



Control Number: 49493



Item Number: 45

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DeAnn T. Walker
Chairman

Arthur C. D'Andrea
Commissioner

Shelly Botkin
Commissioner

John Paul Urban
Executive Director



Greg Abbott
Governor

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PUBLIC UTILITY COMMISSION
FILED

Public Utility Commission of Texas

TO: DeAnn T. Walker, Chairman
Arthur C. D'Andrea, Commissioner
Shelly Botkin, Commissioner

All Parties of Record

FROM: Office of Policy & Docket Management

RE: **Open Meeting of November 14, 2019**
PUC Docket No. 49493
SOAH Docket No. 473-19-4420 – *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor*

DATE: October 17, 2019

Enclosed is a copy of the Proposed Order in the above-referenced docket. The Commission will consider this docket at an open meeting currently scheduled to begin at 9:30 a.m. on Thursday, November 14, 2019, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties shall file corrections or exceptions to the Proposed Order on or before Wednesday, November 6, 2019.

On May 2, 2019, the Commission referred this proceeding to the State Office of Administrative Hearings. Subsequently, the docket was returned to the Commission.

If there are no corrections or exceptions, no response is necessary.

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PUC DOCKET NO. 49493
SOAH DOCKET NO. 473-19-4420

APPLICATION OF ENTERGY TEXAS,	§	PUBLIC UTILITY COMMISSION
INC. TO ADJUST ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	OF TEXAS
FACTOR	§	

PROPOSED ORDER

This Order addresses the application of Entergy Texas, Inc. (ETI) to adjust its energy-efficiency cost recovery factor (EECRF). ETI filed an unopposed agreement that resolves certain issues between the parties in this proceeding. The Commission approves ETI's EECRF, as modified by the agreement, to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant *PURA § 31.002(6) and 16 TAC § 25.181(b)*

1. ETI is a Texas corporation and a wholly owned subsidiary of Entergy Corporation, a Delaware corporation.
2. ETI provides electric generation, transmission, and distribution services in Texas under certificate of convenience and necessity number 30076.

Application *16 TAC §§ 25.182(d)(8), (d)(10)(A)-(M), and (d)(11)(A)-(J)*

3. On May 1, 2019, ETI filed an application to adjust its EECRF effective January 1, 2020.
4. ETI initially sought Commission approval to adjust its EECRF to recover \$8,010,790¹ during program year 2020, which included:
 - (a) Forecasted energy-efficiency costs in program year 2020 of \$7,508,671;
 - (b) Projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$106,180 to be collected in 2020;
 - (c) A performance bonus of \$1,673,201 associated with the results of ETI's 2018 energy-efficiency programs;

¹ Due to rounding, this amount differs by \$2 from the sum of the four component amounts that follow it.

- (d) An over-recovery of \$1,386,600 for program year 2018; and
 - (e) EECRF proceeding costs of \$109,336 (including \$98,064 for ETI's expenses and \$11,273 for cities of Anahuac, Beaumont, Bridge City, Cleveland, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota, Nederland, Oak Ridge North, Orange, Pine Forest, Pinehurst, Port Arthur, Port Neches, Roman Forest, Shenandoah, Sour Lake, Splendora, Vidor, and West Orange (collectively, Cities) expenses).
5. In support of the application, ETI presented testimony, exhibits, schedules, and workpapers demonstrating that the costs to be recovered through its 2020 EECRF were \$8,010,790.
 6. On May 16, 2019, ETI filed errata number one, correcting the 2018 demand and energy savings and ETI's performance bonus. This resulted in an increase to ETI's 2018 performance bonus to \$1,673,206.
 7. In State Office of Administrative Hearings (SOAH) Order No. 2 issued on June 7, 2019, the SOAH administrative law judge (ALJ) found the application sufficient.
 8. On July 17, 2019, ETI filed errata number two, correcting the amount and allocation of the EM&V costs to reflect actual charges per program and reflecting the resulting impacts on the over-recovery amounts, bonus calculation, and rates.
 9. Under the amended application, ETI's EECRF would recover \$8,010,785² during program year 2020, which includes:
 - (a) Forecasted energy-efficiency costs in program year 2020 of \$7,508,671;
 - (b) EM&V expenses in the amount of \$106,180 to be collected in 2020;
 - (c) A performance bonus of \$1,673,207 associated with the results of ETI's 2018 energy-efficiency programs;
 - (d) A refund of \$1,386,610 for ETI's net over-recovery, including interest, of program year 2018 energy-efficiency costs; and
 - (e) EECRF proceeding costs of \$109,336 (including \$98,064 for ETI's expenses and \$11,273 for Cities' expenses).

² Due to rounding, this amount differs by \$1 from the sum of the four component amounts that follow it.

Notice 16 TAC §§ 22.55, 25.182(d)(13),(14)

10. On May 1, 2019, ETI provided notice via hand-delivery, courier, or first-class mail, to the following: counsel for all parties participating in ETI's most recent EECRF proceeding, Docket No. 48333;³ counsel for each party that participated in ETI's most recently completed base-rate case, Docket No. 48371;⁴ and, the state agency that administers the federal weatherization program, the Texas Department of Housing and Community Affairs. In an affidavit filed by ETI on May 15, 2019, Wajiha Rizvi, Senior Counsel for Entergy Services, attested that notice had been provided as described in this finding of fact.
11. In SOAH Order No. 2 issued on June 7, 2019, the SOAH ALJ found ETI's notice sufficient.

Intervenors and Intervenor Alignment 16 TAC §§ 22.103-105

12. Commission Staff participated in this docket.
13. In SOAH Order No. 1 issued on June 3, 2019, the SOAH ALJ granted the motions to intervene of Cities and Texas Industrial Energy Consumers (TIEC).

Statements of Position and Pre-filed Testimony 16 TAC §§ 22.124 and 22.225

14. On May 1, 2019, ETI filed the direct testimonies, with schedules and workpapers of John K. Carson, ETI's Lead Account Service Manager; and Jessica C. Landry, Entergy Service's Regulatory Project Coordinator in the Fuel & Special Riders Department; and the affidavits of Wajiha Rizvi, Entergy Service's Senior Counsel; and Daniel J. Lawton, an attorney with the Lawton Law Firm, P.C. retained by Cities to represent the interests of customers.
15. On May 16, 2019, and July 17, 2019, ETI filed revisions to the direct testimonies and exhibits of John K. Carson and Jessica C. Landry.
16. On August 14, 2019, ETI filed the testimony of ETI witness John K. Carson in support of the agreement.

³ *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 48333, Order (Dec. 10, 2018).

⁴ *Entergy Texas, Inc.'s Statement of Intent and Application for Authority to Change Rates*, Docket No. 48371, Order (Dec. 20, 2018).

17. On August 14, 2019, Commission Staff filed the affidavits of Therese Harris, Brian Murphy, and Ruth Stark in support of the agreement.

Referral to SOAH for Hearing *16 TAC §§ 22.121, 25.182(f)(9)*

18. On May 2, 2019, the Commission referred this docket to SOAH.
19. On May 15, 2019, Commission Staff and Cities requested a hearing on the merits.
20. On May 24, 2019, the Commission issued a preliminary order for this docket, which included a list of issues to be addressed in this proceeding.
21. In SOAH Order No. 2 issued on June 7, 2019, the SOAH ALJ gave notice of a hearing on the merits at SOAH's hearing facility in Austin, Texas on August 2, 2019, to last for one day.
22. On August 14, 2019, ETI and Commission Staff filed an unopposed agreement resolving certain issues between them. Cities and TIEC did not sign the agreement but also did not oppose it.
23. In SOAH Order No. 5 issued on August 14, 2019, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

Evidentiary Record

24. In SOAH Order No. 5 issued on August 16, 2019, the SOAH ALJ granted ETI's motion to admit evidence and remanded the docket to the Commission. The SOAH ALJ admitted the following into the evidentiary record: (a) ETI's application, including the direct testimonies of John K. Carson and Jessica C. Landry, and affidavits of Wajiha Rizvi and Daniel J. Lawton filed on May 1, 2019; (b) ETI's proof of notice filed on May 15, 2019; (c) ETI's errata number one filed on May 16, 2019; (d) ETI's errata number two filed on July 17, 2019; (e) the settlement testimony of John K. Carson filed on August 14, 2019; (f) Commission Staff affidavits of Therese Harris, Brian Murphy, and Ruth Stark, in support of the agreement, filed on August 14, 2019; and, (g) the agreement filed on August 14, 2019.

Energy-Efficiency Goals *16 TAC § 25.181(e)*

25. ETI's weather-adjusted average annual growth in demand for the previous five years (2014 through 2018), after industrial-customer exclusions representing 2,858.30 kilowatts (kW), is -25,558 kW.
26. In ETI's 2011 EECRF application, Docket No. 39366,⁵ ETI agreed to a demand-reduction goal of 15,500 kW and an energy-savings goal of 27,156,000 kilowatt-hours (kWh) for 2012.
27. Under 16 Texas Administrative Code (TAC) § 25.181(e)(1)(D), a utility's demand-reduction goal may not be lower than the prior year, except as adjusted under 16 TAC § 25.181(u) for industrial-customer exclusions. Thus, for 2020, ETI's demand-reduction goal is 15,500 kW.
28. ETI projects that it will achieve 15,500 kW in peak-demand reductions in program year 2020, which equals the minimum of 15,500 kW.
29. In the 2018 program year, ETI achieved a demand reduction from its hard-to-reach standard offer program of 1,755 kW, or 11% of the 2018 goal of 15,500 kW, which is in excess of the 5.0% minimum required by 16 TAC § 25.181(e)(3)(F). The estimated savings to be achieved through ETI's 2020 program for hard-to-reach customers is 1,100 kW, or 7.1% of the proposed goal of 15,500 kW, which is in excess of the 5.0% minimum required by 16 TAC § 25.181(e)(3)(F).
30. ETI's 2020 energy-savings goal, using a 20% conservation load factor under 16 TAC § 25.181(e)(4), is 27,156,000 kWh. ETI forecasts that it will achieve energy savings of 27,156,000 kWh in program year 2020.

Agreement *PURA § 14.054 and 16 TAC § 22.35*

31. On August 14, 2019, ETI filed an agreement between ETI and Commission Staff (collectively, signatories), which resolved all of the issues between them in this proceeding.

⁵ *Application of Entergy Texas, Inc. for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff and Request to Establish a Revised Energy Efficiency Goal and Cost Caps*, Docket No. 39366, application (Apr. 29, 2011).

Cities and TIEC did not join, but do not oppose the agreement. The signatories agreed to the requested amounts as revised in errata number two.

32. Under the amended application agreed to by the signatories, ETI's EECRF will recover \$8,010,785 during program year 2020, which includes:
- (a) Forecasted energy-efficiency costs of \$7,508,671 in program year 2020;
 - (b) EM&V expenses in the amount of \$106,180 to be collected in 2020;
 - (c) A performance bonus of \$1,673,207 associated with the results of ETI's 2018 energy-efficiency programs;
 - (d) A refund of \$1,386,610 for ETI's net over-recovery, including \$37,935 in interest, of program year 2018 energy-efficiency costs; and
 - (e) EECRF proceeding costs of \$109,336 (including \$98,064 for ETI's expenses and \$11,273 for Cities' expenses).
33. Under the agreement, ETI's proposed 2020 rate class factors are as follows:

<u>Rate Class</u>	<u>EECRF</u>
Residential Service	\$ 0.000778 per kWh
Small General Service	\$ (0.000150) per kWh
General Service	\$ 0.000457 per kWh
Large General Service	\$ 0.001268 per kWh
Large Industrial Power Service	
(Industrial Transmission Customers)	\$ 0.000000 per kWh
(Other than Industrial Transmission Customers)	\$ (0.000217) per kWh
Lighting	\$ (0.000002) per kWh

34. The agreement provides an effective date of January 1, 2020, for ETI's 2020 EECRF tariff rider, with the rider remaining in effect until December 31, 2020, or until the Commission orders otherwise.

Elements of Recovery and Coordination with Base Rate Recovery *16 TAC §§ 25.182(d)(1) and (d)(6)*

35. ETI's EECRF is calculated to recover ETI's forecasted annual energy-efficiency expenditures, municipal and utility EECRF proceeding expenses from the immediately preceding EECRF dockets, a performance bonus, EM&V costs allocated to ETI by the

Commission as allowed by 16 TAC § 25.182(d)(1)(A) and, a refund of the preceding year's over-recovery.

36. ETI does not recover any energy-efficiency costs in its base rates.
37. ETI's EECRF is designed to provide only for energy charges for residential and non-residential rate classes in compliance with 16 TAC § 25.182(d)(6).

EECRF Cost Caps 16 TAC § 25.182(d)(7)

38. ETI's 2018 cost for residential customers was \$0.000961 per kWh, below the 2018 cost cap of \$0.001266 per kWh. The cost for non-residential customers was \$0.000577 per kWh, below the 2018 cost cap of \$0.000791 per kWh.
39. To calculate its 2020 cost caps, ETI applied a 2.224000% consumer-price-index adjustment to the base cap of \$0.001303 per kWh for the residential class and \$0.00815 per kWh for commercial classes in accordance with 16 TAC § 25.182(d)(7). ETI calculated its EECRF cost caps for the 2020 program year to be \$0.001332 per kWh for the residential class and \$0.000833 per kWh for commercial customers.
40. ETI's 2020 EECRF tariff rider will impose a charge of \$0.000778 per kWh on residential customers and a group rate of \$0.000558 per kWh for non-residential classes.

Over- or Under-Recovery 16 TAC § 25.182(d)(2)

41. ETI requests to refund each rate class where the difference between actual EECRF revenues and actual costs resulted in a net over-recovery for that class.
42. ETI accurately calculated the over-recovery of 2018 program costs in the amount of \$1,386,610, including interest.

Proceeding Expenses 16 TAC §§ 25.182(d)(3), 25.245

43. ETI filed the affidavit of Wajiha Rizvi, Senior Counsel for Entergy Services. Ms. Rizvi relied upon the factors required by 16 TAC § 25.245 in reaching her opinion that ETI's non-affiliate rate-case expenses, external legal counsel's fees of \$61,408.14, and United Parcel Service delivery charges of \$142.142 incurred in ETI's 2018 EECRF proceeding, Docket No. 48333, were reasonable.

44. ETI filed the direct testimony of Jessica C. Landry stating that the activities of Entergy Services charged to ETI were for legal and regulatory services in connection with ETI's 2018 EECRF proceeding. Ms. Landry opined that the charges in the amount of \$36,643 under project code F3PPEECRF3 were for rate-case expenses in ETI's 2018 EECRF proceeding, Docket No. 48333, and were reasonable and necessary.
45. Cities filed the direct testimony of Daniel J. Lawton. Mr. Lawton opined that Cities' attorney's fees and expenses of \$11,273 incurred in ETI's 2018 EECRF proceeding, Docket No. 48333, were reasonable.

Performance Bonus Calculations *16 TAC § 25.182(d)-(e)*

46. In 2018, ETI achieved 19,665 kW in demand savings and 48,099,849 kWh in energy savings. ETI's demand-reduction goal was 15,500 kW and its energy savings goal was 27,156,000 kWh. ETI achieved 127% of its demand-reduction goal and 177% of its energy savings goal, qualifying it for a performance bonus as calculated under 16 TAC § 25.182(e).
47. Based upon a weighted average cost of capital of 7.725280%, \$80 avoided cost per kW, \$0.03757 avoided cost per kWh, and a 2.0% inflation rate, the total present value of avoided costs associated with the 2018 demand reductions and energy savings is \$25,970,207.
48. In the agreement, ETI seeks the maximum allowable performance bonus under 16 TAC § 25.182(e), which is 10% of the net benefits of \$16,732,069 achieved through its energy-efficiency incentive program costs, for exceeding its goal for calendar year 2018. The resulting performance bonus from this calculation is \$1,673,207.

Evaluation, Measurement, and Verification Costs *16 TAC § 25.181(o)*

49. ETI's share of the estimated total EM&V costs to be collected in 2020 is \$106,180 and, to the maximum extent reasonably possible, is directly assigned to each rate class that received services under its programs.

Administrative and Research and Development Cost Caps *16 TAC § 25.181(g)*

50. ETI incurred \$724,943 in necessary administrative costs and \$28,001 in research and development costs for the 2018 energy-efficiency programs to meet ETI's goals. Those

amounts were 10.1% and 0.4%, respectively, of the total program costs for the previous year. Therefore, ETI's cumulative cost of administration and research and development was 10.5% of the total program costs.

51. ETI's cost of administration did not exceed 15% of its total program costs. ETI's cost of research and development did not exceed 10% of its total program costs. ETI's cumulative cost of administration and research and development did not exceed 20% of its total 2018 program costs for the 2018 program year.
52. ETI's budget for the 2020 program year includes \$775,985 in administrative costs and \$22,000 in research and development costs for the 2020 energy-efficiency programs. Those amounts are 10.2% and 0.3%, respectively, of the total program costs for the 2020 program year. Therefore, ETI's cumulative budgeted cost of administration and research and development is 10.5% of the 2020 total program costs.
53. ETI's budgeted 2020 program year cost of administration does not exceed 15% of its total program costs. ETI's 2020 budgeted cost of research and development does not exceed 10% of its total program costs. ETI's cumulative budgeted cost of administration and research and development does not exceed 20% of its total 2020 program costs for the 2020 program year.

Cost Effectiveness *16 TAC § 25.181(d)*

54. ETI used an avoided cost of capacity of \$80 per kW-year for 2018. ETI used Commission Staff's posted avoided cost of energy of \$0.03757 per kWh for 2018.
55. ETI determined that its total energy-efficiency program costs, exclusive of municipal rate-case expenses, were \$9,226,865 and its total avoided costs were \$25,970,207, producing a benefit-cost ratio of 2.81, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
56. ETI's forecasted 2020 energy-efficiency program costs of \$7,508,671 are a reasonable estimate of the cost necessary to provide energy-efficiency programs and meet ETI's goals for 2020.

Total Cost Recovery *16 TAC § 25.182(d)*

57. ETI's cost recovery of \$9,768,890—which consists of ETI's (i) actual 2018 program costs; (ii) true-up amounts in the 2018 rates; (iii) its 2016 performance bonus; and, (iv) the 2016 EECRF proceeding costs. The costs incurred and recovered by ETI through its EECRF for program year 2018 were reasonable and necessary to reduce energy and demand costs and are reconciled for program year 2018.

Rate Classes and Direct Assignment of Costs *16 TAC § 25.182(d)(2)*

58. ETI directly assigned costs to the maximum extent reasonably possible to each rate class that receives services under the programs.
59. ETI did not propose an EECRF for any commercial rate class as a demand charge.
60. ETI's proposed rate classes reflect those approved in ETI's most recent base-rate proceeding, excluding non-eligible customers.

Fostering of Competition Among Energy-Efficiency Service Providers *16 TAC § 25.181(g)(2)*

61. ETI has adopted measures to foster competition between energy-efficiency service providers.

Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs *16 TAC § 25.181(h)-(k)*

62. ETI's energy-efficiency program includes standard offer and market transformation programs.

Incentive Payments *16 TAC § 25.181(f)*

63. ETI's program incentive costs for 2018 were \$6,332,263.
64. ETI's projected program incentive costs for 2020 are \$6,710,686.
65. ETI's incentive payments in program year 2018 do not exceed 100% of avoided cost.

Affiliate Costs *PURA § 36.058, 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e)*

66. The costs charged to ETI by its affiliate, Entergy Services, under project code F3PPEECRF3 in calendar year 2018, were to capture and manage costs associated with services provided in the preparation, production, and litigation of the EECRF filing and ensure the charges are reasonable and necessary to provide energy-efficiency programs. The price for these affiliate payments is not higher than the prices charged by the supplying

affiliate for the same item or class of items to its other affiliates or divisions or a nonaffiliated person within the same market area or having the same market conditions.

Energy-Efficiency Plan and Report *16 TAC § 25.181(l)*

67. On May 16, 2019, ETI filed its 2019 amended energy-efficiency plan and report required by 16 TAC § 25.181(l), and on July 17, 2019, ETI filed additional changes to the energy-efficiency plan and report.

Low-Income Energy Efficiency *16 TAC § 25.181(p)*

68. ETI is not an unbundled transmission and distribution utility.

Outreach to Retail Electric Providers *16 TAC § 25.181(r)*

69. ETI does not serve in an area in which customer choice is offered.

Industrial Customer Exclusions *16 TAC § 25.181(u)*

70. As of the filing of the application, ETI received notices under 16 TAC § 25.181(u) to exclude 2,858.30 kW of peak demand from ETI's energy-efficiency programs for program year 2020. The excluded peak demand has been reflected in the EECRF calculations.

Line Losses *16 TAC §§ 25.181(e)(3)(B) and 25.182(d)(10)(M)*

71. ETI's calculation of the demand-reduction goal used the line-loss factors from its last completed rate case, Docket No. 48371.

72. ETI's line loss of 7.5685%, used in calculating its 2020 EECRF charges, is reasonable.

Billing Determinants *16 TAC § 25.182(d)(10)(E)*

73. The estimate of billing determinants in calculating ETI's 2020 EECRF and the calculation of the 2020 EECRF tariff rider are reasonable.

Good Cause Exceptions *16 TAC §§ 22.5(b), 22.35(b)(2), 25.181(e)(2), and 25.182(d)(2)*

74. ETI did not seek a good cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2). ETI also did not seek a good cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

Informal Disposition *16 TAC § 22.35(a)*

75. More than 15 days have passed since completion of the notice provided in this docket.

76. Commission Staff requested a hearing but effectively withdrew that request by entering into the agreement. No hearing is necessary.
77. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. ETI is a public utility as that term is defined in PURA⁶ § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has jurisdiction over this subject matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility may file for an EECRF.
4. ETI complied with the requirement under 16 TAC § 25.182(d)(8) to apply by May 1 to adjust its EECRF, effective January 1 of the following year.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,⁷ and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. ETI provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. ETI's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. The hearing on the merits was set, and notice of the hearing was given, in compliance with Texas Government Code §§ 2001.051 and 2001.052.

⁶ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

⁷ Tex. Gov't Code Ann. § 2001.001–.902.

10. ETI calculated its weather-adjusted average annual growth in demand in compliance with 16 TAC § 25.181(e)(3).
11. ETI has acquired a 30% reduction of its annual growth in demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (C), and (e)(3)(D).
12. ETI's 2020 demand-reduction goal complies with 16 TAC § 25.181(e)(1)(D), and (e)(3)(D).
13. ETI's 2020 minimum energy-savings goal complies with 16 TAC § 25.181(e)(4).
14. ETI's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).
15. ETI's proposed EECRF rates comply with the cost-cap requirements under 16 TAC § 25.182(d)(7).
16. ETI's refund of \$1,386,610, including interest, for ETI's net over-recovery of program year 2018 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(2).
17. EECRF proceeding expenses are rate-case expenses, therefore the requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of EECRF proceeding expenses.
18. ETI's 2018 rate-case expenses of \$98,064 comply with PURA § 36.061(b)(2), 16 TAC §§ 25.182(d)(3)(A), and 25.245.
19. Cities' 2018 rate-case expenses of \$11,273 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
20. ETI qualified for and accurately calculated its energy-efficiency performance bonus of \$1,673,207 for its energy-efficiency achievements in program year 2018 in compliance with the requirements of PURA § 39.905 and 16 TAC § 25.182(e).
21. The amount and allocation of ETI's administrative and research and development costs comply with 16 TAC § 25.181(g).
22. ETI's energy-efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).

23. ETI's 2020 energy-efficiency program costs of \$7,508,671 to be recovered through the EECRF, not including EM&V expenses to be collected in 2020, are reasonable estimates for the costs necessary to provide energy-efficiency programs in 2020 under PURA § 39.905 and 16 TAC § 25.182(d)(1).
24. ETI's cost recovery of \$502,113—which consists of ETI's (i) projected EM&V expenses to be incurred in 2020; (ii) refund of its net over-recovery, including interest, of program year 2018 energy-efficiency costs; (iii) ETI's performance bonus earned in 2018; (iv) rate-case expenses incurred in Docket No. 48333; and, (v) Cities' rate-case expenses incurred in Docket No. 48333—complies with PURA § 39.905 and 16 TAC § 25.182(d).
25. The assignments and allocations of ETI's proposed 2020 EECRF rates to the rate classes are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
26. ETI has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
27. ETI's standard offer and market-transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) and (i).
28. ETI's incentive payments, which did not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
29. The requirement in 16 TAC § 25.181(p) for a targeted low-income energy-efficiency program does not apply to ETI.
30. The affiliate expenses included in ETI's EECRF rates in this Order are reasonable, necessary, and comply with PURA § 36.058, 16 TAC §§ 25.181(c)(1)(I), 25.182(d)(10)(I) and 25.272(e).
31. ETI's load associated with industrial customers who provided qualifying identification notice was excluded from ETI's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
32. ETI's proposed 2020 EECRF rates are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each customer class under PURA § 36.003(a) and (b).

33. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission approves ETI's EECRF, as modified by the agreement, to the extent provided in this Order.
2. ETI's 2020 EECRF is approved in the amount of \$8,010,785, which is comprised of the following: (a) estimated 2020 energy-efficiency program costs of \$7,508,671; (b) a performance bonus of \$1,673,207 for 2018 program achievements; (c) EM&V costs of \$106,180 to be collected in 2020; (d) a \$1,386,610 adjustment for the over-recovery of 2018 program costs, including \$37,935 in interest; and (e) \$11,273 for Cities' rate-case expenses and \$98,064 for ETI's rate-case expenses in Docket No. 48333.
3. The Commission approves ETI's EECRF tariff-rider schedule attached as attachment 2 to the agreement.
4. ETI is authorized to apply the EECRF tariff-rider approved by this Order beginning on and after January 1, 2020.
5. Within ten days of the date of this Order, ETI must provide a clean copy of the EECRF tariff approved by this Order to central records to be marked *Approved* and filed in the Commission's tariff book.
6. Entry of this Order does not indicate the Commission's endorsement or approval of any underlying principle or methodology that underlies the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
7. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the _____ day of November 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER

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