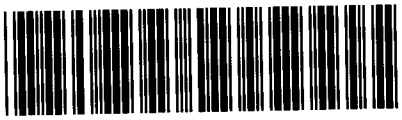


Control Number: 41718

Item Number: 2

Addendum StartPage: 0

STANDARD APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR A PROPOSED TRANSMISSION LINE

AND

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR A PROPOSED TRANSMISSION LINE PURSUAT TO P.U.C. SUBST. R. 25.174

DOCKET NO. 41718

Submit seven (7) copies of the application and all attachments supporting the application. If the application is being filed pursuant to P.U.C. Subst. R. 25.101(b)(3)(D) or P.U.C. Subst. R. 25.174, include in the application all direct testimony. The application and other necessary documents shall be submitted to:

Public Utility Commission of Texas
Attn: Filing Clerk
1701 N. Congress Ave.
Austin, Texas 78711-3326

1. **Applicant (Utility) Name: Entergy Texas, Inc.**

Certificate Number: 30076

Street Address: 919 Congress Avenue, Suite 840, Austin, TX 78701

Mailing Address: 919 Congress Avenue, Suite 840, Austin, TX 78701

2. **Please identify all entities that will hold an ownership interest or an investment interest in the proposed project but which are not subject to the Commission's jurisdiction.**

There are no such entities in the proposed project.

3. **Person to Contact: For joint applications, provide all information for each applicant.**

Contact: Carl Olson

Title/Position: Manager, Resource Planning

Phone Number: (512) 487-3985

Mailing Address: 919 Congress Avenue, Suite 701, Austin, TX 78701

Email Address: colson1@entergy.com

Alternate Contact: Joe Simpson

Title/Position: Coordinator, Regulatory Transmission

Phone Number: (409) 347-5110

Mailing Address: 1050IH 10 North, Beaumont, TX 77702

Email Address: jsimps2@entergy.com

Legal Counsel: Paula Cyr

Title/Position: Assistant General Counsel

Phone Number: (512) 487-3943

Mailing Address: 919 Congress Avenue, Suite 840, Austin, TX 78701

Email Address: pcyr@entergy.com

4. **Project Description:** *Provide a general description of the project, including the design voltage rating (kV), the operating voltage (kV), the CREZ Zone(s) (if any) where the project is located (all or in part), any substations and/or substation reactive compensation constructed as part of the project, and any series elements such as sectionalizing switching devices, series line compensation, etc. For HVDC transmission lines, the converter stations should be considered to be project components and should be addressed in the project description.*

Entergy Texas proposes to design and construct a new 230 kilovolt (kV) transmission line in Grimes County and Montgomery County, Texas. The design voltage rating for this project is 230 kV, and the operating voltage is also 230 kV. The continuous summer static current rating of the line is 1957

ampere (A). The new line will connect one existing Entergy Texas owned substation, the Grimes Substation to the future Ponderosa switching station, which is currently under construction by Entergy Texas. The Grimes Substation is located near Shiro, Texas. The Ponderosa switching station will be located on the southwest side of Conroe, Texas inside Loop 336 near Sgt. Ed Holcomb Blvd S. Entergy Texas will install new equipment at both the substation and the switching station. The new line will have a length of approximately 39 to 47 miles depending on the final route selected.

If the project will be owned by more than one party, briefly explain the ownership arrangements between the parties and provide a description of the portion(s) that will be owned by each party. Provide a description of the responsibilities of each party for implementing the project (design, Right-Of-Way acquisition, material procurement, construction, etc.)

Not applicable.

If applicable, identify and explain any deviation in transmission project components from the original transmission specifications as previously approved by the Commission or recommended by PURA §39.151 organization.

Not applicable.

5. Conductor and Structures:

Conductor Size and Type: 1272.0 KCMIL ACSS

Number of conductors per phase: 1

Continuous Summer Static Current Rating (A): 1957 A
Continuous Summer Static Line Capacity at Operating Voltage (MVA): 780 MVA
Continuous Summer Static Line Capacity at Design Voltage (MVA): 780 MVA
Type and Composition of Structures: Typically Concrete single poles; Steel single poles at angles

Height of Typical Structures: 95 Feet (Above Ground)

Explain why these structures were selected; include such factors as landowner preference, engineering considerations, and costs comparisons to alternate structures that were considered. Provide dimensional drawings of the typical structures to be used in the project.

Typical new transmission facilities will utilize single-circuit, single concrete or steel poles except in heavily congested locations where additional right of way cannot be acquired. Concrete poles will be the typical structures used for tangent sections of the proposed line because they are less expensive than comparable steel poles or lattice towers, and they require less ground space than lattice towers. In addition, land owners generally prefer single pole structures instead of multi-pole structures or lattice towers. Single steel poles will be utilized at angle points to provide the necessary strength required for angle structure applications.

For joint applications provide and separately identify the above required information regarding structures for the portion(s), of the project owned by each applicant.

6. **Right-of-way:**

Miles of Right-of-Way: Approximately 39 to 47 miles.

Miles of Circuit: Approximately 39 to 47 miles.

Width of Right-of-Way: Depending on the structure design/span length, the ROW for a 230 kV circuit may vary from a minimum width of 100 feet (where the Company may need to double circuit a small segment of existing Line No. 112) in heavily congested areas to a more typical width of 125 feet in more open areas allowing for longer span length between the transmission line structures. On those line segments where the proposed 230 kV line will parallel an existing Entergy transmission line ROW corridor, the additional ROW width required would be 65 feet adjacent to and abutting the existing ROW corridor.

Percent of Right-of-Way Acquired: Depending on the overall route, the percentage already acquired varies from as much as 87% for Route No. 1 to as little as 3.6% for Route Nos. 10 and 11.

For joint applications, provide and separately identify the above required information for each route for the portions(s) of the project owned by each applicant.

Not applicable, this is not a joint application.

Provide a brief description of the area traversed by the transmission line. Include a description of the general land uses in the area and the type of terrain crossed by the line.

The new transmission line will connect the proposed Ponderosa switching station, which is currently under construction, to the existing Grimes substation. The proposed project is located within Montgomery and Grimes counties, Texas, and may include portions of the following cities/communities: Panorama Village, Conroe, Montgomery and Shiro. The land terrain within the project area ranges from flat to slightly rolling hills. Land uses within the project area include mainly agricultural open ranch/range lands supporting livestock/hay production with some sparsely scattered areas of rural residential development.

7. **Substations or Switching Stations:**
List the name of all existing HVDC converter stations, substations or switching stations that will be associated with the new transmission line. Provide documentation showing that the owner(s) of the existing HVDC converter stations substations and/or switching stations have agreed to the installation of the required project facilities.

Grimes substation. The facility is owned by ETI.

List the name of all HVDC converter stations, substations or switching stations that will be associated with the new transmission line. Provide documentation showing the owner(s) of the new HVDC converter stations, substations and/or switching stations have agreed to the installation of the required project facilities.

4

Ponderosa switching station (Completion Date December 2013). This switching station is currently under construction as part of a separate project. The facility will be owned by ETI.

8. Estimated Schedule:

Estimated Dates of:	Start	Completion
Right-of-way and Land Acquisition	**8/16/14**	**1/30/15**
Engineering and Design	**1/5/15**	**8/5/15**
Material and Equipment Procurement	**5/4/15**	**12/23/15**
Construction of Facilities	**9/21/15**	**5/27/16**
Energize Facilities	**6/1/16**	**6/1/16**

9. Counties:

For each route, list all counties in which the route is to be constructed. Grimes and Montgomery Counties

10. Municipalities:

For each route, list all municipalities in which the route is to be constructed. Conroe.

For each applicant, attach a copy of the franchise, permit or other evidence of the city's consent held by the utility, if necessary or applicable. If franchise, permit, or other evidence of the city's consent had been previously filed, provided only the docket number of the application in which the consent was filed. Each applicant should provide this information only for the portion(s) of the project which will be owned by the applicant.

See Attachment 1 for the Conroe Franchise agreement.

11. Affected Utilities:

Identify any other electric utility served by the connected to facilities in this application. Describe how any other electric utility will be affected and the extent of the other utilities' involvement in the construction of this project. Include any other electric utilities whose existing facilities will be utilized for the project (vacant circuit positions, ROW, substation sites and/or equipment, etc.) and provide documentation showing that the owner(s) of the existing facilities have agreed to the installation of the required project facilities.

Not Applicable.

12. Financing:

Describe the method of financing this project. For each applicant that is to be reimbursed for all of a portion of this project, identify the source and amount of the reimbursement (actual amount if known, estimated amount otherwise) and the portion(s) of the project for which the reimbursement will be made.

The Company will finance the construction with funds from various sources including retained earnings, short-term loans, and capital securities which may be sold thereafter.

13. Estimated Costs:

Provide cost estimates for each route of the proposed project using the following table. Provide a breakdown of "Other" costs by major cost category and amount. Provide the information for each route in an attachment to this application.

	Transmission Facilities	**Substation Facilities**
Right-of-way and Land Acquisition	*	*
Engineering and Design (Utility)	*	*
Engineering and Design (Contract)	*	*
Procurement of Material and Equipment (Including stores)	*	*
Construction of Facilities (Utility)	*	*
Construction of Facilities (Contract)	*	*
Other (all costs not included in the above categories)	*	*
Estimated Total Cost	*	*

***See Attachment 2.**
For joint applications provide and separately identify the above-required information for the portion(s) of the project owned by each applicant.

Not applicable.

14. Need for the Proposed Project:

For a standard application, describe the need for the construction and state how the proposed project will address the need. Describe the existing transmission system and conditions addressed by this application. For projects that are planned to accommodate load growth, provide historical load data and load projections for at least five years. For projects to accommodate load growth or to address reliability issues, provide a description of the steady state load flow analysis that justifies the

project. For interconnection projects, provide any documentation from a transmission service customer, generator, transmission service provider, or other entity to establish that the proposed facilities are needed. For projects related to a Competitive Renewable Energy Zone, the foregoing requirements are not necessary; the applicant need only provide a specific reference to the pertinent portion(s) of an appropriate commission order specifying the facilities are needed. For all projects, provide any documentation of the review and recommendation of a PURA §39.151 organization.

PROPOSED PROJECT

ETI is proposing the installation of a new 230 kV transmission line between the existing Grimes substation located at 5429 Country Road 239 in Shiro, Texas and the proposed Ponderosa switching station, which is currently under construction and will be located on the southwest side of Conroe, Texas inside Loop 336 near Sgt. Ed Holcomb Blvd S. This project is being proposed to address long term reliability issues and to help mitigate transmission congestion issues associated with the 138 kV transmission grid between Grimes and the Lewis Creek/Conroe area. Counties served by ETI including Brazos, Burleson, Falls, Grimes, Hardin, Harris, Houston, Leon, Liberty, Limestone, Madison, Milam, Montgomery, Polk, Robertson, San Jacinto, Trinity, Tyler, Walker, Waller, and Washington counties would benefit from an increase in reliability and voltage support with the installation of this new line and associated proposed system upgrades. The proposed new transmission line would have a total length of approximately 39 to 47 miles, depending upon the route chosen. The line would be constructed on concrete or steel poles using single pole structures within a right-of-way ("ROW") of variable width up to 125 feet (ft.). The new transmission line would be constructed of single 1272 aluminum conductor steel supported ("ACSS") conductor strung on single pole structures and energized at 230 kV.

ETI's Grimes substation and Ponderosa switching station would be modified to accommodate the new transmission line. Modifications would at a minimum include the installation of line terminal equipment including switches, breakers and protective relays along with the installation of a new 500 MVA, 345-230 kV autotransformer at Grimes and the installation of a new 500 MVA, 230-138 kV autotransformer at Ponderosa. The project also includes the re-conductoring of the existing Ponderosa to Conroe Bulk 138 kV transmission line on existing ROW to achieve a minimum circuit rating of 1600 A. The cost of this line would be approximately $6 million and would be requested in a CCN exemption under P.U.C. Subst. R. 25.101(c) at a later time after this CCN Application is granted.

DESCRIPTION OF THE EXISTING SYSTEM

The Western Region is the area of ETI's transmission system generally defined as west of the Trinity River including The Woodlands and Conroe load centers. This region has a relatively high load to generation ratio and is planned to withstand the loss of one of the Lewis Creek generators or the Tenaska generation at the Frontier substation near Grimes coupled with the loss of one of the transmission lines in the region. The transmission lines used to import power into this region include one 345 kV line (Crockett to Grimes), two 230 kV lines (China to Jacinto and China to Porter), and five 138 kV lines (Doucette to Corrigan, Cypress to Poco, Cypress to Jacinto, Dayton to Cleveland and Dayton to Porter). The two 230 kV lines from China are critical for import to the region and are series compensated to reduce the line impedance and increase the power flow through these lines. Since both of these lines emanate from China substation, power flow from generation sources to the

east (Nelson and Sabine) into China substation are critical for support of this import to the Western Region. Power flow from the east is primarily through two 230 kV lines, China to Amelia Bulk and China to Sabine.

In general, transmission flows in the ETI system, naturally flow from east to west across ETI. This is a result of limited generation resources actually being located in the Western Region of ETI. The larger predominance of generation in the eastern area of ETI, and generation located in the Lake Charles and Acadiana areas in Louisiana help create this east to west flow bias. There is a single 345 kV tie to the SPP system in the west, Grimes to Crockett, that is a valuable source to the western area especially with the location of generation at Grimes. However this single 345 kV line alone does not alter the natural bias of flows across ETI. Its importance is more related to how the 345 kV source and the generation at Frontier (tied into Grimes) affects the balance of power flows between the Grimes area and the Lewis Creek/Conroe/Woodlands area. This balance within this area of the Western Region is very dependent on the existing 138 kV transmission system to be able to reliably accommodate power flows between the two areas.

PROJECT NEED

This project is designed to address the forecasted transmission needs of ETI's service territory in the Western Region. Completion of the project would provide a new 230 kV transmission path between the 345 kV transmission source and generation in the Grimes area and The Woodlands and Conroe load centers which is needed to continue to reliably transfer electricity between these areas to ETI's customers in the Western Region area. This project would help to prevent line overloading and violations of the North American Electric Reliability Council ("NERC") Planning Standards. Considering the present transmission system topology and firm resource contracts in place, along with planned network resource additions and planned approved transmission upgrades, ETI has determined that the 230 kV line would be necessary by the summer of 2018 in order to continue to provide adequate and reliable service to those customers served in the Western Region area, which includes Brazos, Burleson, Falls, Grimes, Hardin, Harris, Houston, Leon, Liberty, Limestone, Madison, Milam, Montgomery, Polk, Robertson, San Jacinto, Trinity, Tyler, Walker, Waller, and Washington counties. This project meets the need to increase transmission capacity to continue to meet the reliability needs of the Western Region area.

In addition to meeting the reliability needs of the Western Region area, the existing 138 kV system between Grimes and the Lewis Creek/The Woodlands/Conroe areas have been identified as constraints leading to congestion in the Western Region area. The constraints in the Grimes area have been identified as near term binding flow-gates in various transmission service request studies performed by Entergy's Independent Coordinator of Transmission ("ICT"). Entergy participated in a joint three party study known as the Texas Economic Study which was led by the ICT to determine the effectiveness of potential solution sets that could relieve the area congestion constraints and also address the long term reliability needs of the area. The three parties involved in the joint study were Entergy Services' System Planning & Operations ("SPO"), American Electric Power Services Corporation ("AEPSC"), and GDS Associates, Inc. ("GDS") on behalf of East Texas Electric Cooperative ("ETEC"), Tex-La Electric Cooperative of Texas, Inc. ("TEXL"), and Northeast Texas Electric Cooperative, Inc. ("NTEC"). The scope of the study included an evaluation of potential solution sets to address both the binding constraints associated with various pending transmission service requests as well as a validation of the potential solution sets to also address the long term

reliability needs for the area. The Grimes to Ponderosa project was determined to be the most appropriate solution to address issues regarding reliability, congestion and the effective movement of power within the Western Region area. The Joint Study participants recommended that the project be accelerated to be placed in service by the summer of 2016 to help mitigate congestion issues in the area and the project was subsequently included in Entergy's construction plan with a target in-service date of summer 2016. The study reports and associated materials can be found on Entergy's OASIS at https://www.oasis.oati.com/woa/docs/EES/EESdocs/Economic_Planning_Studies.htm in the "List of ICT Economic Planning Studies" (ICT ID# ICTES-2011-001) as well as at the bottom of the page under the heading "ICTES-2011-001 Texas Economic Study".

STEADY STATE LOAD FLOW RELIABILITY ANALYSIS

Steady state load flow analysis indicates that the loss of various elements in the Western Region area will result in another element overloading. Loss of the Grimes to Bentwater 138 kV line coupled with the loss of generation at Lewis Creek (either Lewis Creek unit 1 or unit 2) will result in the Grimes to Mt. Zion to Wyntex Tap 138 kV line to overload. Loss of the Grimes to Mt. Zion 138 kV line coupled with the loss of generation at Lewis Creek (either Lewis Creek unit 1 or unit 2) will result in the Grimes to Bentwater 138 kV line to overload. Loss of either Grimes 345-138 kV autotransformers coupled with the loss of generation at Lewis Creek (either Lewis Creek unit 1 or unit 2) will result in the remaining Grimes autotransformer to overload. These overloads violate NERC reliability standard TPL-001-04 which requires that this contingency (P3-2) not interrupt Firm Transmission service or cause non-consequential load loss. Load flow on these lines is primarily driven by the increase in flows from the Grimes area towards The Woodlands/Conroe load centers through the underlying 138 kV transmission system.

A summary of the contingency overloads are shown in the following table:

Western Region Contingency Overloads								
Overloaded Line	2016	2017	2018	2019	2020	2021	2022	2023
Grimes to Mt. Zion 138 kV line	92.81%	96.95%	97.89%	102.49%	105.08%	110.10%	112.90%	115.62%
Mt. Zion to Wyntex Tap 138 kV line	<90%	<90%	<90%	92.29%	94.49%	99.04%	100.90%	103.61%
Grimes to Bentwater 138 kV line	<90%	92.14%	93.94%	98.12%	100.75%	105.22%	109.14%	109.73%
Grimes Auto #1	96.9%	97.9%	99.35%	104.93%	107.72%	110.11%	111.98%	115.31%
Grimes Auto #2	96.9%	97.9%	99.35%	104.93%	107.72%	110.11%	111.98%	115.31%

Overloads shown above are for the contingency of the loss of the Lewis Creek Generator Unit 1 and the loss of a transmission element. These overloads were calculated using summer peak load models with load scaled to 100° F. Committed and uncommitted block load additions were not included in the models.

LOAD GROWTH

9

The total historical and projected load for the Western Region is shown below:

WESTERN REGION HISTORICAL PEAK LOAD (MW)					
Year	2008	2009	2010	2011	2012
Peak Load	1,727	1,912	1,938	1,989	2,024
Date of Peak	7/31	6/24	8/10	8/17	6/26
Temperature (Houston)	98°F	103°F	98°F	102°F	104°F

Historical loads are actual taken from daily peaks and are not normalized to a common temperature. The date and the temperature in Houston at the time of peak are shown.

WESTERN REGION FORECASTED PEAK LOAD (MW)					
Year	2013	2014	2015	2016	2017
Peak Load (1.9% growth)	1,879	1,912	1,938	1,989	2,024
Committed Block Load Additions	3	0	0	0	5
Uncommitted Block Load Additions	18	37	86	4	10
Total Load (1.9% growth)	1,900	1,970	2,082	2,137	2,187

To more accurately reflect forecasted load in the Western Region, the loads shown above are weather-normalized to reflect an ambient temperature of 100°F. The total forecasted loads also include block load additions expected to come online during the forecasted timeframe.

INDEPENDENT REVIEW

Entergy's transmission system does not fall under the purview of the Electric Reliability Council of Texas "ERCOT". However, Entergy's transmission system is independently assessed by the ICT. Entergy's ICT also identified the reliability need for this project in their 2013 Base Plan. SPP served as the ICT for the 2013 Base plan development and performed an independent review in accordance with Attachment K of Entergy's Transmission tariff. The ICT performs an independent reliability assessment of the transmission system. As part of this assessment, the ICT evaluates whether Entergy's Construction Plan complies with the planning criteria. The ICT Base Plan identifies all transmission upgrades and construction projects that the ICT believes are necessary to comply with the planning criteria.

The ICT's 2013 Base Plan can be found at:
https://www.oasis.oati.com/woa/docs/EES/EESdocs/FINAL_2013_ICT_Base_Plan.pdf. The Grimes

to Ponderosa project and the Conroe to Ponderosa 138 kV line project was determined by the ICT as a necessary project and is listed as Project BP-13-021 and BP-13-022 respectively and can be found on page 3.

The ICT's Texas Economic Study reports and data can be found at: https://www.oasis.oati.com/woa/docs/EES/EESdocs/Economic_Planning_Studies.htm in the "List of ICT Economic Planning Studies" (ICT ID# ICTES-2011-001) as well as at the bottom of the page under the heading "ICTES-2011-001 Texas Economic Study".

SUMMARY

The primary objectives for this project is to provide long term reliable transmission services for the ETI electric system, to meet the requirements set forth in NERC Reliability standards, and to mitigate congestion constraints identified in the Texas Economic Study. The solution being proposed will meet all of these objectives with the least impact to customers – from a long term cost standpoint. Reliability is enhanced by providing diversity to the routes of the transmission paths between the Grimes area and The Woodlands/Conroe load centers.

15. Alternatives to Project:

For a standard application, describe alternatives to the construction of this project (not routing options). Include an analysis of distribution alternatives, upgrading voltage or bundling of conductors of existing facilities, adding transformers, and for utilities that have not unbundled, distributed generation as alternatives to the project. Explain how the project overcomes the insufficiencies of the other options that were considered.

DISTRIBUTION ALTERNATIVES

Due to the nature of the issue being addressed by the proposed construction of the Grimes to Ponderosa 230 kV line, distribution alternatives are not feasible. The overloads that result from the contingencies specified are a result of the total load and its forecasted growth in the Western Region and are broad based in nature – requiring a transmission solution to increase transport levels into and within the region. Distribution solutions tend to be localized to specific areas where transmission capacity is adequate. Adding distribution facilities in the area such as feeders or transformers will not negate the overloads that result from the loss of generation and transmission capacity importing power into the region.

DISTRIBUTED GENERATION

Customer-owned DG is currently not adequately established to offset the area load growth. Customer supplied DG is non-firm energy that could not be depended on to lower system peak. With no DG production and the non-firm nature of future DG, these resources are not expected to meet the load growth in the region projected to be greater than 50 MW per year. Customer-owned DG facilities have proved not to affect the need for the proposed project.

ENERGY EFFICIENCY

Projected Energy Efficiency gains have already been included in the total load forecast used to develop the transmission models.

TRANSMISSION ALTERNATIVES

This project would help to reliably serve the load growth in the Western Region by creating a more direct robust path between the Grimes area and The Woodlands/Conroe load centers, strengthening the transmission system from the west, enhance deliverability from existing resources, increase the load serving capability in the Western Region, mitigate congestion issues and reduce the dependency of continuing to utilize the underlying 138 kV transmission system as a means to transport power into a major load center. An additional benefit is the project would provide another transmission path into an area that can be affected by hurricanes.

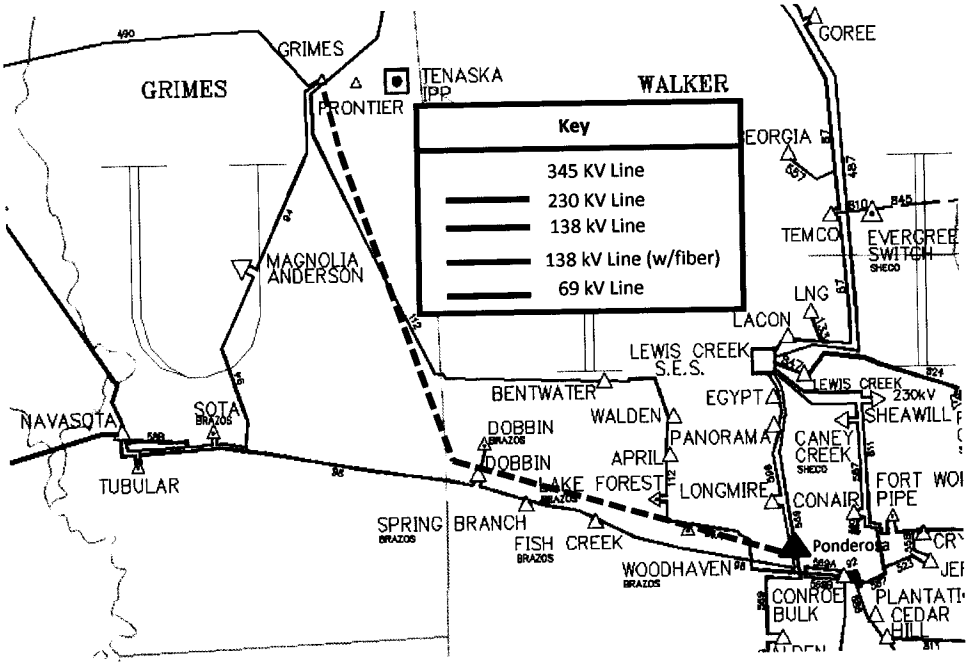
A transmission alternative that was considered was to upgrade various 138 kV transmission lines and transformers but was not deemed cost effective in meeting the overall goals of the Joint Texas Economic Study and was dismissed as an alternative by the study group as a desired solution. Another alternative considered was to construct a new 345 kV switching station referred to as Quarry on the Grimes to Crockett 345 kV line north of Grimes, construct a new 345 kV line from Quarry to Entergy's Rivtrin substation on the northern end of the Western Region area and install a 345-138 kV transformer at Rivtrin. This project which also required additional upgrades to the existing system was not chosen due to its higher estimated overall cost and its continued reliance on the existing 138 kV system between Rivtrin in the north and The Woodlands/Conroe load centers in the south.

SUMMARY

In summary, there are no feasible Distribution alternatives to address the projected overloads of the various 138 kV transmission lines and autotransformers that occur as a result of the loss of a line coupled with the loss of a generating unit at Lewis Creek. All transmission alternatives would be more costly and involve the construction of longer transmission lines rather than providing a more direct path between resources in the west to the major load center as could be accomplished with the proposed Grimes to Ponderosa transmission line project.

16. Schematic or Diagram:

For a standard application, provide a schematic or diagram of the applicant's transmission system in the proximate area of the project. Show the location and voltage of exiting transmission lines and substations, and the location of the construction. Locate any taps, ties, meter points, or other facilities involving other utilities on the system schematic.



17. Routing Study:

Provide a brief summary of the routing study that includes a description of the process f selecting the study area, identifying routing constraints, selecting potential line segments, and the selection of the routes. Provide a copy of the complete routing study conducted by the utility or consultant. State which route the applicant believes best addresses the requirements of PURA and P.U.C. Substantive rules.

Entergy Texas retained Burns & McDonnell to perform and prepare an environmental assessment and routing study, for the Project. The objectives of the Environmental Assessment and Routing Study for Entergy Texas's Proposed Ponderosa to Grimes 230 kV Transmission Line Project prepared by Burns & McDonnell ("Environmental Assessment and Routing Study") (Attachment 3) were to identify and evaluate alternative transmission line routes for the Project. The approach taken by Burns & McDonnell consisted of a series of tasks to address requirements of Section 37.056(c)(4)(A)-(D) of the Texas Utilities Code, P.U.C. Subst. R. 25.101(b)(3)(B), and the Commission's CCN Application requirements. The tasks included scoping and study area delineation, data collection, constraints mapping, preliminary alternative route identification, public open house meetings, modification/addition of alternative route links following the open house meetings, and alternative route evaluation.

In order to identify preliminary alternative routes for the Project, Burns & McDonnell first delineated a study area, gathered data regarding the study area from a variety of sources, and mapped constraints within the study area. Once the study area was identified, the Burns & McDonnell Project Team initiated a variety of data collection activities. One of the first data collection activities was the development of a list of public officials and agencies to be mailed a consultation letter regarding the Project. The purpose of the letters was to inform the various officials and agencies of the Project and to give those officials and agencies the opportunity to provide any information they had regarding the Project and/or Project area. In response, Burns & McDonnell received written information from a number of public officials and Entergy Texas had several meetings with local officials. Other data collection activities consisted of file and record reviews conducted with the various state regulatory agencies such as Texas Parks and Wildlife Department ("TPWD") and the Railroad Commission of Texas ("RRC"), review of published literature, and review of a variety of available maps, including color aerial photography (National Agriculture Imagery Program ("NAIP") flown in 2012, U.S. Geological Survey ("USGS") topographic maps, county highway maps, and county appraisal district land parcel boundary maps. During the course of the data collection activities, Burns & McDonnell personnel also conducted numerous ground reconnaissance surveys of the study area.

A number of potential routes could be drawn to connect the termination points. Therefore, a constraint mapping process was used in selecting and refining possible alternative routes. The information collected during the various data collection activities was utilized to develop an environmental and land use constraints map. Figures 3-2 of the Environmental Assessment and Routing Study depict the environmental and land use constraints compiled by Burns & McDonnell.

Upon completion of the initial data collection activities and constraint mapping process, Burns & McDonnell next identified preliminary alternative routes for the Ponderosa to Grimes 230kV Transmission Line. In identifying preliminary alternative routes, Burns & McDonnell considered: input received from the correspondence with local officials and representatives of state and federal agencies; results of the visual reconnaissance surveys of the study area; review of aerial photography; and findings of the other various data collection activities, including information compiled for the environmental and land use constraints map, the location of existing development, the location of existing compatible corridors, and apparent property boundaries. The preliminary alternative routes identified by Burns & McDonnell are depicted in Figure 4-3 of the Environmental Assessment and Routing Study.

The preliminary alternative routes were then presented to landowners and the public at three public open house meetings. Entergy and Burns & McDonnell took the responses from the first two open house meetings and decided to hold an additional public meeting to ensure that all comments and public opinions could be fully addressed. Information received from the public involvement program was considered and incorporated into Burns & McDonnell's evaluation of the Project.

The Burns & McDonnell Project Team evaluated the primary alternative routes based upon thirty-six environmental and land use criteria that were based on routing factors set forth in Section 37.056 (c)(4)(A)-(D) of the Texas Utilities Code, the PUCT CCN Application form and P.U.C. Subst. R. 25.101.

14

Specific discussion regarding the selection of the study area boundary, constraint mapping process, identification of preliminary alternative routes, and the evaluation of the primary alternative routes can be found in the Environmental Assessment and Routing Study (Figure 3-2).

ETI used a consensus process to independently select Route 1 as the primary alternative route that ETI representatives believe best addresses the requirements of PURA and P.U.C. Substantive Rules for this project. ETI initially reviewed Burns & McDonnell's evaluation and recommendations, followed by a review of each alternative route. This review included the consideration of all the factors and criteria listed in PURA and the P.U.C. Substantive Rules including potential environmental, cultural, and land use impacts, engineering constraints, public input and community values, estimated costs, system planning, and landowner, agency, and utility concerns and preferences, ETI representatives identified Route 1 as the route which best addresses the requirements of PURA and P.U.C. Substantive Rules based on the following advantages:

Route 1:

- is the second shortest route, at 39 miles;
- has the second lowest required new ROW, at 25,859 acres;
- is the second shortest second lowest number of stream crossings, at 4;
- is tied with all other routes for the shortest length across land irrigated by traveling systems, at 0.00 miles;
- is tied with all other routes for the shortest length across through pasture/rangeland, at 0.38 mile;

And, like each of the primary alternative routes, Route 1:

- does not cross any parks/recreational areas;
- is not located within 5,000 feet of any heliports;
- is not located within a foreground visual zone of any parks/recreational areas;
- crosses no known/occupied habitat of federally endangered or threatened species;
- crosses no cultural resource or NRHP-listed sites.

Based on this review and evaluation, ETI determined that each of the primary alternative routes was a feasible and acceptable alternative.

18. Public Meeting or Public Open House:

Provide the date and location for each public meeting or public open house that was held in the accordance with P.U.C. PROC. R 22.52. Provide a summary of each public meeting or public open house including the approximate number of attendants, and a copy of any survey provided to attendants and a summary of the responses received. For each public meeting or public open house provide a description of the method of notice, a copy of any notices, and the number of notices that were mailed and/or published.

Entergy Texas hosted three public, open house meetings. The meetings were held on March 25, March 26, and June 3, 2013 at the following locations.
March 25 – Roans Prairie: Roans Prairie Community Center, Roans Prairie, Texas
March 26 – Conroe: Conroe City Hall, 300 West Davis Street, Conroe, Texas

June 3 – Montgomery: Lone Star Elementary School; 16600 FM 2854 Road, Montgomery, Texas.

- Contract Land Staff (CLS) mailed written notice of the meetings to all owners of property within 300 ft of the centerline for the preliminary alternative routes (approximately 1198 notices were mailed for the first two meetings, an additional 230 landowners were noticed and letters were sent out for the June Open House).

A copy of the notice letters can be found in Appendix B of the Environmental Assessment and Routing Study.

At each open-house meeting, Entergy Texas and Burns & McDonnell set up information stations in the meeting space. Each station was devoted to a particular aspect of the project and was staffed by representatives of Entergy Texas (Welcome Table, CCN Certification Process, and Purpose/Need of the Project, Engineering & Construction, & Landowner Identification and ROW), and Burns & McDonnell (Environmental and Routing). Each station had maps, illustrations, photographs, and/or text explaining each particular topic.

Participants at the open-house meetings received a written questionnaire to communicate their opinions and input on the routing criteria along with a brochure that provided details regarding the project. Appendix B of the Environmental Assessment and Routing Study contains a sample questionnaire.

A total of 41 people signed in as attending the open-house meeting in Conroe, Texas, and 36 people signed in as attending the meeting in Roans Prairie, Texas. Of the people attending the Conroe open-house meeting, 36 submitted questionnaires; and of the people attending the Roans Prairie meeting 19 submitted questionnaires. Based upon feedback received during the first two open-house meetings, Entergy decided to host a third open-house meeting in Montgomery, Texas. A total of 83 people signed in as attending the public open-house meeting in Montgomery, Texas, and of the people attending the meeting 52 people submitted questionnaires.

Results of the questionnaires received from people attending the meetings show that the majority of people who answered the question, 84% found that the need for the project had been adequately explained.

The questionnaires asked people to rank various routing criteria from most important to least important. These factors included placing the line parallel to existing compatible rights-of-way where possible, maximizing the distance from commercial buildings, minimizing the visibility of the lines, maintaining reliable electric service, paralleling property lines where possible, maximizing the distance from residences, maximizing the distance from historical sites or areas, and minimizing the environmental impacts. The public's two highest ranked factors were to parallel existing compatible rights-of-way where possible and to maximize distance from residences, and the lowest ranked factor was to maximize distance from historic sites or areas. In addition, the questionnaire asked people to identify important environmental factors with a "yes" or "no". These factors included potential impacts to nearby residences, businesses, schools, churches, hospitals, nursing homes, and other structures and cemeteries; nearby commercial radio transmitters, microwave relay stations, or similar electronic installations; nearby parks and/or recreational areas; nearby airport runways, airstrips, or heliports; nearby historical or archeological sites; agricultural areas irrigated by traveling

irrigation systems; environmentally sensitive areas; threatened or endangered species; and 100 year floodplains. The environmental factor that most often had a "yes" was nearby residences, businesses, schools, churches, hospitals, nursing homes, and other structures and cemeteries; and the environmental factor that most often had a no was nearby commercial radio transmitters, microwave relay stations, or similar electronic installations.

19. Routing Maps:

Base maps should be a full scale (one inch = not more than one mile) highway map of the county or counties involved, or other maps of comparable scale denoting sufficient cultural and natural features to permit location of all routes in the field. Provide a map (or maps) showing the study area, routing constraints, and all routes or line segments that were considered prior to the selection of the routes. Identify the routes and any existing facilities to be interconnected or coordinated with the project. Identify any taps, ties, meter points, or other facilities involving other utilities on the routing map. Show all exiting transmission facilities located in the study area. Include the locations of radio transmitters and other electronic installations, airstrips, irrigated pasture or cropland, parks and recreational areas, historical and archeological sites (subject to the instructions in Question 27), and any environmentally sensitive areas (subject to the instructions in Question 29).

The preliminary alternative links and all constraints are identified by Burns & McDonnell are depicted in Figure 3-2 of the Environmental Assessment and Routing Study.

Provide aerial photographs of the study area displaying the date that the photographs were taken or maps that show (1) the location of each route with each route segment identified, (2) the locations of all major public roads including, as a minimum, all federal and state roadways, (3) the locations of all known habitable structures or groups of habitable structures (see Question 19 below) on properties directly affected by any route, and (4) the boundaries (approximate or estimated according to best available information if required) of all properties directly affected by any route.

See Attachment 4.

For each route, cross-reference each habitable structure (or group of habitable structures) and directly affected property identified on the maps or photographs with a list of corresponding landowner names and addresses and indicate which route segment affects each structure/group or property.

See Attachment 5.

20. Permits:

List any and all permits and/or approvals required by other governmental agencies for the construction of the proposed project. Indicate whether each permit has been obtained.

Entergy Texas has not obtained any permits at this time. Prior to construction Entergy Texas will obtain any required permits based on the routes approved by the Commission. Below is a list of permits that could potentially be required for construction of the Project on any of the routes:

- Texas Department of Transportation ("TxDOT") permit(s) for crossing state maintained roadways.

- A Storm Water Pollution Prevention Plan ("SWPPP") will be prepared and a Notice of Intent will be submitted to the Texas Commission on Environmental Quality ("TCEQ") under the TPDES program.

- A cultural resources survey plan will be developed with the Texas Historical Commission ("THC") for the proposed Project.

- Consultation with the U.S. Army Corps of Engineers ("USACE") will occur following the Commission's approval of this Application to determine appropriate requirements under Section 404/Section 10 Permit criteria.

- Consultation with the U.S. Fish and Wildlife Service will occur following the Commission's approval of this Application to determine appropriate requirements under the Endangered Species Act.

21. Habitable structures:

For each route list all single-family and multi-family dwellings and related structures, mobile homes, apartment buildings, commercial structures, industrial structures, business structures, churches, hospitals, nursing homes, schools, or other structures normally inhabited by humans or intended to be inhabited by humans on a daily or regular basis within 300 feet of the centerline if the proposed project will be constructed for operation at 230kV or less, or within 500 feet of the centerline if the proposed project will be constructed for operation at greater than 230kV. Provide a general description of each habitable structure and its distance from the centerline of the route. In cities, towns or rural subdivisions, houses can be identified in groups. Provide the number of habitable structures in each group and list the distance from the centerline of the route to the closet and the farthest habitable structure in the group. Locate all listed habitable structures or groups of structures on the routing map.

The table below identifies the number of habitable structures within 300 feet of the proposed routes alternatives. Figure 3-2 of the Environmental Assessment and Routing Study depicts the location of the habitable structures.

The table in Attachment 1, Table 7-1: Habitable Structures within 300 Feet of the Alternative Routes, of the Environmental Assessment and Routing Study, identifies the number of habitable structures within 300 feet of the proposed routes alternatives. Attachment 4 depicts the location of the habitable structures.

22. Electronic Installations:

For each route, list all commercial AM radio transmitters located within 10,000 feet of the center line of the route, and all FM radio transmitters, microwave relay stations, or other similar electronic installations located within 2,000 of the center line of the route. Provide a general description of

18

each installation and its distance from the center line of the route. Locate all listed installations on a routing map.

There are no commercial AM or FM communication towers within 10,000 ft of any of the alternative routes.

23. Airstrips:

For each route, list all known private airstrips within 10,000 feet of the center line of the project. List all airports registered with the Federal Aviation Administration (FAA) with at least one runway more than 3,200 feet in length that are located within 20,000 feet of the center line of any route. For each such airport, indicate whether any transmission structures will exceed a 100:1 horizontal slope (one foot in height for each 100 feet in distance) from the closet point of the closet runway. List all listed airports registered with the FAA having no runway more than 3,200 feet in length that are located within 10,000 feet of the center line of any route. For each such airport, indicate whether any transmission structures will exceed a 50:1 horizontal slope from the closet point of the closet runway. List all heliports located within 5,000 feet of the center line of any route. For each such heliport, indicate whether any transmission structures will exceed a 25:1 horizontal slope from the closet point of the closest point of the closest landing and takeoff area of the heliport. Provide a general description of each listed private airstrip, registered airport, and heliport; and state the distance of each from the center line of each route. Locate and identify all listed airstrips, and heliports on a routing map

Please see Attachment 1, Table 7-2: Airport/Airstrips along the Alternative Routes, of the Environmental Assessment and Routing Study, illustrates the FAA registration status of the airstrip, the name of the airstrip (if known), and the direction and distance of the airstrip from the closest link.

24. Irrigation System:

For each route identify any pasture or cropland irrigated by traveling irrigation system (rolling or pivot type that will be traversed by the route. Provide a description of the irrigated land and state how it will be affected by each route (number and type of structures etc.) Locate any such irrigated pasture or cropland on a routing map.

There are no pastures or croplands irrigated by traveling irrigation systems along any of the alternative routes.

25. Notice:

Notice is to be provided in accordance with P.U.C. PROC. R. 22.52.

A. *Provide a copy of the direct notice to owners of directly affected land. Attach a list of the names and addresses of the owners of directly affected land receiving notice.*

A copy of the written direct notice, with attachments, mailed to owners of directly-affected land is provided as Attachment 6 of this application. A list of the names and addresses of those owners of directly-affected land to whom notice was mailed is provided as Attachment 5 to this

application. Landowners of record were determined by review of information obtained from the Grimes and Montgomery Counties' Tax Appraisal Districts.

B. *Provide a copy of the written notice to utilities that are located within five miles of the routes.*

A copy of the written direct notice provided to utilities that are located within five miles of the routes are provided in Attachment 7 of this application. The list of utilities to which the written notices were sent is provided in Attachment 8.

C. *Provide a copy of the written notice to county and municipal authorities.*

A copy of the written notice provided to county and municipal authorities is provided as Attachment 9 of this application. The names and addresses of county and municipal authorities to whom the written notices were sent are provided in Attachment 10. The same letter was sent to county and municipal authorities. Written notice provided to the Office of Public Utility Counsel is provided as Attachment 11.

D. *Provide a copy of the notice that is to be published in newspapers of general circulation in the counties in which the facilities are to be constructed. Attach a list of the newspapers that will publish the notice for this application. After the notice is published, provide the publisher's affidavits and tear sheets.*

A copy of the public notice to be published in the Navasota Examiner and the Conroe Courier once within one week after the application is filed with the PUC is provided in Attachment 12 to this application. The list of newspapers that will publish the notice for this application is provided in Attachment 13. Publishers' affidavits will be filed with the PUC showing proof of notice as soon as available after filing of this application.

For a CREZ application, in addition to the requirement of P.U.C. PROC. R 22.52 the applicant shall, not less than twenty=one (21) days before the filing of the application, submit to the Commission staff a "generic" copy of each type of alternative published and written notice for review. Staff's comments, if any, regarding the alternative notices will be provided to the applicant not later than seven days after receipt by Staff of the alternative notices, Applicant may take into consideration any comments made by Commission staff before the notices are published or sent by mail.

26. Parks and Recreation Areas:

For each route, list all parks and recreational areas owned by a governmental body or an organized group, club, or church and located within 1,000 feet of the center line of the route. Provide a general description of each area and its distance from the center line. Identify the owner of the park or recreational area (public agency, church, club, etc.). List the sources used to identify the parks and recreational areas. Locate the listed sites on a routing map.

Routes 6, 10, 11, and 12 are the least intrusive from a recreational perspective. These routes do not have any parks or recreational areas within 1000 ft of their proposed paths. Routes 1, 2, 4, and 5 are the second least intrusive, they have one neighborhood park within 1000 ft of the alternative routes, but they do not cross this park. Routes 3, 7, 8, 9, 13, and 14 are the most intrusive because they are

within 1000 ft of the neighborhood park. They also contain Segment B which is the only segment to cross a park, YMCA Camp Owen once (approximately 3,038 ft). (Attachment 3, Section 7.3.1.4 of the Environmental Assessment and Routing Study).

The routes that cross YMCA Camp Owen could result in temporary impacts to the park during various phases of construction due to the presence of construction activities potentially limiting access to the portion of the park crossed by the proposed transmission line. In addition to these temporary impacts there would likely be visual impacts caused by the addition of transmission line structures into the viewshed of the park. YMCA Camp Owen is too large to span, however, if the PUCT approves a route that traverses this property, ETI will take reasonable efforts to increase span length in order to reduce physical and visual impacts to YMCA Camp Owen.

Further information on parks and recreational areas can be found in section 3.3.1.4 and section 7.3.1.4 of the Environmental Assessment and Routing Study.

27. Historical and Archeological sites:

For each route, list all historical and archeological sites known to the within 1,000 feet of the center line of the route. Include a description of each site and its distance from the center line. List the sources (national, state or local commission or societies) used to identify the sites. Locate all historical sites on a routing map. For the protection of the sites, archeological sites need not be shown on maps.

The tables below illustrate that there are 13 known/recorded cultural resources within 1,000 ft of the centerline of the alternative routes. None of them are directly crossed by a route. None of the resources are listed on the NRHP, or designated as Texas State Archeological Landmarks (SAL), or recorded as Texas Historical Landmarks. Six of the resources are archaeological sites and their site forms were reviewed using the THC online Archeological Sites Atlas website. All or portions of four of the sites have been recommended not eligible for the NRHP or as SALs (41GM5, 41GM125, 41GM419, 41MQ217). Further investigation was recommended at the two remaining sites (41GM82 and 41MQ217). Seven of the cultural resources within 1,000 ft of the centerline of the alternative routes are historic cemeteries. Unmarked burials are always a concern with cemeteries so a buffer of 100 feet between the proposed Project and any cemetery is recommended.

Further information on Historical and Archeological sites within the study area can be found in section 3.4 and section 7.5 of the Environmental Assessment and Routing Study.

Previously Recorded Cultural Resources
Crossed or within 1,000 feet of Alternative Routes

Site Number	Distance (ft)	Direction	Link	Route(s)	Description	Additional Investigation Recommended
41GM5	175	SW	AC	1, 5, 7, 8, 9, 13, 14	Historic	Y (1980); N (for portion surveyed in 2012)

21

Site Number	Distance (ft)	Direction	Link	Route(s)	Description	Additional Investigation Recommended
41GM82	300	NE	AC	1, 5, 7, 8, 9, 13, 14	Prehistoric	Y
41GM125	535	W	AB	2, 4, 6	Prehistoric	N
41GM419	800	NE	AD	3, 10, 11, 12	Prehistoric	N
41MQ217	850	SW	BC	9	Prehistoric	Y
41MQ292	150	N	T	5	Prehistoric	N

Y – Yes, N - No

Locations of Cemeteries within 1,000 feet of Alternative Routes

Cemetery Name	Distance (ft)	Direction	Link(s)	Route(s)	Description
Mason	930	W	AB	2, 4, 6	1900s, maintained, fenced
Coaxberry Baptist Church	200	E	Z	2	Maintained, fenced, by church
Unknown Cemetery #4 near Dobbin	710	N	U2	1, 2, 4, 6, 7, 13, 14	
Post Oak	70	NE	Y2	1, 4, 6, 7, 9, 13, 14	1900s
Womack-Cawthorn-Sturges	240	N	U1	7	Concrete grave covers, approx. 4 burials, earliest about 1840s or 1850s
	285	NW	U1 and Q intersection	7	
Yell Cemetery #1	735	N	Q	7	
Martin Cemetery #2 or Martin Hill Cemetery	965	S	BB	1, 2, 4, 6, 13, 14	Burials 1879 to present, fenced, some unmarked graves
	935	S	BB and R1 intersection	1, 2, 4, 6, 13, 14	

28. Coastal Management Program:

For each route, indicate whether the route is located, either in whole or in part, within the coastal management program boundary as defined in 31 T.A.C. §503.1. If any route is, either in whole or in part, within the coastal management program boundary, indicate whether any part of the route is seaward of the Coastal Facilities Designation Line as defined in 31 T.A.C. §19.29(a)(21). Using the designations in 31 T.A.C. §501.3(b), identify the type(s) of Coastal Natural Resource Area(s) impacted by any part of the route and/or facilities.

None of the alternative routes are located in whole or in part within the coastal management program boundaries.

29. Environmental Impact:

Provide copies of any and all environmental impact studies and/or assessments of the project. If no formal study was conducted for this project, explain how the routing and construction of this project will impact the environment. List the sources used to identify the existence or absence of sensitive environmental areas. Locate any environmentally sensitive areas on a routing map. In some instances, the location of the environmentally sensitive areas or the location of protected or endangered species should not be included on maps to ensure preservation of the areas or species. Within seven days after filing the application for the project, provide a copy of each environmental impact study and/or assessment to the Texas Parks and Wildlife Department (TPWD) for its review at the address below. Include with this application a copy of the letter of transmittal with which the studies/assessments were or will be sent to the TPWD.

The Environmental Assessment and Routing Study is attached to this application as Attachment 3.

Within seven days after filing the application for the project, provide a copy of each environmental impact study and/or assessment to the Texas Parks and Wildlife Department (TPWD) for its review at the address below. Include with this application a copy of the letter of transmittal with which the studies/assessments were or will be sent to the TPWD.

Wildlife Habitat Assessment Program
Wildlife Division
Texas Parks and Wildlife Department
4200 Smith School Road
Austin, Texas 78744

The applicant shall file an affidavit confirming that the letter of transmittal and studies/assessments were sent to TPWD.

Entergy Texas will provide a copy of the Environmental Assessment and Routing Study to TPWD within seven days after the Application is filed. See Attachment 14 for a copy of the letter of transmittal that will accompany the Environmental Assessment and Routing Study to TPWD. An affidavit confirming that the letter of transmittal and a copy of the Environmental Assessment and Routing Study were sent to TPWD will be filed with the Commission within seven days after filing this Application.

30. Affidavit

Attach a sworn affidavit from a qualified individual authorized by the applicant to verify and affirm that, to the best of their knowledge, all information provided, statements made, and matters set forth in this application and attachment
are true and correct.

See Attachment 15.

DOCKET NO. 41718

APPLICATION OF ENTERGY TEXAS, INC. FOR APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR A PROPOSED TRANSMISSION LINE IN GRIMES AND MONTGOMERY COUNTIES	§ § § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

TABLE OF CONTENTS

12.	Attachment 12-1	Newspaper Notice of Application
	Attachment 12-2	Route Segment Descriptions
	Attachment 12-3	Notice Map
13.	Attachment 13	List of Newspapers
14.	Attachment 14	Letter of Transmittal to Texas Parks & Wildlife
15.	Attachment 15	Affidavit of Carl Olson

Entergy

Entergy Texas, Inc.
350 Pine Street
P. O. Box 2951
Beaumont, TX 77704

Joseph F. Domino
President and CEO

June 30, 2009

Mayor Webb K. Melder
City of Conroe
P. O. Box 3066
Conroe, Texas 77305

To the Honorable Mayor and City Council:

Entergy Texas, Inc. (formerly known as Entergy Gulf States, Inc.), for itself, and its successors and assigns, hereby accepts the attached ordinance finally passed by the City Council of the City of Conroe the 25th day of June, 2009, and agrees to be bound by all of its terms and provisions.

Entergy Texas, Inc.
(formerly known as
Entergy Gulf States, Inc.)

By: _____
J. F. Domino

Title: President and CEO

24

CERTIFICATE FOR ORDINANCE

I.

On the 8th day of October, 2009, the City Council of the City of Conroe, Texas, consisting of the following qualified members, to-wit: **Webb K. Melder, Mayor; Jerry Streater, Mayor Pro Tem, Council Members Jay Ross Martin, Jim Gentry, Toby Powell and Marsha Porter** did convene in public session in the Council Chambers of the City Hall at 300 West Davis in Conroe, Texas. The roll being first called, a quorum was established, all members being present. The Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

II.

WHEREUPON, AMONG OTHER BUSINESS transacted, the Council considered adoption of the following written Ordinance, to-wit:

ORDINANCE NO. 1936-09

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CONROE, TEXAS, AMENDING THE FRANCHISE AGREEMENT BETWEEN THE CITY OF CONROE, TEXAS AND ENTERGY TEXAS, INC.; PROVIDING FOR EFFECTIVE DATE AND OTHER MATTERS

III.

Upon motion of Council Member Martin, seconded by Council Member Porter, all members present voted for adoption of the Ordinance, except the following: n/a. A majority of those Council Members present having voted for adoption, the presiding officer declared the Ordinance passed and adopted.

A true, full and correct copy of the Ordinance adopted at the Meeting is attached to and follows this Certificate.

SIGNED AND SEALED this 8th day of October, 2009.

MARLA J. PORTER, City Secretary

ORDINANCE NO. 1936-09

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CONROE, TEXAS, AMENDING THE FRANCHISE AGREEMENT BETWEEN THE CITY OF CONROE, TEXAS AND ENTERGY TEXAS, INC.; PROVIDING FOR EFFECTIVE DATE AND OTHER MATTERS

* * * * * * * * * *

WHEREAS, by Ordinance No. 1910-09 dated June 25, 2009, the City Council of the City of Conroe did approve on second reading and finally adopt a franchise agreement with Entergy Texas, Inc.; and

WHEREAS, before final adoption the franchise agreement was amended to incorporate certain changes agreed between the parties; and

WHEREAS, the language of Section 10 of the franchise agreement was inadvertently altered from the language intended by the parties as approved on first reading on May 14, 2009; and

WHEREAS, the parties desire to amend the franchise agreement to conform to the intent of the parties as reflected by the text of Section 10 as approved on first reading:

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CONROE, TEXAS:

Section 1. Section 10 of the Entergy Texas, Inc. franchise agreement approved and adopted by the City of Conroe, Texas pursuant to Ordinance No. 1910-09 and accepted by Entergy Texas, Inc. on June 30, 2009, (hereinafter the "Franchise Agreement") is hereby amended in its entirety to read as follows:

Section 10: As compensation to City for the use and occupancy of its Public Rights-of-Way, and in consideration for the other rights and privileges herein granted, Company agrees to pay to the City and City agrees to accept from Company on September 1, 2009, and on each September 1 thereafter occurring during the continuance of this agreement, a fee equal to $0.0017561 ("Base Franchise Fee Factor") multiplied times the number of kilowatt hours delivered during the period commencing on July 1 of the previous calendar year and ending on June 30 of the calendar year in which the payment is due, inclusive, by Company to retail customers whose consuming facility's point of delivery is within the City's boundaries. Each payment herein

provided shall compensate the City for the use of its Public Rights-of-Way by the Company for the twelve months period commencing upon, and extending from July 1 of the calendar year that such particular payment is actually due and paid.

At the time of each annual September 1 payment, Company shall also submit to the City a sworn statement showing the following: (i) its kilowatt hour sales delivered in total to the retail customers whose consuming facilities' points of delivery are located within the City's boundaries for the preceding year upon which the franchise fee payments are calculated; and (ii) a calculation of the annual Base Franchise Fee payment. The statement shall be in a form substantially similar to attachment "A."

Provided that if, subsequent to the effective date of this Agreement, any Texas Municipality within the Company's service area negotiates with Company a methodology for calculation of the payment of the franchise different than the Base Franchise Fee kWh factor methodology used in this section and the Incremental Franchise Fee kWh factor methodology used in Section 11(A), the City will have the right after reasonable notice to utilize the same methodology.

The parties agree that the payments due under this franchise are reasonable and necessary and that the parties shall use their best efforts to enable Company to recover these payments through its electric rates.

Section 2. The amendment approved and authorized by this ordinance shall be effective when accepted in writing by Entergy Texas, Inc. The written acceptance shall be made and given in substantially the same form and manner as provided by Section 18 of the Franchise Agreement.

Section 3. The meetings at which this ordinance was considered, approved and adopted was conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code Chapter 551.

Section 4. This ordinance shall be effective immediately upon second reading and final adoption.

PASSED AND APPROVED on first reading on the 13th day of August, 2009.

PASSED AND APPROVED on second and final reading on the 8th day of October, 2009.

WEBB K. MELDER, Mayor

APPROVED AS TO FORM:

MARCUS L. WINBERRY, City Attorney

ATTEST:

MARLA J. PORTER, City Secretary

CERTIFICATE OF ORDINANCE

I.

On the 25th day of June, 2009, the City Council of the City of Conroe, Texas, consisting of the following qualified members, to wit: **Webb K. Melder, Mayor; Jerry Streater, Mayor Pro Tem; Council Members Jay Ross Martin, Jim Gentry, Toby Powell, and Marsha Porter,** did convene in public session in the Council Chamber of the City Hall at 300 West Davis in Conroe, Texas. The roll being first called, a quorum was established, all members being present. The meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

II.

WHEREUPON, AMONG OTHER BUSINESS transacted, the Council considered adoption of the following written Ordinance, to wit:

ORDINANCE NO. 1910-09

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CONROE, TEXAS ADOPTING THE FRANCHISE AGREEMENT BETWEEN THE CITY AND ENTERGY TEXAS, INC.; ADOPTING A SURCHARGE TARIFF ALLOWING ENTERGY TEXAS INC. TO RECOVER INCREMENTAL FRANCHISE RENTAL FEES THROUGH A SURCHARGE CALCULATED PURSUANT TO THE RATE SET FORTH IN SUBSECTION 11(b) OF THE FRANCHISE AGREEMENT; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS CONSIDERED WAS OPEN TO THE PUBLIC AND IN ACCORDANCE WITH TEXAS LAW.

III.

Upon motion of Council Member Martin, seconded by Council Member Gentry, all members present voted for adoption of the Ordinance, except the following: no one voted against and no one abstained. A majority of those Council Members present having voted for adoption, the presiding officer declared the Ordinance passed and adopted.

IV.

A true, full and correct copy of the Ordinance adopted at the meeting is attached to and follows this Certificate.

SIGNED AND SEALED this 25th day of June, 2009.

Soco M. Gorjon

SOCO M. GORJON, Assistant City Secretary

ORDINANCE NO. 1910-09

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CONROE, TEXAS ADOPTING THE FRANCHISE AGREEMENT BETWEEN THE CITY AND ENTERGY TEXAS, INC.; ADOPTING A SURCHARGE TARIFF ALLOWING ENTERGY TEXAS INC. TO RECOVER INCREMENTAL FRANCHISE RENTAL FEES THROUGH A SURCHARGE CALCULATED PURSUANT TO THE RATE SET FORTH IN SUBSECTION 11(b) OF THE FRANCHISE AGREEMENT; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS CONSIDERED WAS OPEN TO THE PUBLIC AND IN ACCORDANCE WITH TEXAS LAW.

WHEREAS, Entergy Texas, Inc. ("ETI" or "Company") is an electric utility operating within the municipal limits of the City of Conroe, Texas ("City");

WHEREAS, it is convenient and necessary for the Company to use the public rights-of-way of City for the placement of facilities and appurtenances (including communications facilities) necessary or proper for the transmission and distribution of electricity and communication including broadband over power line communications services within and through the municipal limits of City;

WHEREAS, the City is the steward of public property and it is reasonable and proper to collect a rental fee for the use and occupation of public rights-of-way under Public Utilities Regulatory Act ("PURA") § 33.008;

WHEREAS, ETI and the City desire to enter into the attached Franchise Agreement for the Company to use and occupy the public rights-of-way to conduct its electric business within the City and for the City to be compensated under PURA § 33.008;

WHEREAS, the City contends that the consideration or compensation for the use of the City's streets, alleys and rights-of-way paid by ETI has not kept pace with changes in the rate of inflation or the increasing cost of goods and services or the requirements of the PURA § 33.008; and

WHEREAS, the City's previous Franchise Agreement provided for an annual payment consisting of the sum of money equal to four percent (4%) of the annual gross receipts of Company within the City from electric lighting and power sales for consumption within the corporate limits of the City, exclusive of receipts from (i) sales to industrial consumers, (ii) sales for governmental pumping, and (iii) street lighting;

WHEREAS, the method of calculating this payment was modified by the Company in response to the enactment, by the 76th Legislature, of Section 33.008 of PURA, and the revised rate, as provided by said statute, is a per kilowatt hour ("kWh") charge for each kWh delivered by ETI within the corporate limits of the City and is a reflection of calculating the rate based upon consumption instead of gross receipts; and

WHEREAS, the City is concerned that the per kWh method of calculating the amount of franchise fees due to the City, employed by ETI, may produce a lower level of franchise compensation than the gross receipts method contained in the City's previous Franchise Agreement if, with everything else being equal, the cost of electric generation increases; and

WHEREAS, the attached Franchise Agreement modifies the method of calculating franchise fees to include Incremental Franchise Fee payments intended to restore the franchise fees due to the City to correspond with the compensation originally bargained for in the City's previous Franchise Agreement.

WHEREAS, the Franchise Agreement authorizes the Company to collect through a surcharge the Incremental Franchise Fees paid to the City until such time as the Incremental Franchise Fee amounts may be incorporated into the Company's rates; and

WHEREAS, the Franchise Agreement is for a term of twenty-five years; and

WHEREAS, the Franchise Agreement provides for the permanent relocation of Company facilities at Company's expense for the closing, opening, widening or relocating of streets or alleys, or water or sewer lines, or the changing of grade of streets or alleys; and

WHEREAS, the Franchise Agreement provides for the trimming of trees and the removal of trimmings associated with the maintenance of the Company's power lines; and

WHEREAS, the Franchise Agreement provides for the use by City of available pole space for City owned equipment; and

WHEREAS, the Franchise Agreement makes provisions in the event the City chooses to audit the Company's books for the franchise fee payment; and

WHEREAS, the Franchise Agreement makes provisions in the event there is an assignment of the Franchise Agreement; and

WHEREAS, Public Utility Regulatory Act § 39.456, provides for the implementation of new franchise agreements and the collection of Incremental Franchise Fees resulting from the agreement; and

WHEREAS, the attached Surcharge Tariff is designed to collect an amount equal to the Incremental Franchise Fees paid to the City until such time as the Company may include those costs in its rates;

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF CONROE, TEXAS THAT:

Section 1. The findings and provisions set out in the preamble to this ordinance are hereby in all things approved and adopted.

Section 2. The Franchise Agreement attached as Exhibit "A" is approved and shall be effective according to its terms.

Section 3. The Franchise Fee Surcharge Tariff attached as Exhibit "B" is approved and the Company is authorized to implement the Surcharge Tariff in accordance with the terms of the Franchise Agreement.

Section 4. The meeting at which this ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 5. This ordinance shall become effective from and after passage.

PASSED AND APPROVED ON FIRST READING by unanimous vote of the City Council of the City of Conroe, Texas on this the 14th day of May, 2009.

PASSED AND APPROVED ON SECOND READING by unanimous vote of the City Council of the City of Conroe, Texas on this the 25th day of June, 2009.

THE CITY OF CONROE, TEXAS

By: _____
WEBB K. MELDER, Mayor

ATTEST:

_____
Soco Gorjon, Assistant City Secretary

APPROVED AS TO FORM

_____
Marcus L. Winberry, City Attorney

EXHIBIT A

FRANCHISE AGREEMENT

Section 1: That, subject to the terms, conditions and provisions of this Franchise Agreement, the City of Conroe, Texas, hereinafter referred to as "City," does hereby grant unto Entergy Texas, Inc., hereinafter referred to as "Company", the right, privilege and franchise to conduct within the City an electrical lighting and power business and to enter upon, erect, construct, maintain, extend, repair, replace and remove in, under, upon, over, above, across and along any and all of the present and future public roads (notwithstanding any use restrictions), highways, parks, streets, lands, alleys, whether designated or undesignated and other public areas and rights of way of the City and over, under, above, along and across any and all streams, canals, bayous, embankments and bridges, now or hereafter owned or controlled by the City (hereinafter referred to as "Public Rights-of-Way"), a system of poles, pole lines, towers, distribution lines, transmission lines, wires, guys, cables, conduits, transformers and other distribution and transmission instrumentalities, facilities and appurtenances (including communications facilities) necessary or proper for the transmission and distribution of electricity and communication including broadband over power line communications services ("BPL") into, in, within, from, across, and through the City, as now existing, or as said City limits may hereafter be extended (hereinafter referred to as "Company Facilities"); and Company is authorized to use Company Facilities for the transmission, distribution, delivery and sale of electricity and communication to the municipality and to the inhabitants of the City and to any governmental agency, and to any governmental subdivision, and to any person, firm or corporation, wherever located, within or without the City limits of the City of Conroe, for use by such purchaser, or purchasers, for light,

power, cooling and heat, and for any other purpose, or purposes, whether same or different from those herein specified, for which electricity may be used. Provided, this Franchise does not include places where the City's authority to permit such installations is or hereafter may be withdrawn by the State, or where the Texas Department of Transportation or other State agency constructs or maintains such public facility or place and lawfully excludes the authority of the City to permit such public utility and BPL installations therein. In the event that the City abandons a Public Right-of-Way, City shall ensure that the Company has access to sufficient and reasonable Right-of-Way to maintain Company's Facilities.

Section 2: The right, privilege and franchise granted under this Franchise Agreement is, at all times, subject to the continuing police power of the City; and the Company shall comply with all present and future laws, ordinances and regulations of the State of Texas and the City enacted pursuant to the City's or State's police power.

Section 3: Upon the filing with the City by Company of the acceptance required hereunder, this franchise shall be in full force and effect for a term and period of twenty-five (25) years commencing upon, and extending from, the date of passage of this Franchise Agreement by City ("Effective Date").

Provided that, if subsequent to the effective Date of this Agreement, any Texas municipality within the Company's service area negotiates with Company a franchise term of less than twenty-five (25) years, the City will have the right after reasonable notice to receive the same term. If the City elects to exercise this right, the new contract term will begin upon passage of an amendment to this franchise approving of the same term as the other municipality and end when the new term has run in its entirety, no

matter how many years had expired under the original twenty-five year term. Provided however, the provision is not applicable if the Other City or Municipality is precluded from entering into a twenty-five (25) year term by law or city charter.

Section 4: Company, on written request of any person, shall relocate, raise or lower its wires temporarily to permit construction work in the vicinity thereof, or to permit the moving of houses or other bulky structures. The expense of such temporary relocation, raising or lowering of such wires shall be paid by the benefited party or parties and the Company may require the payment in advance, being without obligation to remove, raise or lower its wires until such payment shall have been made. The Company shall be given not less than forty-eight hours prior notice to arrange for such temporary wire change.

Section 5: The City shall have the power at any time to require the Company to change permanently the route and position of Company Facilities when the City shall find, by resolution, that such change is necessary in the closing, opening, widening or relocating of streets or alleys, or water or sewer lines, or the changing of grade of streets or alleys. The City shall use its best reasonable efforts to consult and confer with the Company before requiring any such relocation or raising or lowering of its lines or cables, with a view to accomplishing the result in a reasonable and economical manner. If it becomes necessary to relocate any lines or facilities, City will provide suitable Right of Way adjacent to the relocated street, alley, water line, or sewer line, without any cost or expense to Company. The obligation to change the route does not require the placement of overhead lines underground unless the City pays for the increased costs of placing the lines underground. With the exception of costs incurred by the City in the

preceding sentence, all other costs of relocation pursuant to this section shall be paid by the Company. Provided, however, the Company shall be entitled to be paid for its costs of relocation required by the City if such expenses or costs are reimbursable or payable to the Company or to the City or the State of Texas, the United States, or any agency or subdivision of either whether directly or indirectly.

Section 6: To the extent that the City has authority to do so, it gives to Company, during the life of this Franchise, the right, license, privilege and permission to trim and remove trees and other vegetation, using generally accepted methods within the vegetation management industry, located upon and overhanging the streets, alleys, easements, sidewalks and public places of City, that interfere or offer hazards to the operation of Company's facilities used or useful for the rendition of electric service. The Company is responsible for the prompt removal and disposal of all trimmings associated with maintenance of its lines and facilities.

Section 7: Nothing contained in this Franchise Agreement shall ever be construed as conferring upon Company any exclusive rights or privileges of any nature whatsoever.

Section 8: If any provision, section, sub-section, sentence, clause, or phrase of this Franchise Agreement is, for any reason, held to be unconstitutional, void, or invalid (or for any reason unenforceable) the validity of the remaining portions of this Franchise Agreement shall not be affected thereby, it being the intent of the City in adopting this Franchise Agreement that no portion thereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation, and, to this end, all provisions of this Franchise Agreement are declared to be severable.

Section 9: The City, by granting this Franchise, does not surrender or to any extent lose, waive, impair or lessen the lawful powers and rights, now or hereafter vested in the City under the constitution and statutes of the State of Texas to regulate the rates for services of Company; and Company, by its acceptance of this franchise, agrees that all such lawful regulatory powers and rights, as the same may be from time to time vested in the City, shall be in full force and effect and subject to the exercise by the City at any time.

Section 10: As compensation to City for the use and occupancy of its Public Rights-of-Way, and in consideration for the other rights and privileges herein granted, Company agrees to pay to the City and City agrees to accept from Company on or before the 15th day of May, August, November and February ("Payment Date") occurring during the continuance of this agreement, a fee equal to $0.0017561 ("Base Franchise Fee Factor") multiplied times the number of kilowatt hours delivered during the period commencing on the first day of the previous calendar quarter and ending on the last day of the calendar quarter immediately preceding the due date, inclusive, by Company to retail customers whose consuming facility's point of delivery is within the City's boundaries. Each payment herein provided shall compensate the City for the use of its Public Rights of Way by the Company for the twelve months period commencing upon, and extending from July 1 of the calendar year that such particular payment is actually due and paid.

At the time of each annual September 1 payment, Company shall also submit to the City a sworn statement showing the following: (i) its kilowatt hour sales delivered in total to the retail customers whose consuming facilities' points of delivery are located

within the City's boundaries for the preceding year upon which the franchise fee payments are calculated; and (ii) a calculation of the annual Base Franchise Fee payment. The statement shall be in a form substantially similar to attachment "A."

Provided that if, subsequent to the effective date of this Agreement, any Texas municipality within the Company's service area negotiates with Company a methodology for calculation of the payment of the franchise different than the Base Franchise Fee kWh factor methodology used in this section and the Incremental Franchise Fee kWh factor methodology used in Section 11(A), the City will have the right after reasonable notice to utilize the same methodology.

The parties agree that the payments due under this franchise are reasonable and necessary and that the parties shall use their best efforts to enable Company to recover these payments through its electric rates.

Section 11(A): In addition to the compensation set out in Section 10, and subject to the provisions of Subsection 11(C), Company shall pay on or before the 15th day of May, August, November and February ("Payment Date") an amount equal to a $0.0014101 charge per kilowatt hour ("Incremental Franchise Fee") multiplied times the number of kilowatt hours delivered by Company during the preceding calendar quarter ending March, June, September, and December ("Calculation Period"), in total to retail customers whose consuming facilities points of delivery were located within the City's boundaries less any applicable taxes including gross receipts taxes. This amount shall be referred to as "Incremental Amounts." The first quarterly payment due under this subsection will be due on the first Payment Date following the first complete Calculation Period after the surcharge set fourth in 11(B) has been approved. Notwithstanding

Section 11(B), the first payment will include any Surcharge collections during any partial Calculation Period.

At the time of each quarterly payment for Incremental Amounts, Company shall also submit to the City a sworn statement showing the following: (i) its kilowatt hour sales delivered in total to the retail customers whose consuming facilities' points of delivery are located within the City's boundaries for the preceding quarter upon which the franchise fee payments are calculated; and (ii) a calculation of the quarterly Incremental Franchise Fee payment. The statement shall be in a form substantially similar to attachment "B."

Section 11(B): An underlying premise of this Franchise Agreement is that the Company shall be kept financially whole with respect to any and all Incremental Amounts, as defined above in this Section 11(A). The Incremental Amounts will be collected through a Surcharge adopted and approved by City applicable to all retail customers whose consuming facility's point of delivery are located within the City's boundaries. The amount to be paid to City on each Payment Date shall never exceed the amount collected by Company during the corresponding Calculation Period while the Surcharge is in effect.

In the event the Public Utility Commission of Texas ("PUCT") or a court of competent jurisdiction finds the amounts collected by Company through the Surcharge are improper and disallows or requires repayment ("Disallowed Amounts"), Company shall be entitled to collect all Disallowed Amounts through either direct payment by City or a reduction of any subsequent franchise payments to City as provided in this Subsection. Prior to Company's reduction in franchise payments, Company shall provide

the City 30 days for a one-time opportunity to make a direct payment to Company of any Disallowed Amounts, such 30 days to run from City's receipt of Company's written notice, which shall identify the Disallowed Amounts, the time period over which the Disallowed Amounts accrued and an explanation of the calculations. Subsequent to said 30-day period, and in the absence of timely direct payment by the City of the entirety of the Disallowed Amounts, Company is authorized to reduce any future franchise payment(s) in an amount equal to any Disallowed Amounts not paid by the City. Company is authorized to implement the procedures set forth in this Subsection periodically as Company, in its sole discretion, determines is necessary to recover any ongoing Disallowed Amounts.

The corresponding Surcharge described in this Subsection 11(B) shall appear as a line item on Company's retail electric bill and identified as a "Municipal Franchise Fee."

Notwithstanding any other provision in this Franchise Agreement, if at any time the Incremental Franchise Fee portion is ever included in base rates, the Incremental Franchise Fee Surcharge will cease as of the effective date of the new base rates that incorporate the previously surcharged Incremental Amounts and the incremental amounts will continue to be paid as set forth in Section 11(A).

Section 11(C): Upon the occurrence of any of the following events, the Incremental Franchise Fee rate and quarterly payments provided for in Subsection 11(A) shall no longer be applicable or effective for the purpose of calculating the franchise payment:

i. the PUCT or a court of competent jurisdiction 1) finds the corresponding Surcharge unlawful or otherwise prohibits the Surcharge recovery of the Incremental Amounts; 2) finds that the franchise fees calculated under this Section 11(A), or the amounts collected through the corresponding surcharge or through a reduction in franchise payments, as provided herein, may not be recovered by Company from its customers; or 3) in some manner prevents or prohibits Company from recovering said Incremental Amounts; and

ii. with respect to the preparation for, or implementation of, retail open access in Company's Texas service territory, Company or Entergy's affiliate distribution company in Texas ("DISCO") or Entergy's affiliate retail electric provider in Texas ("REP"), at any time, is not permitted to implement the monthly Surcharge described in Subsection 11(B).

Upon the occurrence of any of the events enumerated in Subsections 11(C) i or ii, only the franchise rate contained in Section 10 shall be applicable and effective for the purpose of calculating and paying the franchise payment under this Franchise Agreement and Cities shall have the option, for one year, to terminate the Franchise Agreement and negotiate a new Franchise Agreement so long as the Company is not required to make a franchise fee payment greater than it is authorized to collect in rates. Further, in the event the PUCT or a court of competent jurisdiction finds a portion of the corresponding Incremental Franchise Fee Surcharge unlawful or otherwise prohibits a portion of the Incremental Franchise Fee Surcharge recovery of the Incremental Amounts, the Incremental Franchise Fee rate and quarterly payments provided for under Subsection 11(A) and (B) shall be amended and adjusted such that the

franchise payment made by the Company pursuant to this Section 11(A) to the City is no greater than the amounts the Company is authorized to collect through the corresponding Surcharge. Nothing in the immediately preceding sentence requires that Company agree to a realignment or allocation of the recovery of any portion of the Incremental Amounts from the corresponding Surcharge to the Company's base rates.

Section 11(D): City agrees that (a) if City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of Company's franchise fees is an issue, the City will take an affirmative position supporting 100% recovery of franchise fees by Company in the manner consistent with this agreement; and (b) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Company in the manner consistent with this Agreement.

i. City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such Incremental Amounts by Company.

ii. Neither the adoption of this Franchise Agreement, nor the corresponding Surcharge shall be used by either the City or the Company, in any proceeding before a regulatory authority or state or federal court of law, as precedent for a reduction in the Company's rates or as evidence of or support for the positions taken by the City or the Company in such matters.

Section 12: In addition to the consideration set forth elsewhere in this franchise agreement and subject to a Joint Use Agreement, the Company shall hold itself ready to furnish free of charge, subject to the use of the City, such pole space as may be required

from time to time for the installation of traffic, police and fire alarm system conductors, and alarm or other equipment all of which are owned exclusively by the City; provided that such conductor space does not exceed the capacity of one cross-arm on any one pole, and provided that such space is then available on existing poles. The specific location for these traffic, police and fire alarm conductors, boxes or equipment on Company's poles shall be determined by the Company, and will be allotted at the times specific applications for space are received from the City. Where a main underground ductline is constructed or installed between manholes by Company after the effective date of this franchise agreement, Company shall, as part of same, provide free of charge for the installation by City of its traffic, police or fire alarm cables owned exclusively by the City, one top duct having one capped off entry channel and one capped off exit channel between each two manholes, such entry and exit channels leaving the duct bank enclosure outside of, but near to, such manholes, and no cable or other equipment of City shall enter Company's manholes. All cables installed by the City in Company ducts shall be of the non-metallic, sheath type to prevent corrosive or electrolytic action between the City and Company-owned cables. All City-owned conductors and cables, whether on poles or in ductlines, shall be constructed, maintained and operated in such manner as to not interfere with or create a hazard in the operation of the Company's electrical transmission and distribution system. Further, all City-owned traffic, police and fire alarm conductors, and alarm boxes, and any City circuits on Company poles, and all cables installed by City in ducts constructed by Company, shall be installed in strict compliance with the applicable provisions of the National Electrical Safety Code.

Section 13: The fee payable hereunder shall be the total compensation payable by Company to City for Company's use of the Public Rights-of-Way for the conduct of its business under the franchise. City agrees that any street rental ordinances currently in effect shall not be applicable to Company and City shall not charge any additional fee for the use or occupancy of the Public Rights-of-Way in City. If City does charge Company any additional fee for the use or occupancy of the Public Rights-of-Way in City, then Company may deduct the amount charged from the next succeeding franchise payment or payments until fully reimbursed. This does not bar the City from assessing against the Company or its property ad valorem taxes levied on property, excise taxes levied, or other taxes.

Section 14: City may initiate an audit or other inquiry, or may pursue a cause of action in relation to the payment of the fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than two (2) years before commencement of such audit, inquiry, or pursuit of a cause of action. All books and records related to Company's calculation of the fee shall be available to City. Upon receipt of a written request from City, such documents shall be made available for inspection no later than forty-five (45) days from the receipt of such request. Company shall make such documents available at the place such documents are located, at the Company's Beaumont office, or any location mutually agreed upon according to the needs and abilities of the respective parties. City shall advise Company of the results of the audit within two years of the initiation of the audit. City must make a written demand within two years of the initiation of the audit or any claims associated with the audit shall be waived. Amounts due to City for past underpayments or amounts due Company for past

overpayments shall include interest calculated using the annual interest rates for overcharges as set by the Public Utility Commission of Texas. Said interest shall be payable on such sum from the date the initial payment was due until it is paid.

Section 15: Within thirty (30) days of the effective date of any expansion, annexation, or de-annexation, or other lawful means of modifying the City's boundaries, the City shall provide to Company reasonable notification of the change in the City's boundaries.

Section 16: If the Company shall assign this Franchise to any other person or corporation (the "Assignee") acquiring and duly authorized to acquire, own and operate the Company's property and to carry on the Company's business, the Assignee shall execute and deliver to the City an agreement in writing to be bound by all of the Company's obligations, liabilities, and undertakings under this Franchise. The Assignee shall thereupon be deemed to be substituted for the Company, and the Company shall stand released from all obligations under this Franchise except such as have already accrued. If the Assignee fails to file such agreement within thirty (30) days after said assignment, City shall so notify in writing the Company and Assignee of this deficiency. Should Assignee fail to cure such deficiency within 30 days of the deficiency notification, this agreement shall terminate.

Section 17: This franchise replaces all former franchise and/or street rental ordinances and agreements with Company, which are hereby repealed as to Company.

Section 18: Company shall, within sixty (60) days from the date of the final passage of this Franchise Agreement by the City Council of the City of Conroe, file with

the City Secretary of the City of Conroe, a written statement signed in its name and behalf in the following form:

"To the Honorable Mayor and the City Council of the City of Conroe:

Entergy Texas, Inc. hereby accepts the attached Franchise Agreement finally passed by the City Council of the City of Conroe the _____ day of _____, 20___, and agrees to be bound by all of its terms and provisions.

Entergy Texas, Inc.
By _____

Dated the ____ day of _____, 20____."

Section 19: This Franchise Agreement shall be in force, and effective, from and after the passage of this Franchise Agreement, conditioned that Company file the written acceptance above provided, within the period provided, after the passage of this Franchise Agreement; and thereupon this franchise shall become a binding contract; and shall exist for a period of twenty-five (25) years from the date of its passage.

Passed and duly enacted as a Franchise Agreement of the City of Conroe, Texas, a regular meeting of the City Council of the City of Conroe, Texas, in accordance with the laws of the State of Texas, on this the 25 day of June, 2009.

Mayor, City of Conroe, Texas

Attest:

City Clerk

49