?

22 MS. MILLER: Yes.

23 Q. Ms. Morgan, can we start off with spelling
24 your first and last name for the record?

25 A. Sure. P-A-M-E-L-A M-O-R-G-A-N.

1 Q. Have you had your deposition taken before?

2 A. Yes.

3 Q. Ballpark, how many times?

4 A. Two or three.

5 Q. Okay. So you understand then that you are
6 testifying under oath today, same as if we were in
7 court?

8 A. Yes.

9 Q. You and I will both need to try and speak
10 clearly for the court reporter.

11 A. Yes.

12 Q. If you don't understand a question I ask,
13 please ask me to repeat it. Sometimes I may read
14 fast, so feel free --

15 A. Okay.

16 Q. -- to slow me down. You understand you'll
17 have an opportunity to review the transcript and
18 sign it. Correct?

19 A. Yeah, okay.

20 Q. And is there any reason, medical or
21 otherwise, that you're not fit to testify today?

22 A. No.

23 Q. Other than the response that you gave to
24 New Orleans' data request 318, are there any
25 corrections to your testimony today?

1 **A. Yes. That's the only correction to my**
2 **testimony.**

3 Q. We're going to move to the topic of your
4 background, since you are new to us.

5 **A. Yeah.**

6 Q. Other than your B.A. and J.D., do you have
7 any other degrees?

8 **A. No.**

9 Q. Do you have any professional licenses,
10 other than as an attorney?

11 **A. No.**

12 Q. Are you a practicing attorney?

13 **A. No.**

14 Q. Are you a member of any state bar
15 association currently?

16 **A. No.**

17 Q. Do you currently teach any courses
18 anywhere?

19 **A. No.**

20 Q. Move on. You are still the president of
21 Graceful Systems, correct?

22 **A. I am.**

23 Q. What are your duties as president of
24 Graceful Systems?

25 **A. I am the company. It's just me.**

1 Q. So you do not report to anyone else?

2 A. No.

3 Q. You have no employees?

4 A. No.

5 Q. Are you an executive at any other company
6 or organization?

7 A. No.

8 Q. Are you on the board at any other company
9 or organization?

10 A. No.

11 Q. Is Portland General Electric Company a
12 client of Graceful Systems?

13 A. No.

14 Q. One other thing I forgot to mention, back
15 on your name, some of the materials have the name
16 Pamela Lesh.

17 A. Yes.

18 Q. That was you?

19 A. Prior name, yes. I changed it in 2010.

20 Q. Is Graceful Systems currently engaged by
21 any domestic utility company as a client?

22 A. No.

23 Q. Has your company ever performed any
24 engagements for a domestic electric utility?

25 A. Yes. Trying to remember what year. Maybe

1 2011 PGE had me in to do a systems thinking class
2 for the rates and revenue department. I believe
3 that's it.

4 Q. Did the scope of that engagement have
5 anything to do with decoupling?

6 A. No.

7 Q. Okay. How about formula rate plans?

8 A. No.

9 Q. Formula rate plans and FRP will probably
10 be a recurring term that we use. So you were at
11 Portland General in the various capacities from 1986
12 to 1997 --

13 A. Yes.

14 Q. -- first stint?

15 A. Yes.

16 Q. And you first identified your role as an
17 assistant general counsel from '86 to '89?

18 A. Yes.

19 Q. And did you work on regulatory matters at
20 that time?

21 A. Yes.

22 Q. Did any of those matters involve
23 decoupling or formula rate plans?

24 A. Not while I was an attorney. In '93 or
25 '94 the company did do a two-year experimental

1 decoupling mechanism that I was involved with.

2 Q. Did they reengage in decoupling after that
3 two-year pilot, we'll call it?

4 A. Yes. Sometime in the 2000s, and I simply
5 can't remember whether this was before or after I
6 left the company, but Portland General has a
7 mechanism now. It's considerably different from
8 that early experiment.

9 Q. Okay. Can you give me a summary of what
10 that first decoupling mechanism was like?

11 A. Yeah. It was at the time Portland General
12 had no power cost adjustment clause. So a lot of
13 the effort was how to do decoupling when fuel was
14 still very much a part of the rates and fuel
15 variability. So we ended up doing a two-year test
16 period to go with the two-year decoupling experiment
17 and then trued out to each month of that -- those
18 full two years.

19 So we did a revenue requirement for the
20 full two years. That's -- I'm sure there were other
21 nuances to it, but that's the gist of what I can
22 remember. It was difficult, given the company's
23 situation.

24 Q. And did you have a role in designing that
25 decoupling mechanism?

1 A. Yes. The commission ordered us to do a
2 collaborative to design it. So the staff of the
3 commission, all the usual parties were there. It
4 was not a company proposal, per se. It was what
5 came out of the collaborative, is what we ended up
6 going forward with.

7 Q. And then the -- after that went in and
8 some period of time passed, and they have a
9 decoupling mechanism that's in place today?

10 A. Yes.

11 Q. Can you give me a summary of what that
12 meant?

13 A. This is just my understanding. I would
14 direct you guys to the tariff to be sure. I believe
15 for residential and small commercial, so non-demand,
16 metered customers, it is a revenue per customer
17 mechanism. And then the larger customers are
18 handled totally different, and I'm not quite sure
19 what that is. I know it's completely separate and
20 apart.

21 Oregon is partially restructured. It is,
22 so those small customers, residential and the small
23 commercial, under 30 kW, I believe, have no ability
24 to choose. Above that, they step into pretty much
25 full choice, which gives rise to all kinds of

1 complications you guys probably don't want to know
2 about.

3 But it does make it possible, in people's
4 minds, to say we should treat this group differently
5 than those, the customers that are eligible to
6 choose, which a number have and then some have not.
7 Some have gone back and forth.

8 Q. For the decoupling mechanism that is
9 applicable to the --

10 A. Yeah.

11 Q. -- smaller customers, is there any kind of
12 formula rate plan or cost adjustment mechanism
13 involved with that decoupling piece?

14 A. Nothing that's tied to the decoupling
15 piece. The company has a power cost adjustment
16 clause and has for quite some time now, and I know
17 it's gone through changes since I left the company.

18 I believe there's probably some other
19 adjustment clauses, by and large, what I call full
20 reconciliation charges. So we're going to carve out
21 this cost, and we'll just track it and true it up to
22 what you actually experience. I don't know what the
23 list is at this point.

24 Q. Sure. But when you used the term "power
25 cost adjustment," is that dealing primarily with

1 fuel and purchase power?

2 **A. Yes.**

3 Q. Okay. So no formula or adjustment,
4 though, to pick up changes in the overall cost of
5 service during the decoupling periods?

6 **A. No. Those have never really been present**
7 **in the northwest.**

8 Q. All right. And so I understand, in 1997
9 you left PG&E to work for a software company. What
10 was your role with the software company?

11 **A. PGE. I was responsible roughly for**
12 **business development. This is Connex, which was a**
13 **spinoff from Puget Sound Energy. Puget had been**
14 **building a customer information system for some time**
15 **and also was on the verge of doing the first**
16 **generation of automatic meters through Cellnet, if**
17 **you remember that name. This is way back. They**
18 **spun those off to Connex with the idea of**
19 **developing services for the retail market that**
20 **looked like it was emerging in California at the**
21 **time, so '96.**

22 **The customer information system was not**
23 **done yet, and Connex reached an agreement with**
24 **Cellnet that Puget Sound promptly said, we'll just**
25 **enter into this directly with Cellnet, and took**

1 Connext out of it. But, nonetheless, I pursued
2 various arrangements with -- oh, gosh, I'm trying
3 to -- Siebel at the time, other companies that were
4 wandering around that nascent market for about a
5 really long year and a half.

6 Q. Is it fair to say the software company was
7 not focusing on decoupling?

8 A. No, nothing to do with that.

9 Q. And you returned to PGE in '01 and stayed
10 there until you started your consulting company in
11 '09?

12 A. Actually, I returned in 1999.

13 Q. Okay. Other than that decoupling
14 mechanism that they implemented in the 2000's that
15 we just got finished talking about that they have
16 today --

17 A. Yeah.

18 Q. -- any other work on decoupling for
19 PG&E --

20 A. PGE. It's so hard. No, not for PGE.

21 Q. You noted on your bio that you did some
22 executive cross-training from 2007 to 2008. Did
23 that have anything to do with decoupling or formula
24 rate plans?

25 A. No. I went over to the distribution side

1 of the company. Very fun.

2 Q. Then what was the scope of your duties
3 when you served as or went in as an executive loan
4 to NRDC?

5 A. Yes. NRDC had just started up an office
6 in the midwest in Chicago, and much of that year I
7 spent helping gather information on what was going
8 on in various of the midwest states so that they had
9 background.

10 I also did testimony in the Black Hills
11 Energy case on decoupling. NRDC was just at the
12 early start of their really big push to get
13 decoupling mechanisms in place, and Black Hills
14 Energy had proposed one. So my testimony supported
15 the company's proposal. It was a lot of sort of
16 just internal helping them understand utilities a
17 little bit better.

18 Q. Just because then was NRDC --

19 A. Yes.

20 Q. -- and not Black --

21 A. Yeah.

22 Q. -- Hills --

23 A. Yeah, yeah.

24 Q. Your client was NRDC?

25 A. Yes. Yes.

1 Q. But you supported Black Hills --

2 A. Yes.

3 Q. -- decoupling mechanism?

4 A. Yes, in Iowa.

5 Q. Do you recall whether that decoupling
6 mechanism had any kind of cost adjustment mechanism
7 as part of it?

8 A. I don't believe so. It was a gas -- gas
9 utility, and when I reviewed that testimony, I
10 didn't see anything about a cost adjustment.

11 Q. Gas companies are a little different
12 animals.

13 A. They are different.

14 Q. All right. I also saw on your bio EQ
15 Research. Are you an employee of EQ Research?

16 A. No. For several years we had a loose
17 arrangement, I would say, where if one of Keyes &
18 Fox clients was looking for an expert witness, they
19 would occasionally call me and we'd see if it was a
20 fit. And if I did that, it was billed under EQ
21 Research. They took care of all the billing for me
22 and for a percentage.

23 Q. I'm sorry. What's Keyes & Fox?

24 A. Keyes & Fox is the law firm. At that
25 point they owned EQ Research, as I understand it. I

1 think they have separated now. I'm not totally
2 sure.

3 Q. What type of organizations do Keyes & Fox
4 represent?

5 A. Mostly distributed generation companies,
6 solar companies, or organizations of such -- what is
7 it, that Interstate Renewable Energy, then a long
8 list of clients, most of whom I did not work for or
9 did no work for.

10 Q. In any of your work for EQ Research as a
11 witness, did you testify on decoupling matters?

12 A. No. I looked at it one time for Colorado
13 Public Service, the XCel Company in Colorado, but
14 ultimately did not do testimony.

15 Q. Any work on formula rate plans --

16 A. No.

17 Q. -- in your role with them? Shifting a
18 little bit to more specific on testifying
19 background --

20 A. Yes.

21 Q. -- have you ever represented as a witness
22 or as a lawyer a domestic utility company other than
23 PG&E?

24 A. No.

25 Q. Have you ever represented as a witness or

1 as a lawyer a utility commission or its staff in a
2 domestic regulatory proceeding?

3 **A. Not as a lawyer.**

4 Q. Not as a lawyer, okay. But you have
5 worked as a witness for a --

6 **A. No. I was a consultant for the Montana**
7 **Public Service Commission when they did -- they had**
8 **a redo of their integrated resource planning rules.**

9 Q. Was decoupling involved in the IRP there?

10 **A. No, it was not.**

11 Q. And you've never offered testimony in any
12 capacity in New Orleans, correct?

13 **A. No.**

14 Q. How about Louisiana?

15 **A. No.**

16 Q. Do you recall if you've ever recommended a
17 specific decoupling structure in a regulatory
18 proceeding that has been adopted in whole by a
19 regulator?

20 **A. I do not recall at this time. In Indiana**
21 **I know I put in testimony supporting the company's**
22 **proposal. I don't recall what happened.**

23 Q. Was that an electric case or gas case?

24 **A. Gas, I believe.**

25 Q. Do you have a recollection of the number

1 of times that you've offered a specific decoupling
2 mechanism in a proceeding on behalf of a client?

3 A. I think I gave you guys all the testimony
4 that I could find. So I think it was only three
5 cases for them, and then there were a couple of --
6 there was a one case that I was a witness in
7 opposing a lost revenue recovery mechanism, and one
8 where the decoupling mechanism was in place and
9 being used in a way that was about to cause serious
10 problems for everybody, including utility. That was
11 Consumers Energy.

12 Q. Which was the LRAM? Do you remember?
13 L-R-A-M?

14 A. That was Detroit Edison.

15 Q. Then you said you mentioned three cases
16 where you thought you recommended a decoupling
17 mechanism?

18 A. Yeah. That was the Black Hills Energy,
19 Ameren, A-M-E-R-E-N, Missouri, and Vectren,
20 V-E-C-T-R-E-N, Indiana.

21 Q. Were Ameren and/or Vectren electric or
22 gas?

23 A. Ameren, electric; Vectren, I think it's
24 gas.

25 Q. And for Ameren specifically then do you

1 recall if there was a cost of service adjustment
2 mechanism involved with that --

3 **A. I do not --**

4 **Q. -- structure?**

5 **A. -- recall.**

6 **Q. Moving on then to getting some timing**
7 **worked out, with respect to your representation in**
8 **this case, do you recall approximately when you were**
9 **first contacted about potentially being a witness in**
10 **this case, the New Orleans case?**

11 **A. January of this year.**

12 **Q. Okay. Do you know who contacted you?**

13 **A. Yes. Philip Henderson from NRDC.**

14 **Q. Who would you say is your client in this**
15 **case?**

16 **A. Alliance for Affordable Energy.**

17 **Q. Is that the only client that you think**
18 **that --**

19 **A. Yeah.**

20 **Q. Who is your client contact?**

21 **A. Logan.**

22 **Q. So is it safe to say you began researching**
23 **your testimony in January of this year?**

24 **A. Yes.**

25 **Q. What in your opinion is the scope of your**

1 engagement?

2 **A. The scope of my engagement was pretty**
3 **clear, was simply to understand the proposed**
4 **decoupling mechanism and, if necessary, recommending**
5 **any adjustments to that mechanism.**

6 Q. And do you consider the LCFC issue to be
7 part of decoupling?

8 **A. Yes. Yes.**

9 Q. When it came time to draft your testimony,
10 how did you determine what issues to address? In
11 other words, was it in your sole discretion or did
12 you have meetings with others to decide what you do?

13 **A. No. I would help locate the pieces of**
14 **testimony pertinent to the issues, spent a lot of**
15 **time with those, and began drafting. There were**
16 **no -- we had a couple telephone calls, but no**
17 **particular direction.**

18 Q. You were not directed by Mr. Henderson --

19 **A. No.**

20 Q. -- or Ms. Logan to address any specific
21 issue or come out in any specific way?

22 **A. (Shakes head.)**

23 Q. Other than Mr. Henderson -- and I'm sorry.
24 I've been calling you Ms. Logan -- Ms. Burke, did
25 you talk to anybody else in developing your

1 testimony?

2 **A. No.**

3 Q. Okay. You didn't talk to Mr. Barnes?

4 **A. Not about the contents of my testimony. I**
5 **became aware of what he was testifying to. There**
6 **were a few places where we overlapped. That was it.**
7 **He did not -- he did not advise me on decoupling.**

8 Q. Did you all review each other's drafts?

9 **A. I did see a draft of his, yes, and he saw**
10 **a draft of mine.**

11 Q. Did he provide you any comments on your
12 draft?

13 **A. Nothing substantive that I recall.**

14 Q. Same question, did you provide him any
15 comments on his testimony?

16 **A. Nothing substantive that I recall.**
17 **Clarity comments, you know, this could make better**
18 **sense sort of thing.**

19 Q. And what's your compensation arrangement
20 for this case? Hourly?

21 **A. Yes.**

22 Q. What's your current rate?

23 **A. \$200 an hour.**

24 Q. Are you working on any other consulting
25 engagement at this time?

1 A. I am not, though, actually, I haven't done
2 much under it, but Regulatory Assistance Project
3 contacted me also in January. They are updating the
4 decoupling study, the decoupling study, and I have
5 agreed to help them if they run into questions and
6 so forth along the way. But I haven't done really
7 anything for them yet, other than send them the
8 whole pile of materials that you guys got.

9 Q. That reminds me, though, with respect to
10 RAP, have you worked for them before?

11 A. No, I haven't. I believe when I did the
12 big study for NRDC, the second one, the 2012-'13, I
13 think RAP contributed, as did ACEEE. It was all
14 three of them, but I only interacted with NRDC on
15 it.

16 Q. You've never been hired as a consultant
17 for RAP on any case or project?

18 A. No.

19 Q. Beginning to focus a little bit more
20 specifically --

21 A. Yeah.

22 Q. -- on this case now --

23 A. Yeah.

24 Q. -- I know the answer to most of these
25 questions, just based on what we've talked about so

1 far --

2 **A. Okay.**

3 Q. -- but you didn't participate in the New
4 Orleans Council docket, UD 08-02, which was their
5 integrated resource planning docket. It started
6 several years ago?

7 **A. I did not.**

8 Q. Did you review the advisers' September 6,
9 2013, report on ENO's 2014 IRP filing -- did you
10 review the advisers' September 6, 2013, report on
11 ENO's, short for Entergy New Orleans, 2012 IRP
12 filing -- IRP stands for integrated resource plan --
13 in docket number UA -- UD-08-02 in conjunction with
14 your testimony in this rate case?

15 **A. No.**

16 Q. So suffice it to say then that you did not
17 review the RAP memorandum that was attached as
18 Appendix D to that report?

19 **A. I did not.**

20 Q. Did you review Council Resolution
21 R-13-363, dated October 10th, 2013, in docket
22 UD-08-02 in conjunction with your testimony here?

23 **A. There's only one. Let me locate it. All
24 right. What was that docket again?**

25 Q. That one is R-13-363.

1 **A. No.**

2 Q. I have doubts, but did you review any
3 participants' filings or comments made in response
4 to resolution R-13-363?

5 **A. I did not.**

6 Q. Do you recall if you reviewed the
7 advisers' July 14th, 2014, report on decoupling
8 filings made in response to R-13-363?

9 **A. No.**

10 Q. Do you recall if you read the Council
11 resolution R-14-511 dated, November 20th, 2014, from
12 docket UD-08-02?

13 **A. No.**

14 Q. And it's true that you did not participate
15 in any of the technical conferences that resulted
16 from R-14-511?

17 **A. I did not.**

18 Q. Did you have a chance to review any of the
19 participants' filings or comments made in response
20 to R-14-511?

21 **A. I did not.**

22 Q. Did you review the advisers' report
23 regarding issues related to decoupling, dated
24 February 10th, 2015, in conjunction with your
25 testimony?

1 **A. I did not.**

2 Q. Now, you did review Council resolution
3 R-16-103, dated April 7th, 2016?

4 **A. I did.**

5 Q. Okay. So since you did not participate in
6 UD-08-02, it's safe to say that you did not speak to
7 any of the participants in docket number UD-08-02
8 that you're aware of?

9 **A. Other than --**

10 MS. MILLER: The Alliance, of course,
11 was a participant in that.

12 Q. Do you recall did you talk to the Alliance
13 about that docket to gain any sense of the history
14 or what occurred in that time?

15 **A. I did have a conversation with the**
16 **Alliance for some general background of what was**
17 **going on in New Orleans. I do not remember**
18 **particular docket numbers we discussed.**

19 Q. Do you have any general sense of the time
20 period and the regulatory filings that occurred
21 leading up to R-16-103 from your communications with
22 the Alliance?

23 **A. Not from my communications with the**
24 **Alliance. The resolution does a pretty good job**
25 **covering the back and forth that occurred.**

1 Q. Did you review ENO's illustrative examples
2 of decoupling that were filed in UD-08-02 on
3 September 6, 2016?

4 A. I did not, no.

5 Q. Okay. And are you familiar with -- let me
6 say it this way. Do you have an understanding from
7 R-16-103 in paragraph thirteen that some examples
8 were supposed to be filed?

9 A. Yes.

10 Q. But you don't have a copy of them?

11 A. I do not. Yes.

12 Q. Do you have any understanding whether the
13 advisers of Council, New Orleans counsel, issued any
14 kind of comments or findings on those illustrative
15 examples?

16 A. I do not.

17 Q. Did you review any other testimony or
18 exhibits in connection with preparing your testimony
19 that we haven't discussed in this background, if you
20 can recall?

21 A. Any other testimony. I reviewed a few
22 select data requests and responses to data requests
23 that have been filed by other parties that related
24 the either to the LCFC or to the decoupling
25 mechanism. There weren't very many.

1 Q. That request in this current case?

2 A. **In this current case.**

3 Q. Not related to that prior --

4 A. **No.**

5 Q. -- docket? Have you prepared any reports
6 schedules or analysis supporting your testimony in
7 this case that have not at this point been provided
8 with your testimony or in response to the data
9 request?

10 A. **No.**

11 Q. And, generally, how did you prepare for
12 this deposition today?

13 A. **I read my report from 2012-'13. I read my
14 testimony, reviewed the resolution 16-103, the data
15 requests that I have responded to, and put together
16 testimony of the company that I had been addressing.**

17 Q. Did you have any meetings with the
18 Alliance or anybody else to discuss your deposition
19 today?

20 A. **We met briefly yesterday to talk about
21 depositions in general.**

22 Q. Let's move on to the testimony.

23 A. **Okay.**

24 MR. OLSON: Been forty minutes. Does
25 anyone --

1 THE WITNESS: I'm good.

2 Q. All right. I'm looking first at page
3 three, and it will be lines four through six.
4 Specifically, you say that ENO's proposed FRP, which
5 is formula rate plan, does NOT appear to provide a
6 decoupling mechanism either as the council ordered
7 or as decoupling is commonly understood. And then
8 my question is, well, first as far as compliance,
9 you're referring to R-16-103? Is that --

10 A. Yes, I am.

11 Q. -- correct? If so, then when I read
12 through your testimony and what I didn't see is any
13 specific testimony specifically identifying where
14 the company's proposal does not comply with
15 R-16-103. Is that accurate, as far as you know?

16 A. I don't recall every word of my testimony,
17 but the primary piece that I am struggling to
18 understand, and I don't believe is there, is a
19 reconciliation of the actual revenues for a given
20 period to the prior year's revenues for a given
21 period and then recovery of that difference or
22 return of that difference, either way. That's --
23 the Council's resolution separates that off. That's
24 number nine.

25 The first -- item one of the resolution

1 does appear to be what's filed, but I could not
2 locate where the reconciliation was happening.

3 Q. I didn't -- so is it -- are you saying
4 that the company's proposal does not comply, you
5 think, with paragraph nine?

6 A. Yes.

7 Q. Okay.

8 A. Yes. I believe in the testimony I talked
9 about it in terms of the reconciliation not clearly
10 happening.

11 Q. Were there any other paragraphs of
12 R-16-103 that you can recall that you don't believe
13 the company's proposal complied with?

14 A. Upon review for this deposition, I am
15 unsure what is happening with weather normalization
16 because I do not understand weather normalization in
17 the context of the formula rate plan. So I would
18 say that's a new question mark in my mind.

19 Q. Have you read the advisers' testimony that
20 was filed in this case in February of 2019?

21 A. Only selected portions of it.

22 Q. Do you have an understanding of whether
23 the advisers took the position on whether New
24 Orleans' proposal complies with R-16-103?

25 A. My understanding of Victor Perp's

1 testimony was that they were in agreement with your
2 proposal. They did not explain your proposal,
3 however.

4 Q. All right. Then moving down to lines
5 eleven through twelve, you say that you're
6 recommending three changes to conform ENO's proposal
7 to a standard decoupling mechanism. And my first
8 question is, there you're not recommending those
9 changes to conform ENO's proposal to R16-103, right?

10 A. No.

11 Q. Give you our exhibit, Depo Exhibit 1.

12
13 (Exhibit 1 was marked for identification.)
14

15 Q. I'm going to try and walk you through this
16 a little bit, and then --

17 A. Thank you.

18 Q. -- ask you some questions about your
19 testimony to see if it helps us -- helps me
20 understand what you're proposing. So the columns on
21 the left side of the page, what we've done there is
22 essentially a summary of Phil Gillam's Exhibit
23 PBG-8, which you discussed in your testimony --

24 A. Yeah.

25 Q. -- and this is essentially the company's

1 proposal as comes through PBG-8 and --

2 **A. May I ask a question?**

3 Q. Sure.

4 **A. Is the actual revenue weather adjusted?**

5 Q. I'm not able to answer that question --

6 **A. Okay.**

7 Q. -- and I don't know.

8 **A. Okay.**

9 Q. But, structurally, what --

10 **A. Structurally, this is what is in PG --**

11 Q. Yeah, and right, so what we're looking at
12 is the actual revenues compared to the test year
13 adjusted revenues, assuming that --

14 **A. Yes.**

15 Q. -- and the test year adjusted revenues
16 assume that there was a three million dollar FRP
17 increase indicated by the FRP model. That make
18 sense?

19 **A. Yes. That's -- yeah.**

20 Q. And you understood that from going
21 through -- and we're just talking about residential
22 class in this --

23 **A. Okay, right.**

24 Q. -- whole exhibit.

25 **A. Right.**

1 Q. And then so keeping the numbers tied to
2 PBG-8, if you move over to the right-hand side, the
3 top portion there, steps one, two, three is what
4 we've put together to illustrate, I think, what
5 you're saying on pages seventeen through eighteen of
6 your testimony. And I'll walk you that --

7 A. Okay.

8 Q. -- in the column. So in step one what
9 we've done there is break out the customer charge
10 component --

11 A. Yeah.

12 Q. -- from step A from PBG-8.

13 A. Yes.

14 Q. And that's --

15 A. The thirty-three million. I see that.

16 Q. Okay. So, and otherwise the energy -- the
17 variable energy stays the same, and then we believe
18 what you're saying, okay, then is that you take
19 that, because those were the outcomes of this rate
20 case, okay, and then you have your actual revenue
21 from the test year, which again came from PBG-8, but
22 for decoupling all you're looking at are the energy
23 fixed charges, so line six minus line two, and that
24 resulting 1704 would be the decoupling revenue
25 requirement, if you want to say it that way. Does

1 that --

2 A. I did not take a position on the variable
3 energy. I didn't completely understand what that
4 was supposed to be. Is it -- it's not fuel, but I
5 wasn't clear what it was and whether it varied with
6 energy or not. If it does not vary with energy, I'm
7 fine with it being included in the decoupling
8 mechanism. It simply, I was not familiar with that
9 presentation and that separation of costs.

10 Q. But -- well, let's just assume for
11 purposes of this illustration that the variable
12 energy piece is -- is a cost that does vary with
13 energy use.

14 A. Okay.

15 Q. In other words, if there's no kilowatt
16 hours produced, there's no cost associated with --

17 A. Okay.

18 Q. So in that case you would prefer to keep
19 it out of the decoupling, right?

20 A. Yes.

21 Q. And so given that setup -- again, we're
22 not agreeing with the numbers --

23 A. Right.

24 Q. -- or anything, but the general framework,
25 does that --

1 **A. The general framework --**

2 Q. -- seem to appear consistent with what --
3 does that appear consistent with what you're
4 recommending for decoupling?

5 **A. Yes.**

6 Q. And your recommendation for decoupling,
7 this steps one through three, that would occur no
8 matter what, right, regardless of whether there was
9 an FRP adjustment or anything else?

10 **A. Can I ask a question about number five,
11 which is the adjusted revenue requirement?**

12 Q. You can, but I haven't --

13 **A. Okay.**

14 Q. -- got there yet.

15 **A. Okay. Sorry.**

16 Q. I'm just still trying to focus on your
17 piece.

18 **A. But I will say the calculations are
19 correct, but I need to understand what is gone into
20 that adjusted revenue requirement.**

21 Q. You're on the FRP stuff, right?

22 **A. Yeah.**

23 Q. This part is going to be fascinating on
24 the record.

25 **A. Yeah. Hard way to do it.**

1 Q. Yeah. Focusing just on steps one through
2 three --

3 A. I'm with you.

4 Q. -- I want to stay there for right now --
5 this would be the decoupling structure, and your
6 recommendation would be this decoupling would occur
7 every year regardless of an FRP?

8 A. Yes.

9 Q. And --

10 A. There would not be a dead band that
11 would -- the FRP would operate on costs --

12 Q. Okay.

13 A. -- if the council approved it.

14 Q. Okay. So then let's move into steps five
15 through seven, and I'll try and explain what's being
16 represented here. And I think at the end of the day
17 we're just trying to see if your -- how this fits
18 into your understanding of how an FRP might work
19 with decoupling.

20 So step five there, that is the same
21 adjusted revenue requirement for test year that we
22 have in step C for PBG-8. In other words, that's
23 what results if you run the FRP analysis and you
24 have a three million dollar deficit that, after
25 running through the FRP model, results in about 3.1

1 million dollars to the residential class.

2 And what we have then done for the FRP
3 portion of that is compared those adjusted revenues
4 to the target revenues resulting from this rate case
5 to try and capture that differential on the cost
6 piece, moving around.

7 A. And we run up against where I had
8 problems, which is I don't understand everything
9 that goes into the adjusted revenue requirement for
10 the evaluation period in the formula rate plan.

11 Q. Let me -- in general, though, would it be
12 safe to say that this essential two-step process is
13 what you have in mind by saying that decoupling can
14 work with the formula rate plan?

15 A. Based on what I know now, I suspect,
16 subject to somebody much more familiar figuring it
17 out, that you could take, once the decoupling
18 adjustment was calculated and you have that
19 difference, use -- you assume you're either going to
20 return that or you're going to recover it, and then
21 you use the level of revenues as if that's already
22 happened, because it's going to happen. You
23 probably book it for doing the rest of the formula
24 rate plan, so that you've taken care of the
25 difference of revenues, and you're using the

1 decoupled revenue amount for running the rest of the
2 formula rate plan.

3 Q. That's --

4 A. I know.

5 Q. Well, maybe let's try and tie it up this
6 way. One thing, before I start back here --

7 A. Yeah.

8 Q. -- if you do this formula rate plan as a
9 second step, so to speak --

10 A. Yeah.

11 Q. -- do you have an objection of the dead
12 band applied to that, if it was, you know, without
13 the -- if it was within the dead band, you wouldn't
14 do the second stuff, essentially?

15 A. I don't have a position on that. I made
16 an observation about the dead band, but it sounds
17 like what people are used to, so.

18 Q. I mean, and that's largely what we're --

19 A. Yeah.

20 Q. -- hoping to confirm, is that you've got a
21 two-step process in mind, but I think --

22 A. Yes.

23 Q. -- somewhat to --

24 A. Yes.

25 Q. -- to do with -- we've still got some

1 ground to cover here with respect to the second
2 stuff and trying to understand that. But I've got
3 some questions.

4 **A. Yes.**

5 Q. I'll get to that.

6 **A. If I could attempt a clarifying statement,**
7 **it is that, generally speaking, whether you do it**
8 **all in the same tariff or not, I'd like to see the**
9 **revenue decoupling pulled out, done first, and then**
10 **take care of your costs.**

11 Q. Right. So you're not opposed to an
12 adjustment for the costs; it's just you got to do
13 decoupling first?

14 **A. Yes.**

15 Q. And our discussion is taking care of some
16 of this, so let me --

17 **A. Yeah, take your time.**

18 THE WITNESS: Might be a good time
19 for a break?

20
21 (Recess from 9:54 a.m. to 10:07 a.m.)

22
23 MR. OLSON: Can anybody on the line
24 hear us?

25 Q. All right. If you would turn to page

1 twenty-three -- question twenty-three, page twenty.
2 You said that, for the purposes -- I'm sorry. "For
3 the proposed FRP's purposes of updating ENO's costs
4 and calculating a new revenue requirement, all of
5 its calculations involving revenue could use the
6 following."

7 And then the first one is the book
8 evaluation period, or EP, revenues for those revenue
9 categories that are outside the decoupling
10 mechanism. And could you give an example of what
11 those revenues are that are outside the decoupling
12 mechanism?

13 A. The customer charges, the minimal bill
14 amounts, and then I was -- I think earlier on I
15 suggested that any adjustment clause that is
16 essentially a true-up to the actual amount would not
17 need to go through decoupling because the company's
18 only going to recover that actual amount of the
19 cost.

20 My brief review of the advisers, I
21 understand they're going in a different direction,
22 which I will say I do not fully understand. I -- I
23 would take those out and simplify this to the extent
24 possible.

25 Q. When you say minimum bills, can you give

1 me an example of what you mean by the minimum bill?

2 **A. All the demand charge schedules have a**
3 **minimum bill, rather than a customer charge. So**
4 **regard -- there's demands operating on a ratchet,**
5 **and basically the minimum bill is that, regardless**
6 **what their demand is during the month, you will pay**
7 **at least this month -- this much. It's fixed. It's**
8 **just done as a minimum bill, and -- yeah.**

9 Q. Okay. And so what we would do with
10 that -- that minimum part that doesn't vary on a
11 demand basis, kind of looking back at our ENO 1 up
12 in step one, you would either include that with the
13 customer component --

14 **A. Yes.**

15 Q. -- another --

16 **A. Yes.**

17 Q. -- but either way that would --

18 **A. Yes.**

19 Q. -- not be included --

20 **A. Yes.**

21 Q. -- in line three?

22 **A. Yes.**

23 Q. Then the next bullet point says, "The post
24 decoupling calculations for those EP revenue
25 categories that are subject to the decoupling

1 mechanism." So what revenues are those?

2 A. So what you've run through the decoupling
3 mechanism then are the revenues that were driven by
4 energy but are for fixed costs --

5 Q. Okay.

6 A. -- which I assume you would figure out
7 through the allocations. And there my thought was
8 you could use the post decoupled with the amount
9 as -- for the evaluation period revenues. So you
10 would -- you would first make the decoupling
11 calculation, as you've shown, and then use that.

12 If you reduced it because it was higher
13 and you're going to give that money back, you could
14 use -- you would use that reduced level of revenues.
15 If you increased it because you were going to get
16 money back the following year, then you would use
17 that increased level. So the post decoupled revenue
18 is what you would use for the evaluation period as
19 you then continue to do all the other steps in the
20 formula rate plan.

21 Q. So if I'm following, if we looked at, you
22 know, step C on PBG-8, would you reduce that
23 adjusted test year revenue amount by the decoupling
24 piece? Is that what you're saying?

25 A. In this example, I believe it's going to

1 be a surcharge, so you would add that in. The
2 company is going to get that revenue, so that would
3 become part of the actual revenues that it is
4 getting and, I mean, presumably booking for the
5 appropriate year.

6 Q. I see. So you're using the decoupling
7 amount sort of as an adjustment to the adjusted test
8 year --

9 A. Yes.

10 Q. -- revenue amount for your --

11 A. To the actual revenue for the evaluation.

12 Q. I see. Okay. So in this example, would
13 we add 1.7 million to the 1.9 million in B?

14 A. Yes.

15 Q. Would you agree that excluding the
16 customer charge in the minimum bill portion of the
17 demand-driven bills is inconsistent with paragraph
18 six of R-16-103 and what the advisers are
19 recommending?

20 A. Yes.

21 Q. And I think that's the second parameter
22 that you discuss in your testimony --

23 A. Yes.

24 Q. -- about what you would --

25 A. Yes.

1 Q. -- use to adjust R-16-103? This is one
2 you're tired of hearing about, but how does
3 excluding the customer charge revenues from the
4 decoupling maintain some degree of financial risk
5 for the utility?

6 A. Those revenues are going to vary based on
7 the number of accounts on a given rate schedule.
8 That's the driver of that piece because if it --
9 whether it's a minimum bill or customer charge, if
10 you send out the bill, you get it back. So the
11 utility remains subject to variations in those
12 amounts. People move out. The space is vacant for
13 a couple months. You're not going to get the
14 customer charge for those months.

15 All of that's very difficult to -- some of
16 it will be captured in the forecasted billing
17 determinants, but forecasts are always wrong, so
18 there is risk associated with those. But it's not
19 risk that varies based on how much energy people are
20 using. It's really only occupancy of existing
21 meters or occupancy behind existing meters or and/or
22 new meters.

23 Some states have made a specific new
24 customer adjustment to -- you know, to figure out
25 their revenues that are decoupled from. I think

1 this is a simpler way, but it would -- if unusual
2 circumstances were going on, you might want to do
3 something some other way to get at -- think costs
4 that are driven by number of customers.

5 Q. I guess maybe the little more fundamental
6 question is, why does the utility need to maintain
7 some degree of financial risk if you're doing
8 decoupling?

9 A. So decoupling addresses only revenue,
10 first of all. It still remains risk around --
11 utilities all keep their risks around costs, risk of
12 upsides, downsides. So decoupling is only targeting
13 a really specific portion. It's a tool. It's not a
14 complete answer.

15 Actually, you know, in the 1980s, Public
16 Service New Mexico had a total true-up every year to
17 their complete cost of service. That didn't last
18 very long. It's the only one I'm aware of.

19 So the utility is still at risk. It's at
20 risk for all of the usual things around prudence of
21 costs, around used and useful nature of rate base,
22 and in this case around the -- it -- between the
23 test year and what actually happens, how well it's
24 been able to either forecast or in this case the
25 historical and make adjustments to the number of

1 accounts of each type it expects to have in the
2 system. That's -- it's a usual regulatory formula
3 risk.

4 Q. Back on page three of your testimony and
5 at line seventeen through nineteen, you -- you're
6 saying that your decoupling mechanism will not
7 operate on revenues collected under tariffs and
8 riders that are subject to full reconciliation, and
9 just -- and my -- I guess, my first question is your
10 understanding of ENO's proposal is that it does
11 include those riders, right?

12 A. Yes.

13 Q. And then you understand or you would agree
14 that your recommendation is not consistent with
15 R-16-103 in that respect as well, right?

16 A. Yes.

17 Q. And that's the first parameter that you
18 discuss in your testimony --

19 A. Yes.

20 Q. -- about what you would change --

21 A. Yeah.

22 Q. -- to R-16-103?

23 A. Yes.

24 Q. Then on page three, lines twenty through
25 twenty-three, you recommend that ENO clarify that

1 the comparison is between the most recent approved
2 revenues and the actual revenues allocated to rate
3 classes/schedules per approved allocation factors
4 and not to a calculation of required allocated
5 revenues and includes this change -- changes in
6 costs during the decoupling period.

7 And what we're trying to understand is, in
8 an FRP environment what forms the most recent
9 approved revenues? What's your baseline?

10 A. So there is where I hit a point I could
11 not resolve at 3:00 in the morning one day. When
12 the formula rate plan makes all the adjustments to
13 the evaluation period, normalizes it, pro formas it,
14 all of that goes on, and it's -- you're outside the
15 dead band, so you're going to make a rate
16 adjustment, does that become essentially the new
17 test period?

18 And when the adjustment is approved, is
19 the commission approving the new test period? If
20 so, and it would seem to me that's the case because
21 you're getting a rate adjustment, so new essentially
22 approved revenues. In that case if these two are
23 operating, if decoupling is operating hand in hand
24 going forward the next year, the decoupling
25 mechanism would use those revenues that came out of

1 the formula rate plans.

2 If the formula rate plan did not trigger
3 because it was within the dead band, I think then
4 the only choice is to go back and use the prior --
5 whatever prior period there was.

6 Q. That makes sense. And then so I've got an
7 example, just to make sure I'm --

8 A. Yeah.

9 Q. -- thinking about it right.

10 A. Yeah.

11 Q. Let's first assume it operates the way
12 that you've described --

13 A. Okay.

14 Q. -- and let's assume that the first FRP
15 test year is 2019. So we roll into 2020, and that's
16 where we're going to make our first FRP and
17 decoupling adjustments. And we'll assume you're
18 using your schedule where you make a decoupling
19 adjustment first. But for purposes of that
20 decoupling adjustment, would you compare your 2019
21 actual revenues to the 2017 baseline established in
22 this rate case in that first, you know, adjustment
23 period?

24 A. You would compare to the revenues that are
25 the basis of the rates.

1 Q. Right. And then in this case --

2 A. So --

3 Q. -- would that be --

4 A. -- to the revenue requirement essentially.

5 So if that's period one or period two or some
6 combination, which isn't clear to me, then -- but it
7 would be the decoupling almost always operates out
8 of what came out of some kind of rate case. It
9 doesn't have to have been a full blown rate case.
10 It could be something like a formula rate plan or a
11 K factor or some other way that the revenue
12 requirement is updated. That's what you are
13 decoupling to.

14 Q. And you're agnostic at this point about
15 whether that would be period one or period two
16 because you're not real sure about how that works?

17 A. No.

18 Q. And then in the next year, though, 2021,
19 you would use the updated adjusted FRP revenues from
20 2019 compared to your 2020 actuals in --

21 A. Yeah.

22 Q. -- making the decoupling adjustment?

23 A. Yes.

24 Q. Covered a lot of this stuff. We talked a
25 minute ago about the two parameters you would adjust

1 R-16-103. In your mind, if you -- the Council made
2 those adjustments, would it reflect standard
3 decoupling, as you propose it?

4 A. It would reflect a clear decoupling, one
5 that is easy to understand. Based on my review of
6 my report, it's difficult to say there's a standard
7 out there, and, of course, I've lost track. I
8 haven't looked at what's happened since 2013 to now.
9 But it would be certainly one of the simplest
10 applications and easiest to understand applications
11 of decoupling that exist.

12 Q. I'm sorry. So if you made those two
13 adjustments --

14 A. Yeah.

15 Q. -- you described to R-16-103, but
16 otherwise follow R-16-103, that would be, in your
17 mind, an example of standard-ish decoupling?

18 A. Yes. I think that's about all you can
19 say, standard-ish decoupling.

20 Q. I mean, I --

21 A. Satisfying -- when I think of standard,
22 I'm thinking of satisfying what the intent is you're
23 trying to accomplish, which is to remove that link
24 between energy-driven costs and revenues so that the
25 revenues are to the extent fixed for rate design

1 reasons. The Council, the company want to recover
2 fixed costs through an energy-driven billing
3 determinant that does not affect its financial
4 results.

5 Q. I think we talked about this earlier, but
6 in your review of Gillam's PBG-8, I think you said
7 your opinion was that it violates paragraph nine of
8 R-16-103?

9 A. It was not clear to me really what all was
10 going on in 8 because where the numbers came from
11 was not explained. I think someone would need to
12 understand in detail how the formula rate plan works
13 with the revenues and all the costs. But I could
14 not find in that example or in the tariff where
15 there was this, what I consider the true-up piece of
16 decoupling, where the revenues got brought up to or
17 down to the last approved level of those revenues.

18 Q. On page -- Q20 on page seventeen, you use
19 the, "term regulatory nature in question."

20 A. I'm sorry?

21 Q. Q20, the question, "Does the example in
22 ENO Exhibit PBG-8 clarify for you the regulatory
23 nature of the current or proposed FRP?" What does
24 the term, "regulatory nature," mean there?

25 A. How it works in -- in the context of the

1 **regulatory formula.**

2 Q. The concepts you were just explaining to
3 me?

4 **A. Yes.**

5 Q. Couple of questions about some data
6 request responses.

7 **A. Yeah.**

8 MR. OLSON: Anybody need them?

9 MS. MILLER: Yes, please.

10 MR. OLSON: Logan?

11 MS. BURKE: Yes. Thank you very
12 much.

13 THE WITNESS: I didn't need to run my
14 printer.

15 Q. I was looking at ENO data request 3-1. It
16 mentions that eleven of twenty-two utilities have an
17 attrition adjustment. I wondered if you could
18 explain what an attrition adjustment is.

19 **A. That is some way to deal with cost changes**
20 **during the period being covered by the decoupled**
21 **revenues.**

22 Q. Okay. And then you mentioned that you
23 thought -- you mentioned at the very end of that
24 response, you say, "It's likely that the cost
25 portion of ENO's formula rate plan would generally

1 fit within this category." What do you mean by the
2 cost portion of the FRP?

3 A. So because the formula rate plan works off
4 of a calculated ROE, it's got revenues and costs in
5 there. Most of these attrition adjustments have
6 only dealt with the cost side. They don't involve
7 calculations of return on equity. They simply are
8 either the -- some automatic inflation minus
9 productivity adjustment to fixed costs, or they are
10 selective updates to fixed costs or something like
11 that. But they're cost only. That's -- that's what
12 I meant by the cost portion. If -- if the formula
13 rate plan only worked off of costs, it would be like
14 these.

15 Q. Okay. Do you agree that a common source
16 of increasing costs to serve customers is
17 infrastructure improvement?

18 A. In recent years, yes, and -- and I'm
19 thinking then of distribution and transmission
20 infrastructure. Generation has always been a source
21 of --

22 Q. Sure.

23 A. Well, as long as I've been working in this
24 field, it's been a source of increasing cost. But
25 over the last decade or two, distribution,

1 **infrastructure improvement, and transmission**
2 **improvement have also been very much drivers.**

3 Q. You just took care of three additional
4 questions. Did you have a chance to look at ENO's
5 cap ex forecast in this case?

6 **A. I did not.**

7 Q. Do you have an understanding through any
8 portion of the case of their intent with regard to
9 distribution upgrades?

10 **A. I -- I read quickly the portion of some**
11 **testimony about the distribution and the grid**
12 **improvement plan, which is like very many other**
13 **utilities looking to either -- and I'm aware the**
14 **company is going to do automated metering**
15 **infrastructure, EMI, and all of the things that go**
16 **with that meter database. I know it's complex.**

17 Q. Would you agree, in general, that without,
18 you know, some kind of cost adjustment mechanism to
19 compensate for fairly significant infrastructure
20 improvements and distribution and transmission,
21 that, everything else equal, that utility would not
22 likely have an opportunity to recover its revenue
23 requirement associated with the turn on
24 significantly increasing investments over the year?

25 **A. I would say that the tools are all there**

1 and have been used by utilities. A rate case every
2 year, adjustment clauses, trackers of various sorts,
3 utilities kind of make use of all of those, and I
4 don't know the New Orleans situation well enough to
5 say which one.

6 Q. Fair enough. I was just saying in
7 general, not New Orleans specific. Assuming that
8 those various cost adjustment mechanisms weren't
9 available for whatever reason, the remedy is to file
10 a case --

11 A. Yes.

12 Q. -- rate cost if your costs --

13 A. Yes.

14 Q. -- are increasing that much?

15 A. Yes. I would agree with that.

16 Q. You know, in your experience are yearly
17 rate cases favored by utilities?

18 A. In recent years they seem to have been.
19 We -- the industry went through a long period where
20 every five years, sometimes even much longer, and
21 I'm talking here about the nineteen -- mid 1980s
22 through the nineties, there were long spells with no
23 rate cases. Then the -- starting about 2004 or
24 five, the number has crept up, till now there have
25 been so many rate cases, it's crazy. It goes

1 through cycles, I believe.

2 Q. And do you think that there are benefits
3 to cost adjustment mechanisms to avoid serial rate
4 cases?

5 A. It really depends on the circumstances.
6 During my years with PGE, we went both through a
7 period where it was five years between rate cases.
8 The downside of those is that people forgot where
9 you were and you had to rebuild a lot of foundation.
10 Also, waiting a long time between rate cases usually
11 meant you had a larger increase than you would have
12 had if you did it more frequently.

13 The company, PGE again, had to do a fair
14 number of rate cases in quick succession around the
15 turn of the century for a variety of reasons. It
16 got easier the more we went on because the baseline
17 was already there. Then there was a dry spell.

18 And since I've left the company, they, for
19 a number of years, did a rate case every year. They
20 were adding a lot of wind-powered generation. So
21 it's all the circumstances. It's hard to say which
22 is better. They have pluses and minuses both ways.

23 Q. Assuming in this case the Council did not
24 approve a formula rate plan, would you be opposed to
25 some kind of attrition adjustment in the decoupling

1 mechanism, if it went that way, to compensate for
2 increasing costs?

3 **A. Without spending any time on it, I think I**
4 **would be agnostic. I have no opinion based on my**
5 **report. I would say some do and some don't.**

6 Q. Look at page twelve, lines one through
7 two, please. There you say that, "With decoupling,
8 utilities and the rating agencies and financial
9 analysts have assurance that changes in energy use
10 or levels of demand will not harm utilities'
11 finances." Are you suggesting in any way that ENO's
12 credit ratings might improve if the Council were to
13 approve your decoupling recommendation?

14 **A. I'm not. There are too many other**
15 **variables.**

16 Q. Do you have any -- an opinion on whether a
17 formula rate plan can accomplish a similar purpose
18 with respect to credit risk?

19 **A. Based on my experience in dealing with**
20 **credit rating agencies, once they understood the**
21 **plan, I would expect them to react favorably.**

22 Q. A formula rate plan?

23 **A. Yes. Rating agencies generally like**
24 **things that update the costs, assuming costs are**
25 **going up. They don't like it if they update costs**

1 **that are going down.**

2 Q. To be clear, you're not offering any
3 opinion on return of equity in this case?

4 **A. No.**

5 Q. You're not offering an opinion on cost of
6 capital in this case?

7 **A. I am not.**

8 MR. OLSON: I'd like to take about a
9 five-minute break real quick to talk with Andrew,
10 because I think we're almost done with that piece.

11

12 (Recess from 10:42 a.m. to 10:53 a.m.)

13

14 Q. We're going to continue moving along here.
15 Moving on to the energy efficiency and demand-side
16 management topics, I will use the term "demand-side
17 management" to include both energy efficiency and
18 demand response, if that's all right.

19 Would you agree that in order to encourage
20 demand-side management, there's three primary
21 elements that need to be addressed these days, first
22 being recovery of reasonable DSM program costs?

23 **A. Yes.**

24 Q. Second, recovery of lost revenues
25 resulting from reductions in energy sales

1 attributable to the utility DSM measures?

2 **A. Yes, with a strong preference to do that**
3 **through decoupling.**

4 Q. Sure. And utility incentives to promote
5 DSM?

6 **A. Yes.**

7 Q. You would agree that without some kind of
8 recovery mechanism, effective energy efficiency
9 programs will negatively impact utility's ability to
10 recover its authorized revenue requirement?

11 **A. Yes.**

12 Q. Would you agree that, particularly in the
13 short term, utilities' fixed costs do not increase
14 reductions in consumption?

15 **A. Yes.**

16 Q. You would agree, as a general principle,
17 that a regulated utility should have a reasonable
18 opportunity to meet its revenue requirement?

19 **A. Yes.**

20 Q. And you would agree that regulators have
21 to allow the utility the opportunity to earn a
22 reasonable rate of return on their investments,
23 right?

24 **A. Yes, subject to hope and all the other**
25 **standard --**

1 Q. Or pursuant to hope and other standards --

2 A. Yes. Yes.

3 Q. -- perhaps another way to put it? Do you
4 agree that utilities -- regulated utilities should
5 be able to recover their actual lost revenues
6 associated with energy efficiency programs?

7 A. I would not agree as phrased. I -- the
8 difficulty is with so many things, utility is lost.
9 What is lost? And in my mind that's the key essence
10 of why decoupling, because is a kilowatt hour sale
11 lost to energy efficiency actually not lost because
12 there was another kilowatt hour somewhere else?

13 I know generally I resist these, but
14 personal experience, I had insulation put in. Did I
15 save kilowatt hours? I'm not sure. I would never
16 know. Did I use more heating because I put in the
17 insulation? Did I decide I would be more
18 comfortable? Those issues all get into it, and I --

19 Q. Hm-hmm.

20 A. -- I've found over the years it's just a
21 much harder, longer slog to demonstrate to
22 regulatory satisfaction that a kilowatt hour that
23 would have been consumed was not consumed because of
24 an energy efficiency measure. With decoupling, you
25 don't have to go through those slogs.

1 Q. Regardless of the mechanism, you would
2 agree that making utilities whole for lost revenues
3 associated with successful energy efficiency
4 programs removes potential disincentives for
5 utilities to participate and promote energy
6 efficiency programs?

7 **A. Yes.**

8 Q. Ask the question first, and then if we
9 want to go back and look, we'll do that. We may
10 have to, but on page four you say that, "LCFC is
11 unnecessary if the Council adopts the standard
12 decoupling proposal for ENO," and later, on page
13 twenty-two, you say, "If the Council adopts this
14 recommendation, ENO should also eliminate the LCFC
15 mechanism from its DSM CR rider."

16 Would you agree that if the Council does
17 not adopt decoupling, that LCFC or some form of LRAM
18 would be appropriate to address lost revenues
19 attributable to DSM?

20 **A. I could never recommend an LRAM for the**
21 **reasons I went into in my testimony and in the data**
22 **request responses. They are so problematic.**
23 **Minimum requirements would include everything I**
24 **wrote in the testimony about you would have to**
25 **true-up for evaluations. You would have to do**

1 measurement evaluations to weight and true-up that.
2 Could not bill anything until you got through that
3 step. The timing would have to be done according to
4 when the savings actually came in. Is it better
5 than nothing? Yes, better than nothing.

6 Q. I think that's essentially the question.

7 A. Yes, I'm sorry. It's just -- it's hard to
8 answer that with a yes or no.

9 Q. I appreciate it's not your favorite --

10 A. Yeah.

11 Q. -- mechanism for tackling --

12 A. No.

13 Q. -- this issue. Do you agree that, even
14 with decoupling as you propose it, there is still
15 some lag between the time that energy efficiency
16 measures are implemented and cause the reduction to
17 sales and the time that the utility is able to
18 recover those revenues in the updated rates?

19 A. There's a lag in the actual transfer of
20 the dollars. My belief is that there is a way, with
21 how the Council approves the tariff, that the
22 utility can book the -- their accruing for the
23 decoupling mechanism monthly, say, and can book --
24 either be booking the refund or booking the
25 surcharge as it's appearing throughout the year.

1 Then, of course, you're going to reconcile
2 it all, and you're going to have the -- the rate
3 adjustment that returns a refund or charges the
4 surcharge. But I believe with a decoupling
5 mechanism, unlike lost revenue recovery, that you
6 actually can make the accounting work so you can
7 keep everything in the year it belongs in. That's
8 my recollection from what we were able to do at
9 Portland General.

10 Q. And is that -- would you effect that
11 monthly type accrual through some tariff language?

12 A. I -- I think it is accounting only because
13 the -- the nuance that would take a tariff is
14 probably whether you were going to do carrying
15 charges on that amount, which I believe we did that
16 at Portland General. But as I went through the
17 report, it looks like it kind of -- states are all
18 over the place. Some do it. Some don't. Carrying
19 charges on decoupling are all over the place.

20 Q. What's your position on carrying charge
21 adjustments on that --

22 A. I would do it. I would do it, as it goes
23 both ways. Without looking at Entergy New Orleans'
24 annual load shape, by and large for electric
25 utilities you're going to largely balance out over a

1 year. There may be months you would be booking, oh,
2 it looks like a surcharge this month. Ah, now it's
3 switched over, looks like we might have a refund.

4 That -- it may be somewhat different
5 because of the summer loading. So in the northwest
6 we have winter load and summer load. But, anyway,
7 regardless, it has always seemed to me, why not do
8 carrying charges as long as they go both ways? It's
9 time value of money.

10 MR. OLSON: You two are aligned on
11 that.

12 MR. OWENS: How is that?

13 MR. OLSON: Time value of money.

14 Q. In your work with PG&E, can you think of
15 other -- did you ever support testimony advocating
16 for rate-making mechanisms that reduce regulatory
17 lag?

18 A. Certainly power cost adjustment clauses.

19 Q. And what was the rationale for -- how did
20 you argue it was important to reduce the regulatory
21 lag to the commissioners there?

22 A. The biggest issue for PGE with power costs
23 was the variability of hydro, a lot of hydroelectric
24 resources, where water was way different from one
25 year to the next and impossible to forecast what

1 that was going to be. If there wasn't much water,
2 power costs were going to be higher.

3 I don't recall what arguments I or the
4 company would have made about lag associated with
5 that, other than really basic, this is large and we
6 can't absorb it within the year. It would really
7 move financial results around. Bad year, we're
8 going to -- even if it turned around later, you're
9 off, always off.

10 Q. If you would move to your Exhibit 3, page
11 five, there are some bullet points there on page
12 five explaining what this paper --

13 A. Hm-hmm.

14 Q. -- appears to purport as other critical
15 policies that lead to maximum energy efficiency
16 success. The third one there says, "Providing
17 performance-based shareholder incentives for
18 investor-owned utilities to award energy efficiency
19 and insure that investments in cost-effective energy
20 efficiency opportunities are at least as attractive
21 over time as alternative investments in generation
22 and infrastructure." Do you agree that that is a
23 critical policy for promoting effective energy
24 efficiency?

25 A. Yes, it certainly has been. Many states

1 have done such performance incentives.

2 Q. And would you agree that truly aligning a
3 utility's interest and its customers' interests with
4 respect to cost-effective energy efficiency requires
5 that the utility have an opportunity to do as well
6 financially, whether it supplies additional
7 electricity to a customer or helps that customer
8 reduce electricity consumption?

9 A. Yes, with the -- the observations noted
10 that I made in my testimony, that demand-side
11 resources, we may call them that, they are not the
12 same as generating resources. Utility is not
13 responsible for O&M. Utility is not responsible for
14 operation. Utility is not at risk for ongoing
15 maintenance or operation or capital additions.

16 So in some respects I think the
17 demand-side resources are better. On the other
18 hand, they pose the difficulties of measurement,
19 evaluation, and verification, and are -- you have to
20 convince somebody to do them. You can't just plan
21 it on paper, go raise the money, and build the
22 plant.

23 So while I understand and generally
24 support the idea that, yes, they should be on a
25 level playing field, a phrase I always hated, I

1 resist calling them the same and letting that drive
2 anything. I prefer to think in terms of what makes
3 sense here, what makes this interesting, what
4 touches the bases in terms of what a utility needs
5 to do to maintain its financial support and
6 interest, what will help all stakeholders be
7 comfortable with the utility engaging in this role,
8 which was a much bigger issue twenty years ago than
9 now because it's just become expected: Of course
10 utilities will do energy efficiency. But a blanket,
11 oh, we should be treated the same doesn't work for
12 me.

13 Q. Okay. Maybe this is another way of
14 putting what you just said. Do you agree that the
15 utility DSM incentive should provide an earnings
16 opportunity at least as good as those associated
17 with new investment in tangible utility property?

18 A. Consistent with what I just said, yes. So
19 you would have to tell me exactly. So the earnings
20 opportunity associated with new generation, if we're
21 talking about the 1980s, that was not very good. If
22 we're talking about more recently, it's been better.
23 Generation always has had -- before integrated
24 resource planning, was much riskier than it is now.

25 You didn't have buy-in on the plans to do

1 a big plant. Energy efficiency, usually you'll buy
2 in before you spend the money. I apologize. I just
3 think they are -- it's way too simplistic to go to a
4 "they should be comparable" place. They should be
5 treated in --

6 Q. Roughly comparable, is that --

7 A. **Roughly comparable, recognizing their**
8 **differences.**

9 Q. Okay. Final section --

10 A. **Okay.**

11 Q. -- page eleven of your testimony. On line
12 eleven you performed a calculation representing that
13 ENO's proposed fixed customer charge exceeds twelve
14 percent of ENO's total proposed revenue requirement.
15 Are you offering any opinion on whether ENO's rate
16 design is based on cost causation?

17 A. **I am not offering an opinion on class cost**
18 **of service studies.**

19 Q. Assuming that the proposed residential
20 fixed charge is the result of a cost-based rate
21 design, is it your opinion that rates should be
22 structured to recover most of the revenues through
23 volumetric charges, regardless of whether the rate
24 design is based on cost causation?

25 A. **I have serious reservations about the**

1 validity of class cost of service studies. I spent
2 a long time with those a couple years ago, doing
3 a -- an article that's way too long to be read,
4 digging back through Bonbright and the other gurus
5 of class cost of service studies. The judgment
6 calls that have to be made in those to me make them
7 pretty much useless for rate design in particular;
8 maybe on a gross level for allocating the costs
9 among rate schedules because you have to do that and
10 it's nice to have some basis to do it.

11 But for rate design, I -- I think other
12 factors are much more important, including the
13 effect on all of the accounts that are in a
14 particular rate schedule and residential, because
15 it's always been treated as a monolith, you can't
16 recognize those differences. And as I read the
17 company's testimony, you're beginning to look at
18 that there are differences among people.

19 So among residential accounts in
20 particular, rate design can get you part of the way
21 there, but over time we're going to have to figure
22 out a better way to do this because it -- it won't
23 be fair to anybody, and I don't believe allocated
24 costs are the answer that tell you it's fair.

25 Q. And with that, is it your opinion that

1 leaving residential rates on volumetric basis should
2 be a primary factor in considering a rate design?

3 A. I think volumetric -- leaving a large
4 chunk volumetric has several benefits: Familiarity,
5 not that most people could tell you what their rate
6 is, because they can't, but it is a familiar rate
7 design. It does provide better circumstances for
8 convincing somebody to adopt an energy efficiency
9 measure because you can show them that they're going
10 to save something, you hope.

11 So I think it has some benefits for now.
12 Long term, I'm not sure what utilities will do, but
13 it's -- for now, it has more benefits than drawbacks
14 in my mind.

15 Q. Would you agree that if rate design is not
16 cost based, however, there could create subsidies
17 between rate classes?

18 A. You cannot conclude there's a subsidy
19 unless you trust the numbers that you're drawing
20 that conclusion from. All accounts people behave
21 differently, and is one subsidizing another? We
22 have decided, as a country, to sort of socialize
23 electricity provision. We do it through utilities.
24 You are going to have that. People -- some people
25 are going to pay more than they would pay if they

1 provided themselves; some less.

2 But the theory has been that everybody is
3 better off and paying less because we have
4 socialized this whole thing. I don't find
5 compelling handwringing about subsidies going from
6 one class to another. I know large industrials love
7 to go there.

8 Q. In structuring a rate design, is it your
9 opinion that promoting energy efficiency or
10 conservation should be a high priority in designing
11 the rates?

12 A. I would support that, simply because I
13 believe there is yet a lot of improvement. Whether
14 it's going to happen through utility programs or
15 not, I don't know, but that the ways we use -- we
16 apply energy to accomplish things is still pretty
17 energy heavy and that I generally like the idea that
18 you signal that.

19 And, again, I think for people that don't
20 know their rate and don't follow -- even follow
21 their bills very closely, maintaining some kind of
22 connection -- oh, it costs more if I use more; it
23 costs less if I use less -- I think has --
24 intuitively makes sense. And it helps lay a
25 foundation for, okay, somebody could work with you,

1 provide a service that helps you manage how you use
2 energy to achieve what you want to achieve.

3 Q. Do you think you could accomplish similar
4 results through rebates and low interest financing
5 and those types of programs versus encouraging it
6 through volumetric charges, it being energy
7 efficiency?

8 A. I think the best way ultimately or a
9 successful way to help people improve the efficiency
10 with which they apply energy is going to be a
11 service that provides that energy in terms of a
12 decision they make. So I decide to -- the decisions
13 I make are, do I turn on the lights or not, do I
14 adjust my heating and cooling or not. If my energy
15 was part of that, then I could manage it -- manage
16 my decision in consideration of the energy outcome.

17 The way we structured this environment for
18 now, where you have a commodity fuel, natural gas or
19 electricity, then you have all these decisions about
20 what equipment I buy and then I have use decisions,
21 it's very difficult for anybody to make sense of
22 that. Rebates just kind of get in there and make it
23 a little more complicated and probably help move
24 some people; others not.

25 But, ultimately, we're going to need to

1 step back from the pieces and, I think, put them
2 together in different ways to get a different
3 result. It's the old, "You keep doing what you've
4 been doing, you will keep getting what you've got."
5 And I see rebates and offers as just, it's just a --
6 it's an incremental thing within the way they're
7 structured because that's all you can do right now.
8 It's structured this way, so we have to -- the best
9 you can do is offer, here's a coupon for, now, an
10 LED light bulb, used to be for compact fluorescents.

11 That's what we can do, except for in the
12 commercial market you're starting to see some
13 lighting as a service, kind of like software is a
14 service. That's very interesting. Maybe they will
15 make its way slowly out of the commercial market
16 into other markets as well. That's where all the
17 pieces are getting put together. What's the amount
18 of lighting you want? I will figure out the energy
19 supply. You figure out your lighting because that's
20 what you care about.

21 MR. OWENS: Couple minutes?

22 MR. OLSON: Sure.

23
24 (Recess from 11:21 a.m. to 11:28 a.m.)
25

1 MR. OLSON: We're back on the record,
2 and this concludes my questions for today, but we
3 will reserve the right to continue the deposition
4 upon further testimony, if any, is filed in this
5 case. Thank you.

6 MS. MILLER: Thank you. I have no
7 redirect. Send it to me, and I'll get it to her,
8 and we'll get it turned around as soon as possible.

9 (Deposition concluded at 11:29 a.m.)

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DEPOSITION SIGNATURE PAGE
BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS
Docket No. UD-18-07

APPLICATION OF ENTERGY NEW)
ORLEANS, LLC, FOR A CHANGE IN)
ELECTRIC AND GAS RATES)
PURSUANT TO COUNCIL RESOLUTION)
R-15-194 AND R-17-504 AND FOR)
RELATED RELIEF. _)

DECLARATION UNDER PENALTY OF PERJURY

I declare under penalty of perjury that I
have read the entire transcript of my deposition
taken in the above-captioned matter, or the same has
been read to me, and the same is true and accurate,
save and except for changes and/or corrections, if
any, as indicated by me on the DEPOSITION ERRATA
SHEET hereof, with the understanding that I offer
these changes as if still under oath.

Signed on the ____ day of _____, 2019.

PAMELA MORGAN

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DEPOSITION ERRATA SHEET

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SIGNATURE:_____DATE:_____

WITNESS

CERTIFICATE OF REPORTER

1
2 STATE OF ARIZONA)
3 COUNTY OF PIMA) ss:
4

5 I, NANCY P. RICHMOND, a certified reporter
6 in the State of Arizona, do hereby certify that the
7 foregoing deposition was taken before me in the
8 County of Pima, State of Arizona; that an oath or
9 affirmation was duly administered by me to the
10 witness, PAMELA MORGAN, pursuant to A.R.S.
11 41-324(B); that the questions propounded to the
12 witness and the answers of the witness thereto were
13 taken down by me in shorthand and thereafter reduced
14 to typewriting; that the transcript is a full, true,
15 and accurate record of the proceeding, all done to
16 the best of my skill and ability; that the
17 preparation, production and distribution of the
18 transcript and copies of the transcript comply with
19 the Arizona Revised Statutes and in ACJA
20 7-206(F)(3); ACJA 7-206(J)(1)(g)(1) and (2); and
21 ACJA 7-206(J)(3)(b).

22 The witness herein, PAMELA MORGAN,
23 reserved review and signature.

24 I FURTHER CERTIFY that I am in no way
25 related to any of the parties nor am I in any way
interested in the outcome hereof.

IN WITNESS WHEREOF, I have set my hand in
my office in the County of Pima, State of Arizona,
this 15th day of March, 2019.

Nancy P. Richmond

NANCY P. RICHMOND, RPR,
CR NO. 50864

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Deposition of Pamela Morgan
Application of Energy of New Orleans, LLC

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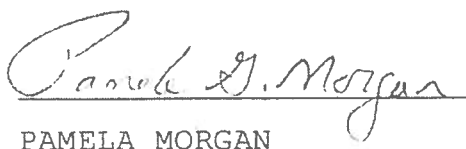
DEPOSITION SIGNATURE PAGE
BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS
Docket No. UD-18-07

APPLICATION OF ENTERGY NEW)
ORLEANS, LLC, FOR A CHANGE IN)
ELECTRIC AND GAS RATES)
PURSUANT TO COUNCIL RESOLUTION)
R-15-194 AND R-17-504 AND FOR)
RELATED RELIEF. _)

DECLARATION UNDER PENALTY OF PERJURY

I declare under penalty of perjury that I
have read the entire transcript of my deposition
taken in the above-captioned matter, or the same has
been read to me, and the same is true and accurate,
save and except for changes and/or corrections, if
any, as indicated by me on the DEPOSITION ERRATA
SHEET hereof, with the understanding that I offer
these changes as if still under oath.

Signed on the 1st day of April, 2019.


PAMELA MORGAN

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DEPOSITION ERRATA SHEET

Page No. 22 Line No. 4 Change to: "Recommending" should be
"Recommend"

Reason for change: Incorrect tense

Page No. 22 Line No. 13-17 Change to: "I would help locating"
should be "I received help locating"

Reason for change: Incorrect sentence

Page No. 46 Line No. 10 Change to: "remains" should be
"maintains"

Reason for change: Incorrect word

Page No. 55 Line No. 15 Change to: "EMI" should be "AMI"

Reason for change: Incorrect word

Page No. Line No. Change to: Throughout document
"PG&E should be "PGE"

Reason for change: Incorrect abbreviation

Page No. Line No. Change to: Throughout document
"Connex" should be "ConneXt"

Reason for change: Incorrect spelling

Page No. Line No. Change to:

Reason for change:

SIGNATURE: Pamela Schwartz DATE: April 1, 2019

WITNESS

Summary of Decoupling Within the FRP Using Exhibit PBG-8

Step	Description	Component	Residential	%	Line
A	Target Revenue Per Outcome of Rate Case	Fixed	\$190,794,569	99.52%	1
		Variable	\$918,065	0.48%	2
		Total	\$191,712,634	100.00%	3
B	Actual Revenue in TY	Fixed	\$189,090,136	99.52%	4
		Variable	\$909,864	0.48%	5
		Total	\$190,000,000	100.00%	6
C	Adjusted Revenue Requirement for TY per FRP Result	Fixed	\$192,131,114	99.52%	7
		Variable	\$924,496	0.48%	8
		Total	\$193,055,611	100.00%	9
D	Calculate Total Revenue Deficiency (Excess)	Fixed (Ln 7 - Ln 4)	\$3,040,978	99.52%	10
		Variable (Ln 8 - Ln 5)	\$14,633	0.48%	11
		Total (Ln 9 - Ln 6)	\$3,055,611	100.00%	12
E Calculate FRP % (Ln 12 / Ln 6)			1.6082%		

Notes:

For Illustrative Purposes Only

Sources are Exhibit PBG-8, Myra Talkington Workpaper AA-2, and Alliance Witness P. Morgan Direct Testimony

No increase in residential customer count occurs during TY (i.e., stays at 181,500)

Total revenue requirement increase per FRP is assumed to be \$3m

Alliance Witness P. Morgan Decoupling Methodology Using Exhibit PBG-8

Step	Description	Component	Residential	%	Line
1	Target Revenue Per Outcome of Rate Case	Customer	\$33,824,340	17.64%	1
		Energy (Fixed)	\$156,970,229	81.88%	2
		Energy (Var.)	\$918,065	0.48%	3
		Total	\$191,712,634	100.00%	4
2	Actual Revenue in TY	Customer	\$33,824,340	17.80%	5
		Energy (Fixed)	\$155,265,796	81.72%	6
		Energy (Var.)	\$909,864	0.48%	7
		Total	\$190,000,000	100.00%	8
3	Calculate Decoupling Revenue Deficiency (Excess)	Energy (Fixed) (Ln 6 - Ln 2)	\$1,704,433		10
		4 Calculate Decoupling % (Ln 10 / Ln 8)			0.8971%
5	Adjusted Revenue Requirement for TY per FRP Result	Customer	\$33,824,340	17.52%	11
		Energy (Fixed)	\$158,306,774	82.00%	12
		Energy (Var.)	\$924,496	0.48%	13
		Total	\$193,055,611	100.00%	14
6	Calculate Revenue Deficiency (Excess)	Customer (Ln 11 - Ln 5)	\$0	0.00%	15
		Energy (Fixed) (Ln 12 - Ln 2)	\$1,336,545	99.52%	16
		Energy (Var.) (Ln 13 - Ln 3)	\$6,431	0.48%	17
		Total	\$1,342,977	100.00%	18
7 Calculate FRP % (Ln 18 / Ln 8)			0.7068%		

EX: 1 DATE 3/14/19
 WITNESS: *Nancy P. Richmond*
 NANCY P. RICHMOND, RPR