



Control Number: 56718



Item Number: 20

DOCKET NO. 56718

RECEIVED
2024 JUN 13 PM 03:59
PUBLIC UTILITY COMMISSION
OF TEXAS

**APPLICATION OF ENTERGY TEXAS,
INC. FOR A DISTRIBUTION COST
RECOVERY FACTOR** §
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

ORDER

This Order addresses the application of Entergy Texas, Inc. for a distribution cost recovery factor (DCRF) and tariff under PURA¹ § 36.210 and 16 Texas Administrative Code (TAC) § 25.243. Entergy Texas’s DCRF will increase its Texas distribution revenue requirement by approximately \$40.3 million, after adjusting for load growth. The Commission establishes Entergy Texas’s DCRF to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Entergy Texas is a Texas corporation registered with the Texas secretary of state under filing number 800911623.
2. Entergy Texas owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.
3. Entergy Texas holds certificate of convenience and necessity number 30076 to provide service to the public.

Application

4. On June 28, 2024, Entergy Texas filed an application for its DCRF with the Commission.
5. This is Entergy Texas’s first DCRF proceeding since its last base-rate proceeding, Docket No. 53719.²

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

² *Application of Entergy Texas, Inc. for Authority to Change Rates*, Docket No. 53719, Order (Aug. 24, 2023).

6. The Commission set Entergy Texas’s DCRF baseline values in its last base-rate proceeding, Docket No. 53719.
7. In its application in this docket, Entergy Texas requested approval of a DCRF based on the period of January 1, 2022, through March 31, 2024.
8. In its application, Entergy Texas requested approval of a DCRF based on an annual revenue requirement of \$40,298,669, after adjusting for load growth.
9. In its application, Entergy Texas stated that, from January 1, 2022, through March 31, 2024, it had invested approximately \$543.6 million in gross distribution-related capital booked in Federal Energy Regulatory Commission (FERC) accounts 303, 352, 353, 360 through 374, 391, and 397.
10. In its application, Entergy Texas requested the following DCRF rates:

Rate Class Description	Requested DCRF Rates by Class Kilowatt-hour (kWh) Kilowatt (kW)
Residential Service	\$0.003740 per kWh
Small General Service	\$0.002955 per kWh
General Service	\$0.774 per kW
Large General Service	\$0.767 per kW
Large Industrial Power Service	\$0.049 per kW
Lighting	\$0.015854 per kWh

11. Entergy Texas’s proposed DCRF will affect all of Entergy Texas’s retail electric customers.
12. In the earnings monitoring report included in its application, Entergy Texas demonstrated that it is not earning more than its authorized rate of return using weather-normalized data.
13. Entergy Texas does not have a comprehensive base-rate proceeding pending before the Commission.
14. In its application, Entergy Texas used the DCRF baseline values and 6.61% rate of return approved by the Commission in Docket No. 53719.

15. The application included an affidavit by Mario Contreras, manager of regulatory affairs for Entergy Texas, and direct testimonies of Chris E. Barrilleaux, senior manager of regulatory filings for Entergy Services, LLC; Jace R. Carlock, senior manager, operations and construction for Entergy Texas; and Kristen Sasser, manager of revenue forecasting and analysis for Entergy Services. The affidavit and testimonies collectively demonstrate Entergy Texas's compliance with the DCRF recovery standards.
16. No party filed a motion to find the application materially deficient within 30 days after service of notice was completed, and the administrative law judge (ALJ) did not file an order concluding that material deficiencies exist in the application.
17. In Order No. 3 filed on July 26, 2024, the ALJ found the application administratively complete.

Notice of the Application

18. On June 28, 2024, Entergy Texas provided notice of the application to all parties of record in Entergy Texas's last comprehensive base-rate proceeding, Docket No. 53719, and to all parties of record in Entergy Texas's last DCRF proceeding, Docket No. 52457.³
19. On July 2, 2024, Entergy Texas filed the affidavit of Panagiotis Papadakis, paralegal for Entergy Services, attesting to the provision of notice as described above.
20. In Order No. 3 filed on July 26, 2024, the ALJ found Entergy Texas's notice sufficient.

Intervenors

21. In Order No. 2 filed on July 15, 2024, the ALJ granted the motion to intervene filed by the cities of Anahuac, Beaumont, Bridge City, Cleveland, Conroe, Dayton, Groves, Houston, Liberty, Navasota, Nederland, Oak Ridge North, Orange, Panorama Village, Pine Forest, Pinehurst, Port Arthur, Port Neches, Shenandoah, Silsbee, Sour Lake, Splendor, Vidor, West Orange, and Willis (collectively, Cities).
22. In Order No. 4 filed on July 29, 2024, the ALJ granted the motion to intervene filed by Texas Industrial Energy Consumers (TIEC).

³ *Application of Entergy Texas, Inc to Amend Its Distribution Cost Recovery Factor*, Docket No. 52457, Order (Mar. 14, 2022).

Testimony

23. In the application filed on June 28, 2024, Entergy Texas filed the direct testimonies of Chris E. Barrilleaux, Jace R. Carlock, and Kristen Sasser.
24. On August 2, 2024, Commission Staff filed its recommendation on final disposition, and included memoranda from Roshan Pokhrel, James Onyeneke, and Dylan Love.

Evidentiary Record

25. In Order No. 5 filed on August 13, 2024, the ALJ admitted the following into the evidentiary record:
 - a. Entergy Texas's application and confidential attachments, including the direct testimonies and exhibits of Chris E. Barrilleaux, Jace R. Carlock, and Kristin Sasser, filed on June 28, 2024;
 - b. Entergy Texas's proof of notice filed on July 2, 2024;
 - c. Commission Staff's recommendation on the administrative completeness and sufficiency of notice filed on July 19, 2024;
 - d. Commission Staff's supplemental recommendation on the administrative completeness of the application filed on July 23, 2024; and
 - e. Commission Staff's recommendation on final disposition and attached memoranda of Roshan Pokhrel, James Onyeneke, and Dylan Love filed on August 2, 2024.

Jurisdictional Deadline

26. In Order No. 5 filed on August 13, 2024, the ALJ extended, by 15 days, the deadline to enter a final order on the DCRF application.

Load Growth Adjustment

27. Entergy Texas properly applied the formula contained in 16 TAC § 25.243(d)(1) when calculating the appropriate load growth adjustment.

Final Rates

28. It is appropriate for the Commission to approve the rates proposed in Entergy Texas's June 28, 2024 application.

29. The factor used to allocate invested capital costs to each rate class in calculating the DCRF is the same allocation factor approved in Docket No. 53719.
30. The rate-class billing determinants used in calculating the DCRF are weather-normalized and reflect Entergy Texas's number of customers as of March 31, 2024.
31. The DCRF does not include any indirect corporate costs or capitalized operations and maintenance costs.

Informal Disposition

32. More than 15 days have passed since completion of the notice provided in this docket.
33. The only parties to this proceeding are Entergy Texas, TIEC, Cities, and Commission Staff.
34. No party requested a hearing, and no hearing is necessary.
35. Commission Staff recommended approval of the application.
36. The decision is not adverse to any party.

Good Cause Exception

37. It is appropriate to consider Entergy Texas's application at the earliest open meeting available; therefore, good cause exists to waive the requirement in 16 TAC § 22.35(b)(2) that a proposed order be served on the parties at least 20 days before the Commission is scheduled to consider the proposed order at an open meeting.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Entergy Texas is a public utility as defined in PURA § 11.004(1) and an electric utility as defined in PURA § 31.002(6).
2. The Commission has authority over this matter under PURA §§ 14.001, 32.001, 33.002, and 36.210.
3. The Commission processed this docket in accordance with the requirements of PURA, the Administrative Procedure Act,⁴ and Commission rules.

⁴ Tex. Gov't Code §§ 2001.001–.903.

4. Entergy Texas is eligible to file this application for a DCRF under PURA § 36.210(d) and 16 TAC § 25.243(c)(1)(C).
5. Entergy Texas provided notice of the application using a reasonable method in compliance with 16 TAC § 25.243(e)(2).
6. The application was deemed sufficient under 16 TAC § 25.243(e)(6)(A).
7. The basis for Entergy Texas's DCRF application was changes in invested capital under PURA § 36.053 that are categorized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks under PURA § 36.210(a) and 16 TAC § 25.243(b)(3).
8. The rates approved in this Order are just and reasonable under PURA § 36.003(a).
9. In accordance with PURA § 36.003(b), the rates approved in this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of customer.
10. The rates approved in this Order establish Entergy Texas's overall revenue at a level that will provide the utility a reasonable opportunity to earn a reasonable return as required by PURA § 36.051.
11. The rates approved in this Order were calculated in compliance with 16 TAC § 25.243(d).
12. The rate of return used to calculate the DCRF complies with 16 TAC § 25.243(d)(2).
13. Entergy Texas's DCRF complies with PURA § 36.210 and 16 TAC § 25.243.
14. Entergy Texas's DCRF takes into account changes in the number of Entergy Texas's customers and the effects, on a weather-normalized basis, that energy consumption and energy demand have on the amount of revenue recovered through Entergy Texas's base rates in accordance with PURA § 36.210(a)(2) and 16 TAC § 25.243(d)(1).
15. Entergy Texas's DCRF is consistent with the manner in which costs for distribution invested capital were allocated to each rate class in Docket No. 53719 in accordance with PURA § 36.210(a)(3) and 16 TAC § 25.243(d)(1).

16. Because it operates outside the ERCOT power region and is not an unbundled electric utility, Entergy Texas is not obligated to comply with the notice requirements in PURA § 36.210(b)(2).
17. Under PURA § 33.023(b), Entergy Texas is required to reimburse the governing bodies of the municipalities that participated in this proceeding for their reasonable and necessary rate-case expenses to the extent the Commission determines is reasonable.
18. This proceeding meets the requirements for informal disposition in 16 TAC § 22.35.
19. Under PURA § 36.210, a DCRF proceeding is a periodic rate adjustment, not a rate change. The opportunity for a hearing will occur in Entergy Texas's next base-rate proceeding, not in this proceeding.
20. There is good cause under 16 TAC § 22.5(b) to grant an exception to the 20-day notice requirement in 16 TAC § 22.35(b)(2).

III. Ordering Paragraphs

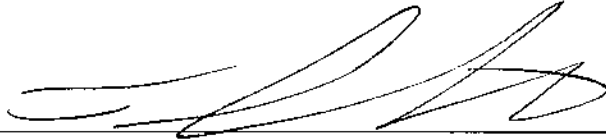
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission establishes Entergy Texas's DCRF to the extent provided in this Order.
2. The Commission approves the DCRF tariff schedule attached as attachment B to the application filed on June 28, 2024, effective on bills issued on and after the first billing cycle for the month following this Order.
3. The Commission authorizes Entergy Texas to request recovery of its own and any participating municipality's rate-case expenses incurred in this proceeding either in a future rate-case proceeding or through a separate surcharge, subject to a final determination by the Commission as to the reasonableness and necessity of those expenses.
4. The Commission makes no determinations in this proceeding regarding the reasonableness of participating municipalities' or Entergy Texas's rate-case expenses incurred in this proceeding. The Commission will make determinations regarding the reasonableness of those expenses in a future docket.

5. The Commission grants a good-cause exception under 16 TAC § 22.5(b) to the requirement in 16 TAC § 22.35(b)(2) that a proposed order be served on all parties no less than 20 days before the Commission is scheduled to consider the application in open meeting.
6. Within ten days of the date of this Order, Entergy Texas must provide the Commission with a clean copy of the DCRF tariff schedules approved by this Order to be stamped *Approved* and retained by Central Records.
7. The Commission is not determining in this Order whether investments recovered through the DCRF comply with PURA or are prudent, reasonable, and necessary. The Commission will make such determinations in Entergy Texas's DCRF reconciliation under 16 TAC § 25.243(f).
8. The Commission denies all other motions and any other requests for general or specific relief that are not expressly granted.

Signed at Austin, Texas on the 12th day of September 2024.

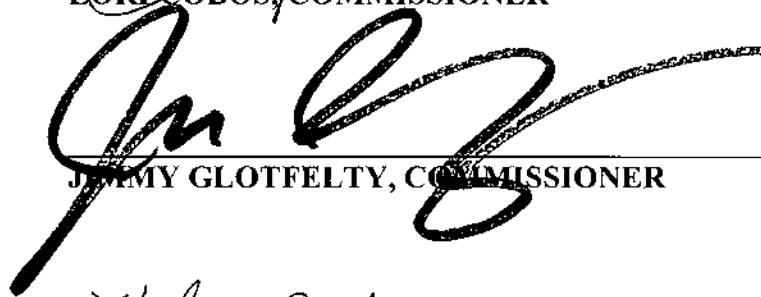
PUBLIC UTILITY COMMISSION OF TEXAS



THOMAS J. GLEESON, CHAIRMAN



LORI COBOS, COMMISSIONER



JEREMY GLOTFELTY, COMMISSIONER



KATHLEEN JACKSON, COMMISSIONER