

Henderson Ridge Consulting, Inc.

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February 15, 2017

Louisiana Public Service Commission
Brandon Frey/Kathleen Richardson
Executive Counsel
602 North Fifth Street (Galvez Building)
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

**Re: RFP No. 17-01 – Docket No. U-34320
Application of Entergy Louisiana, LLC for Approval to Implement a
Permanent Advanced Metering System and Request for Cost Recovery and
Related Relief**

Dear Kathleen and Brandon:

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission's ("LPSC" or "the Commission") January 26, 2017 Request For Proposals ("RFP") for independent technical consultants to assist the Commission in reviewing all issues related to the evaluation of Entergy Louisiana, LLC's ("ELL", "the Company", or "Entergy") filing seeking approval to implement a permanent Advanced Metering System ("AMS") and related cost recovery.

Henderson Ridge Consulting has extensive experience with the AMS pilot programs implemented by LPSC-jurisdictional utilities, including those of Entergy, as well as the Advanced Metering Infrastructure ("AMI") deployed by investor-owned utilities and electric distribution cooperatives. The Commission retained our firm in 2012 to conduct a survey of the AMS programs in place throughout the State of Louisiana and the plans of utilities and municipalities to deploy AMI throughout their service areas. We also reviewed the breadth of AMI deployment throughout the nation as part of our survey. In addition to conducting that assessment, Henderson Ridge Consulting has evaluated the

applications of Louisiana distribution electric cooperatives seeking the Commission's approval to deploy AMI.

Scope of Representation

The RFP defines certain areas of examination that the consultant retained by the Commission shall pursue in the review and analysis of the Company's AMI filing, including: (A) whether the proposed AMI investment and AMS program costs are reasonable and prudent; (B) whether the costs are appropriate and eligible for recovery under the Commission's General Order in Docket No. R-29213, Subdocket A (the "AMS/DR General Order"); and (C) whether a cost-benefit analysis suggests that the proposed AMI and AMS programs have economic merit. The RFP is flexible in the sense that the issues to be examined may be broadened as deemed necessary once the consultant begins the evaluation.

Proposed Work Plan of Henderson Ridge Consulting

The Commission's AMS/DR General Order will provide guidance for the evaluation of ELL's filing. We will also refer to other Commission Orders that may have relevance to the Company's Application in this proceeding, including prior orders that approved the implementation of AMS pilot programs and AMI deployment for other LPSC-jurisdictional utilities.

The Company's filing is extensive and supported by the prefiled testimony of seven witnesses. We have developed a work plan that will evaluate whether the costs for which the Company seeks recovery are reasonable and prudent. We will also confirm that the Company's proposed AMS programs and AMI deployment comply with each requirement of the AMS/DR General Order. Our work plan will include the following procedures:

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- Examine documentation provided by the Company in support of the proposed AMI deployment, AMS programs, cost recovery, and other related relief;
- Prepare formal discovery and review the Company's responses;
- Review each requirement of the Commission's General Order and confirm ELL's compliance with those requirements;
- Conduct on-site fieldwork, if necessary, to observe the functionality of the AMI live;
- Review AMI/Smart Grid deployment of other major investor-owned utilities;
- Review AMI/Smart Grid trends and determine whether Entergy's proposal is consistent;
- Assess whether the AMI protocols adequately address customer proprietary information concerns;
- Assess the extent of cyber-security measures implemented to protect the AMI;
- Develop fair and reasonable cost recovery should the Company's proposal be in compliance with the Commission's General Order and cost-benefit analyses support implementation;
- Respond to ELL's request for any other regulatory approvals associated with the proposed AMS programs and AMI deployment;
- Prepare prefiled testimony;
- Stand cross examination at Commission hearings;
- Attend Business and Executive Session;
- Assist Staff counsel in the drafting of motions, briefs, and orders; and
- Provide general support services to Staff throughout the engagement.

Experience of Henderson Ridge Consulting

Henderson Ridge Consulting has been retained by the Louisiana Public Service Commission over the years to assist Staff in numerous dockets covering the myriad

requests, issues, and audits of utilities under its jurisdiction. These engagements have involved investor-owned electric utilities and those organized as cooperatives, telecommunications carriers, local gas distribution companies, and water and wastewater utilities.

As mentioned earlier, our firm is experienced with AMS programs and AMI deployment, including proceedings that required an evaluation of whether the utilities' proposals complied with the Commission's AMS/DR General Order. We have reviewed municipalities' and utilities' AMI deployment efforts since 2012. Many of these investments were funded by federal grants received under the American Restoration and Recovery Act of 2009. We have also reviewed the filings of Louisiana distribution electric cooperatives seeking the Commission's approval of AMI deployment; primarily for reduced operating expenses rather than introduce specific AMS programs. A firm resume that provides greater detail on our experience has been attached to our proposal.

Minimum Requirements

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of electric utilities, local gas distribution companies, telecommunications carriers, and water and sewer companies under the jurisdiction of the Louisiana Public Service Commission. This experience has been applied for the purpose of setting just and reasonable rates in the recovery of costs from ratepayers. With respect to the Minimum Requirements of this Commission RFP, we have specific experience in the requirements for electric utilities seeking to deploy AMI and implement AMS programs and are very familiar with the provisions of the AMS/DR General Order.

Henderson Ridge Consulting has reviewed the list of minimum requirements identified in Section III of the Commission's RFP. Our firm is experienced with each of

the minimum requirements and can readily satisfy this group of professional standards that the Commission expects of its expert consultants.

Estimate of Cost

Henderson Ridge Consulting anticipates that the evaluation of ELL's Application will require professional services totaling \$66,960.00 based upon an hourly rate of \$135 for Debbie Barta and \$150 for William Barta. Travel-related expenses are anticipated to be \$1,500.00 for a total budget of \$68,460.00.

Conflict of Interest

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

I appreciate the opportunity to respond to the RFP and to continue our relationship with the Commission and its Staff.

Sincerely,

William Barta
Principal