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Commissioner
Lori Cobos
Commissioner
Jimmy Glotfelty
Commissioner



Greg Abbott
Governor
Thomas J. Gleeson
Executive Director

Public Utility Commission of Texas

TO: Interim Chair Kathleen Jackson
Commissioner Will McAdams
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty

All Parties of Record

FROM: Office of Policy and Docket Management

DATE: 23 August 2023

RE: PUC Docket No. 53719; SOAH Docket No. 473-22-04394 – *Application of Entergy Texas Inc. for Authority to Change Rates.*

The parties filed an unopposed agreement that addresses all issues in the preliminary order except for issues 68 and 69 related to transportation electrification charging infrastructure. The issues related to transportation electrification charging infrastructure were addressed in a proposal for decision prepared by administrative law judges of the State Office of Administrative Hearings.

At its August 3, 2023 open meeting, the Commission determined that the rates, terms, and conditions of the parties' unopposed agreement should be approved. In an order filed on August 16, 2023, the Commission severed the proposal for decision issues related to transportation electrification charging infrastructure into a separate proceeding for further processing by Docket Management.

The Office of Policy and Docket Management attaches to this memorandum a draft final order memorializing the Commission's decision at its August 3, 2023 open meeting.

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PUC DOCKET NO. 53719
SOAH DOCKET NO. 473-22-04394

APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO CHANGE RATES	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS
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DRAFT ORDER

This Order addresses the application of Entergy Texas, Inc. for authority to change rates. On May 10, 2023, the parties filed an unopposed agreement that addresses all issues between themselves in this proceeding except for preliminary-order issues 68 and 69 related to transportation electrification charging infrastructure. The Commission severed preliminary-order issues 68 and 69 into a separate proceeding for further processing by Docket Management, and those issues are not addressed in this Order. On May 10, 2023, Entergy Texas filed an agreed motion for interim rates that are identical to the agreed rates. Attachment A to that motion are the agreed tariffs reflecting the agreed rates. The Commission approves the rates, terms, and conditions of the unopposed agreement to the extent provided in this Order and approves the tariffs attached as attachment A to the agreed motion for interim rates, including the rates in those tariffs, to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

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

Application

4. On July 1, 2022, Entergy Texas filed an application requesting authority to change its Texas retail rates based on a historical test year of January 1, 2021 through December 31, 2021, adjusted for known and measurable changes.
5. In the application, Entergy Texas stated its combined base and rider revenues was \$1.173 billion, including \$197.5 million in revenue from its generation cost recovery rider, distribution cost recovery factor rider, and transmission cost recovery factor rider.
6. Entergy Texas requested an increase of approximately \$131.4 million in base and rider rates to collect a total non-fuel retail amount of approximately \$1.304 billion.
7. Entergy Texas requested a prudence determination for generation facilities, transmission capital additions, and distribution capital additions closed to plant since January 1, 2018.
8. The application included a request for approval of a new transportation electrification and charging infrastructure rider and a new transportation electrification and charging demand adjustment rider.
9. Entergy Texas filed errata to its application on September 16 and 19, 2022.
10. In an order filed on July 29, 2022, the SOAH ALJs memorialized their finding at the July 22, 2022 prehearing conference that Entergy Texas's application was sufficient.

Effective Date of Proposed Rates

11. Entergy Texas proposed an effective date of August 5, 2022.
12. Entergy Texas requested that, if the new rates were suspended for a period beyond 155 days after Entergy Texas filed its application (i.e., beyond December 3, 2022), the final rates would relate back to, and be made effective for consumption on and after, December 3, 2022.
13. In SOAH Order No. 1 filed on July 11, 2022, the SOAH ALJs suspended the effective date of the proposed rates until January 2, 2023.
14. Entergy Texas agreed to multiple extensions of the effective date, the final extension ending on July 20, 2023.

Notice of the Application

15. On July 1, 2022, Entergy Texas provided notice of the application by email to all municipalities within Entergy Texas’s service area.
16. On July 1, 2022, Entergy Texas provided notice of the application by email to the Office of Public Utility Counsel (OPUC).
17. On September 21, 2022, Entergy Texas filed the affidavit of Stuart Barrett, vice president of customer service, attesting to the provision of notice to all municipalities within Entergy Texas’s service area and to OPUC.
18. Between July 25, 2022 and August 22, 2022, Entergy Texas provided notice of the application by mail to all affected customers in Entergy Texas’s service territory.
19. On September 21, 2022, Entergy Texas filed the affidavit of Kendra James, communications manager, attesting to the provision of notice to affected customers.
20. Entergy Texas published notice of the application for four consecutive weeks in newspapers having general circulation in each county in Entergy Texas’s service territory, as follows:

Newspaper	Counties of General Circulation	Publication Dates (2022)
<i>Anahuac Progress</i>	Chambers	July 6, 13, 20, 27
<i>Beaumont Enterprise</i>	Jefferson, Hardin, Tyler, Newton, Orange, Jasper, Liberty, Sabine, Chambers, San Augustine, Angelina, Galveston	July 1, 8, 15, 22
<i>Brenham Banner Press</i>	Washington, Burleson, Waller, Fayette, Grimes, Brazos	July 5, 12, 19, 26
<i>Bryan-College Station Eagle</i>	Brazos, Burleson, Grimes, Leon, Madison, Milam, Robertson	July 1, 8, 15, 22
<i>Burleson County Tribune</i>	Burleson	July 7, 14, 21, 28
<i>Cameron Herald</i>	Milam	July 7, 14, 21, 28
<i>Conroe Courier</i>	Harris, Trinity, Walker, Grimes, Polk, San Jacinto, Washington, Montgomery, Liberty, Austin, Waller, Chambers, Colorado, Brazoria, Fort Bend, Galveston, Wharton, Jackson, Matagorda	July 6, 13, 20, 27

Newspaper	Counties of General Circulation	Publication Dates (2022)
<i>East Montgomery County Observer</i>	Harris, Trinity, Walker, Grimes, Polk, San Jacinto, Washington, Montgomery, Liberty, Austin, Waller, Chambers, Colorado, Brazoria, Fort Bend, Galveston, Wharton, Jackson, Matagorda	July 6, 13, 20, 27
<i>East Texas Banner</i>	Jasper, Newton	July 6, 13, 20, 27
<i>Franklin Advocate</i>	Robertson	July 7, 14, 21, 28
<i>Galveston County Daily News</i>	Galveston	July 1, 8, 15, 22
<i>Grapeland Messenger</i>	Houston, Anderson	July 7, 14, 21, 28
<i>Groesbeck Journal</i>	Limestone	July 7, 14, 21, 28
<i>Hometown Press</i>	Chambers	July 6, 13, 20, 27
<i>Houston Chronicle</i>	Harris, Trinity, Walker, Grimes, Polk, San Jacinto, Washington, Montgomery, Liberty, Austin, Waller, Chambers, Colorado, Brazoria, Fort Bend, Galveston, Wharton, Jackson, Matagorda	July 1, 8, 15, 22
<i>Houston County Courier</i>	Houston	July 7, 14, 21, 28
<i>Humble Observer</i>	Harris, Trinity, Walker, Grimes, Polk, San Jacinto, Washington, Montgomery, Liberty, Austin, Waller, Chambers, Colorado, Brazoria, Fort Bend, Galveston, Wharton, Jackson, Matagorda	July 6, 13, 20, 27
<i>Huntsville Item</i>	Walker	July 7, 14, 21, 28
<i>Jasper Newsboy</i>	Jefferson, Hardin, Tyler, Newton, Orange, Jasper, Liberty, Sabine, Chambers, San Augustine, Angelina, Galveston	July 6, 13, 20, 27
<i>Liberty Vindicator</i>	Jasper	July 7, 14, 21, 28
<i>Madisonville Meteor</i>	Madison, Leon, Grimes, Walker	July 6, 13, 20, 27
<i>Marlin Democrat</i>	Falls	July 6, 13, 20, 27
<i>Montgomery County News</i>	Montgomery	July 6, 13, 20, 27
<i>Navasota Examiner</i>	Grimes	July 6, 13, 20, 27
<i>Newton County News</i>	Newton	July 6, 13, 20, 27
<i>Normangee Star</i>	Leon, Madison	July 6, 13, 20, 27

Newspaper	Counties of General Circulation	Publication Dates (2022)
<i>Orange Leader</i>	Orange	July 6, 13, 20, 27
<i>Penny Record/County Record</i>	Orange, Newton	July 6, 13, 20, 27
<i>Polk County Enterprise</i>	Polk	July 7, 14, 21, 28
<i>Port Arthur News</i>	Jefferson	July 6, 13, 20, 27
<i>Robertson County News</i>	Robertson	July 7, 14, 21, 28
<i>San Jacinto News Times</i>	San Jacinto	July 7, 14, 21, 28
<i>Silsbee Bee</i>	Hardin	July 6, 13, 20, 27
<i>Trinity County News-Standard</i>	Trinity	July 7, 14, 21, 28
<i>Tyler County Booster</i>	Tyler	July 7, 14, 21, 28
<i>Waller Times</i>	Waller, Harris	July 6, 13, 20, 27
<i>Woodlands Villager</i>	Harris, Trinity, Walker, Grimes, Polk, San Jacinto, Washington, Montgomery, Liberty, Austin, Waller, Chambers, Colorado, Brazoria, Fort Bend, Galveston, Wharton, Jackson, Matagorda	July 6, 13, 20, 27

21. On September 21, 2022, Entergy Texas filed publishers' affidavits attesting to the publication of notice.
22. In an order filed on July 29, 2022, the SOAH ALJs memorialized their finding at a prehearing conference held on July 22, 2022, that Entergy Texas's notice of the application was sufficient.

Interventions

23. In an order filed on July 29, 2022, the SOAH ALJs memorialized their decision at the July 22, 2022 prehearing conference to grant motions to intervene filed by the following parties: OPUC, Texas Industrial Energy Consumers (TIEC), and the Cities of Anahuac, Beaumont, Bridge City, Cleveland, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota, Oak Ridge North, Orange, Pine Forest, Pinehurst, Port Arthur,

Port Neches, Roman Forest, Rose City, Shenandoah, Silsbee, Sour Lake, Splendora, Vidor, West Orange, and Willis (collectively, Cities).

24. In SOAH Order No. 3 filed on August 19, 2022, the SOAH ALJs granted the interventions of The Kroger Co.; the United States Department of Energy, on behalf of itself and all other affected Federal Executive Agencies; Walmart Inc.; FlashParking, Inc.; and Sierra Club.
25. In SOAH Order No. 4 filed on September 7, 2022, the SOAH ALJs denied a late motion to intervene filed by Southwestern Public Service Company (SPS).
26. On September 16, 2022, SPS appealed SOAH Order No. 4, and the Commission granted the appeal.
27. In its order on appeal of SOAH Order No. 4 filed on October 20, 2022, the Commission granted the appeal, overturned the SOAH ALJs' denial of SPS's late motion to intervene, and granted SPS's motion.
28. In SOAH Order No. 5 filed on September 19, 2022, the SOAH ALJs granted a late motion to intervene filed by ChargePoint, Inc.
29. In SOAH Order No. 6 filed on October 6, 2022, the SOAH ALJs granted a late motion to intervene filed by Sempra Infrastructure Partners, L.P.
30. In SOAH Order No. 8 filed on October 25, 2022, the SOAH ALJs granted late motions to intervene filed by Americans for Affordable Clean Energy (AACE) and El Paso Electric Company.

Appeals of Municipal Ordinances

31. Entergy Texas timely filed with the Commission petitions for review of rate ordinances of the municipalities exercising original jurisdiction within its service territory.
32. In SOAH Order No. 3 filed on August 19, 2022, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Hearne, Patton Village, Daisetta, Madisonville, Bedias, Kosse, New Waverly, Somerville, Iola, Anderson, Todd Mission, Trinity, Franklin, Ames, Caldwell, Colmesneil, Bremond, Taylor Landing, Midway, Groveton, Woodbranch Village, Calvert, Woodloch, Nome, Riverside, Woodville, and Lumberton.

33. In SOAH Order No. 4 filed on September 7, 2022, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Kountze, Cleveland, Normangee, Plum Grove, Hardin, Devers, North Cleveland, Plantersville, and China.
34. In SOAH Order No. 5 filed on September 19, 2022, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Cut and Shoot, Corrigan, Bevil Oaks, and Chester.
35. In SOAH Order No. 8 filed on October 25, 2022, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Willis, Groves, and Nederland.
36. In SOAH Order No. 11 filed on December 1, 2022, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Dayton, Sour Lake, Port Neches, Navasota, Orange, Liberty, Pinehurst, Port Arthur, Anahuac, Bridge City, Rose City, Vidor, and Roman Forest.
37. In SOAH Order No. 13 filed on December 16, 2022, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Silsbee, Beaumont, and Pine Forest.
38. In SOAH Order No. 15 filed on January 24, 2023, the SOAH ALJs consolidated the review of the municipal ordinance adopted by the City of West Orange.
39. In SOAH Order No. 16 filed on February 16, 2023, the SOAH ALJs consolidated the review of the municipal ordinances adopted by the following municipalities: Huntsville, Splendora, Montgomery, Conroe, Shenandoah, Panorama Village, and Rose Hill Acres.
40. In Order No. 1 filed on June 6, 2023, the Commission ALJ consolidated the review of the municipal ordinances adopted by the following municipalities: Oak Ridge North and Shepherd.

Testimonies and Statements of Position

41. On July 1, 2022, Entergy Texas included with its application the direct testimonies of Eliecer Viamontes, Jess K. Totten, Richard D. Starkweather, Ann E. Bulkley, Bobby R. Sperandeo, Beverley Gale, Gary C. Dickens, Khamsune Vongkhamchanh, William

- Phillips, Jr., Melanie L. Taylor, Stuart Barrett, David C. Batten, Andrew L. Dornier, Anastasia R. Meyer, Stacey L. Whaley, Allison P. Lofton, Ryan M. Dumas, Dawn D. Renton, Jennifer A. Raeder, Paula R. Waters, Leslie Dennis, Daniel T. Falstad, Molly C. Griffin, Ryan C. Bennett, Jay Joyce, Gregory S. Wilson, Sean C. McHone, Dane A. Watson, Alyssa Maurice-Anderson, Lori A. Glander, CHP, Elizabeth S. Hunter, Kristin Sasser, Richard E. Lain, Crystal K. Elbe, Meghan E. Griffiths, David E. Hunt, and Samantha F. Hill.
42. On October 13, 2022, Entergy Texas filed the supplemental direct testimony of Meghan E. Griffiths.
 43. On October 14, 2022, Entergy Texas filed the supplemental direct testimony of Richard E. Lain.
 44. On October 26, 2022, Walmart filed the direct testimonies of Alex J. Kronauer and Lisa V. Perry; SPS filed the direct testimony of Jeremiah Cunningham; Sierra Club filed the direct testimony of Devi Glick; Cities filed the direct testimonies of Karl J. Nalepa, Kevin W. O'Donnell, David J. Garrett, and Norman J. Gordon; OPUC filed the direct testimonies of Evan D. Evans and Constance T. Cannady; TIEC filed the direct testimonies of Charles S. Griffey, Jeffry Pollock, and Michael P. Gorman; and ChargePoint filed the direct testimony of Justin D. Wilson.
 45. On October 26, 2022, AACE and El Paso Electric filed statements of position.
 46. On October 27, 2022, Cities, Sierra Club, and TIEC filed workpapers in support of their witnesses' testimonies.
 47. On November 1, 2022, FlashParking filed the corrected testimony of Matthew McCaffree.
 48. On November 2, 2022, Commission Staff filed the direct testimonies of William B. Abbott, Emily Sears, Mark Filarowicz, and Ruth Stark.
 49. On November 9, 2022, Commission Staff filed the late direct testimony of Ethan Blanchard.
 50. On November 16, 2022, Entergy Texas filed the rebuttal testimonies of Stuart Barrett, David C. Batten, Allen J. Becker, Stefan Boedeker, Ann E. Bulkley, Gary C. Dickens,

Andrew L. Dornier, Ryan M. Dumas, Crystal K. Elbe, Meghan E. Griffiths, Samantha F. Hill, Richard E. Lain, Allison P. Lofton, Ryan Magee, Sean C. McHone, Anastasia R. Meyer, Jennifer A. Reader, Kristen Sasser, Bobby R. Sperandeo, Richard D. Starkweather, Melanie L. Taylor, Jess K. Totten, Dane A. Watson, Gregory S. Wilson, and Willie M. Wilson.

51. On November 16, 2022, ChargePoint filed the cross-rebuttal testimony of Justin Wilson, SPS filed the cross-rebuttal testimony of Jeremiah W. Cunningham, Cities filed the cross-rebuttal testimony of Karl J. Nalepa, OPUC filed the cross-rebuttal testimony of Evan D. Evans, and TIEC filed the cross-rebuttal testimony of Jeffrey Pollock.
52. On November 17, 2022, Entergy Texas filed workpapers in support of its witnesses' rebuttal testimonies.
53. On November 29, 2022, OPUC filed errata to the direct testimony of Evan D. Evans.
54. On November 30, 2022, Sempra, AACE, and Sierra Club filed statements of position.
55. On December 1, 2022, TIEC filed errata to the direct testimonies of Jeffrey Pollock, Charles S. Griffey, and Michael P. Gorman.
56. On December 1, 2022, Cities filed errata to the direct testimony of Mark E. Garrett.
57. On December 2, 2022, Entergy Texas filed errata to the rebuttal testimonies of Allen J. Becker and Anastasia R. Meyer.
58. On December 5, 2022, Commission Staff filed errata to the direct testimony of Ethan Blanchard.
59. On February 2, 2023, Cities filed the supplemental direct testimony of Norman J. Gordon.
60. On February 2, 2023, Entergy Texas filed the second supplemental direct testimonies of Meghan E. Griffiths and Richard E. Lain.
61. On February 15, 2023, Commission Staff filed the supplemental direct testimony of Ruth Stark.
62. On February 22, 2023, Entergy Texas filed the supplemental rebuttal testimonies of Meghan E. Griffiths, Richard E. Lain, and Ryan A. Dumas.

Referral to SOAH and Evidentiary Record

63. On July 6, 2022, the Commission referred this case to SOAH.
64. On August 4, 2022, the Commission issued a preliminary order.
65. On December 16, 2022, Entergy Texas filed a joint motion to admit evidence on behalf of itself, Commission Staff, OPUC, Cities, TIEC, Sierra Club, Kroger, Federal Executive Agencies, Walmart, FlashParking, SPS, ChargePoint, Sempra, AACE, and El Paso Electric.
66. Entergy Texas requested that the documents identified in exhibit A attached to its joint motion be admitted into evidence.
67. In SOAH Order No. 14 filed on December 28, 2022, the SOAH ALJs admitted the documents listed in exhibit A attached to the joint motion.
68. On May 10, 2023, Entergy Texas filed an unopposed agreement on behalf of itself, Commission Staff, OPUC, TIEC, Sierra Club, Kroger, Federal Executive Agencies, and Walmart. Cities, AACE, ChargePoint, SPS, El Paso Electric, Sempra, and FlashParking were not signatories to the agreement but did not oppose it.
69. On May 10, 2023, Entergy Texas filed a second joint motion to admit evidence on behalf of itself, Commission Staff, OPUC, Cities, TIEC, Sierra Club, Kroger, Federal Executive Agencies, Walmart, FlashParking, SPS, ChargePoint, Sempra, AACE, and El Paso Electric.
70. In SOAH Order No. 20 filed on May 10, 2023, the SOAH ALJ admitted the documents listed in exhibit A attached to the second joint motion to admit evidence and granted a partial remand to the Commission of the uncontested issues, excluding contested preliminary-order issues 68 and 69.

Interim Rates

71. On May 10, 2023, Entergy Texas filed an agreed motion for interim rates.
72. In SOAH Order No. 20 filed on May 18, 2023, the SOAH ALJs granted the agreed motion for interim rates effective with consumption on and after the tenth business day after issuance of that order.

73. The interim rates are identical to the agreed rates approved by this Order.

Severance of Preliminary Order Issues 68 and 69

74. In SOAH Order No. 11 filed on December 1, 2022, the SOAH ALJs adopted Entergy Texas's proposal to have preliminary-order issues 68 and 69 decided on written submission.

75. On June 19, 2023, the SOAH ALJ filed a proposal for decision.

76. In an order filed on August 16, 2023, the Commission severed into a separate proceeding preliminary-order issues 68 and 69 related to transportation electrification charging infrastructure for further processing by Docket Management.

Good-Cause Exception to Certain Filing Requirements

77. In its application, Entergy Texas requested a good-cause exception to the requirement in 16 Texas Administrative Code (TAC) § 22.243(b) to file certain schedules and workpapers required by the Commission's rate filing package. Entergy Texas requested waivers for the following: (a) not to include forecasted fuel information because Entergy Texas was not seeking to revise its fuel factor in this proceeding; (b) not to provide schedules that pertain exclusively to historical, reconcilable fuel costs and revenues in light of the Commission's determination in Project No. 41905 that fuel reconciliation cases are separately filed proceedings;¹ (c) not to include energy-efficiency information under schedule N in light of the requirements of PURA² § 39.905 and 16 TAC § 25.182; (d) not to include schedule S regarding test-year review—a waiver that the Commission granted to Entergy Texas in Docket No. 52851;³ and (d) to use the Commission's standard protective order rather than the confidentiality disclosure agreement in the rate filing package because the standard protective order better reflects current Commission practice.

¹ *Rulemaking Proceeding to Amend PUC Subst. R. 25.236 Relating to Recovery of Fuel Costs*, Project No. 41905, Order Adopting Amendments to § 25.236 as Approved at the May 16, 2014 Open Meeting at 23 (May 29, 2014).

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016 (PURA).

³ *Application of Entergy Texas Inc. for Waiver of Rate Filing Package Schedule S*, Docket No. 52851, Order (Apr. 21, 2022).

78. The scope of Entergy Texas's application and the specific facts of this docket constitute good cause under 16 TAC § 22.5(b) to except Entergy Texas from compliance with the requirements of 16 TAC § 22.243(b) to the extent described in this Order.

Agreement – Overall Revenue Requirement, Base Rates, GCRR, TCRF, and DCRF

79. The signatories agreed to an overall increase in base-rate revenues of \$54 million, exclusive of, and incremental to, costs being realigned to base rates from Entergy Texas's generation cost recovery rider, transmission cost recovery factor, and distribution cost recovery factor, and also exclusive of, and incremental to, rate-case expenses approved by this Order. Under the agreement, Entergy Texas's non-fuel revenue requirement is \$1,227,384,124.

80. The base-rate increase will relate back to December 3, 2022, the 155th day after Entergy Texas's rate application was filed.

81. The base-rate increase is effective for consumption on and after December 3, 2022.

82. It is appropriate for a surcharge giving effect to the December 3, 2022 relate-back date to be implemented through a rider in a separate docket.

83. Under the agreement, Entergy Texas's current generation cost recovery rider, transmission cost recovery factor, and distribution cost recovery factor will be reduced to zero, and the current amounts reflected in those riders will be realigned into base rates.

84. The agreed baselines for transmission cost recovery factor, distribution cost recovery factor, purchased capacity recovery factor, and generation cost recovery riders are set forth in attachment D to the agreement.

85. The revenues produced by the rates approved by this Order will be sufficient to cover Entergy Texas's expenses and provide Entergy Texas a reasonable opportunity to earn a reasonable rate of return.

86. The baselines established for transmission cost recovery factor, distribution cost recovery factor, purchased capacity recovery factor, and generation cost recovery riders as set forth in attachment D to the agreement are reasonable.

87. The agreement's treatment of revenue-requirement issues is appropriate.

Agreement – Capital Investment

88. Entergy Texas's capital investments included in rate base and closed to plant through December 31, 2021 are used and useful and were prudently incurred.

Agreement – Rate-Case Expenses

89. In its application, Entergy Texas requested approximately \$9.2 million in rate-case expenses, composed of \$807,416 in actual expenses associated with Entergy Texas's last fuel reconciliation proceeding, Docket No. 49916,⁴ and \$8,435,000 in rate-case expenses incurred as of March 31, 2022 in association with this docket and estimated rate-case expenses that Entergy Texas expected to incur through the pendency of this docket.

90. In support of its rate-case expenses, Entergy Texas filed the direct, supplemental, and second supplemental testimonies of Richard E. Lain, manager of regulatory affairs; the affidavit, supplemental affidavit, and second supplemental affidavit of attorney Erika N. Garcia, director of regulatory affairs; and the direct, supplemental, and second supplemental testimonies of attorney Meghan E. Griffiths, a partner with the law firm of Jackson Walker, LLP. In reaching an opinion on the reasonableness of rate-case expenses incurred in this docket and in Docket No. 49916, Entergy Texas's witnesses relied on the factors in 16 TAC § 25.245(b).

91. The signatories agreed for Entergy Texas to recover \$4,805,630.19 in rate-case expenses incurred in this docket through December 31, 2022 and in Docket No. 49916. The signatories agreed for Entergy Texas to recover this amount over 36 months under schedule RCE-5, the form of which is attached to the agreement as attachment F.

92. The signatories agreed that within 60 days of the Commission's final order in this docket, Entergy Texas will file a completed schedule RCE-5 with rates designed to collect the agreed rate-case expenses.

93. The signatories agreed that Entergy Texas's rate-case expenses incurred in this docket after December 31, 2022 will be deferred in a regulatory asset and that Entergy Texas may seek recovery of those amounts in a future proceeding.

⁴ *Application of Entergy Texas, Inc. for Approval to Reconcile Fuel and Purchased Power Costs*, Docket No. 49916, Order (Aug. 27, 2020).

94. The signatories agreed that Entergy Texas will promptly reimburse Cities \$78,339 for rate-case expenses incurred after December 31, 2022. This amount will also be included in the regulatory asset, and Entergy Texas and Commission Staff agreed not to contest Entergy Texas's recovery of these amounts in a future proceeding.
95. The agreed rate-case expenses incurred in this docket and in Docket No. 49916 in the amount of \$4,805,630.19 are reasonable.
96. The agreement's treatment of rate-case expenses is appropriate.

Agreement – Riders

97. The signatories agreed on Entergy Texas's proposed non-rate-related changes to existing tariffs, with the exception of the proposed changes to schedule standby and maintenance service and to the rider to schedules LIPS, LIPS-TOD, and interruptible service.
98. The signatories' agreed revisions to schedule standby and maintenance service and to the rider to schedules LIPS, LIPS-TOD, and interruptible service are in attachment C to the agreement.
99. The agreement's treatment of changes to existing tariffs is appropriate.
100. Entergy Texas proposed three new riders related to market valued demand response (MVDR), a green future option (GFO), and deferred tax accounting (DTA).
101. Entergy Texas's proposed rider MVDR defines the parameters under which Entergy Texas's end-use customers can participate in the demand-response markets of the Midcontinent Independent System Operator Inc. (MISO).
102. Under rider MVDR, Entergy Texas acts as the market participant on behalf of end-use retail customers that an aggregator of retail customers has aggregated and contracted with. Entergy Texas will register those demand-response resources with MISO and pass through proceeds from MISO to the aggregator of retail customers to in turn pass on to the retail customers.
103. Under rider MVDR, end-use retail customers and aggregators of retail customers are not able to participate as a demand-response resource in MISO's wholesale markets except

- through rider MVDR or through other demand-response efforts implemented by Entergy Texas.
104. Entergy Texas's proposed rider GFO enables eligible customers to indirectly access renewable energy from the 150-MW Umbriel solar project under construction in Polk County, Texas. Participating customers pay a fixed monthly charge based on the size of their portion of the overall solar resource portfolio and have the renewable energy credits associated with their share of the actual energy output retired on their behalf.
 105. Entergy Texas's proposed rider DTA tracks unfavorable Internal Revenue Service decisions on uncertain tax positions that Entergy Texas is required to record as a tax liability under generally accepted accounting principles. The rider permits Entergy Texas to collect, on a prospective basis, the after-tax return on amounts actually paid to the Internal Revenue Service.
 106. Rider DTA incentivizes Entergy Texas to take uncertain tax positions that inure to ratepayers' benefit while providing some level of compensation to Entergy Texas if those positions are ultimately reversed.
 107. The signatories agreed on Entergy Texas's new riders related to MVDR, GFO, and DTA as proposed.
 108. The agreement's treatment of Entergy Texas's proposed new riders is appropriate.

Agreement – Return and Capital Structure

109. The signatories agreed on the following: a weighted average cost of capital of 6.61%, an authorized return on equity of 9.57% based on a cost of debt of 3.47% and a cost of preferred stock of 5.35%, and a regulatory capital structure of 51.21% equity, 0.81% preferred stock, and 47.97% long-term debt.
110. The agreement's treatment of return on equity and weighted average cost of capital is appropriate.
111. It is appropriate for the agreed overall authorized rate of return (or the weighted average cost of capital in the agreement), return on equity, cost of debt, cost of preferred stock, and

capital structure for Entergy Texas to apply in all Commission proceedings or Commission filings requiring the application of those items.

Agreement – Cash Working Capital for Earnings Monitoring Report

112. As agreed by the signatories, for purposes of Entergy Texas’s earnings monitoring reports for reporting years beginning in 2023, cash working capital included in rate base is negative \$8,559,750.
113. Entergy Texas calculated its cash working capital using a lead-lag study.
114. The agreement’s treatment of cash working capital is appropriate.

Agreement – Affiliate Expenses

115. To the extent that affiliate costs are included in the agreed revenue requirement, the affiliate costs included in the agreed rates are reasonable and necessary for each class of affiliate costs presented in Entergy Texas’s application.
116. To the extent that affiliate costs are included in the agreed revenue requirement, the prices charged by Entergy Texas’s affiliates to Entergy Texas that are included in the agreed rates are 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 to a non-affiliated person within the same market area or having the same market conditions.
117. The agreement’s treatment of affiliate expenses is appropriate.

Agreement – Financial Protections (Ring-Fencing)

118. The signatories agreed on the following ring-fencing provisions:
 - a. Entergy Texas Credit Ratings. Entergy Texas will work to ensure that its credit ratings at S&P and Moody’s remain at or above Entergy Texas’s current credit ratings.
 - b. Notification of Less-than-Investment-Grade Rating. Entergy Texas will notify the Commission if its credit issuer rating or corporate rating as rated by either S&P or Moody’s falls below investment-grade level.
 - c. Stand-Alone Credit Rating. Entergy Texas will take the actions necessary to ensure the existence of an Entergy Texas stand-alone credit rating.

- d. No Sharing of a Credit Facility. Entergy Texas will not share a credit facility with any unregulated affiliates.
- e. No Entergy Texas Debt Secured by Non-Entergy Texas Assets. Entergy Texas's debt will not be secured by non-Entergy Texas assets.
- f. No Entergy Texas Assets Pledged for Other Entities' Debt. Entergy Texas's assets will not secure the debt of Entergy Corporation or its non-Entergy Texas affiliates. Entergy Texas's assets will not be pledged for any other entity.
- g. No Credit for Affiliate Debt. Entergy Texas will not hold out its credit as being available to pay the debt of any Entergy affiliates.
- h. No Commingling of Assets. Except for access to the utility-money pool and the use of shared assets governed by the Commission's affiliate rules, Entergy Texas will not commingle its assets with those of other Entergy affiliates.
- i. Affiliate Asset Transfer Commitment. Entergy Texas will not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis in accordance with the Commission's affiliate standards applicable to Entergy Texas, regardless of whether such affiliate standards would apply to the particular transaction.
- j. No Debt Disproportionately Dependent on Entergy Texas. Without previous approval of the Commission, neither Entergy Corporation nor any affiliate of Entergy Corporation (excluding Entergy Texas) will incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on (1) the revenues of Entergy Texas in more than a proportionate degree than the other revenues of Entergy Corporation or (2) the stock of Entergy Texas.
- k. No Bankruptcy Cost Commitment. Entergy Texas will not seek to recover from customers any costs incurred as a result of a bankruptcy of Entergy Corporation or any of its affiliates.
- l. No Cross-Default Provision. A no cross-default provision, that Entergy Texas's credit agreements and indentures will not contain cross-default provisions whereby

a default by Entergy Corporation or its other affiliates would cause a default by Entergy Texas.

- m. No Financial Covenants or Rating Agency Triggers Related to Another Entity. A no financial covenants or rating agency triggers related to another entity provision, that the financial covenants in Entergy Texas's credit agreements will not be related to any entity other than Entergy Texas. Entergy Texas will not include in its debt or credit agreements any financial covenants or rating agency triggers related to any entity other than Entergy Texas.

119. The agreed ring-fencing measures are appropriate.

Agreement – Cost Allocation and Rate Design

120. The signatories agreed on the class revenue allocation and rate design reflected in attachment G to the agreement with the following rate classes: residential, small general service, general service, large general service, large industrial power, and lighting.
121. The signatories agreed on a \$14.00 customer charge applicable to the residential class and a \$21.94 customer charge applicable to the small general class.
122. The signatories agreed on the following energy line-loss factors and did not reach an agreement on Entergy Texas's demand line-loss factors:

Voltage Class	Energy Factor
Bulk	1.004137
Local	1.016396
Primary	1.047994
Secondary	1.076798

123. The allocation of the revenue requirement as set forth in attachment G to the agreement is just and reasonable.
124. The agreed energy line-loss factors are reasonable.
125. The agreed rate schedules and tariffs attached as attachment A to Entergy Texas's agreed motion for interim rates are reasonable.

Agreement – Advanced Metering System

126. Entergy Texas requested to reconcile advanced metering system (AMS) costs with AMS surcharge revenues in accordance with 16 TAC § 25.130(k)(6) and the Commission's order in Docket No. 47416.⁵
127. When the Commission approved Entergy Texas's AMS deployment plan in Docket No. 47416, the Commission approved Entergy Texas's request for a waiver from the requirement under 16 TAC § 25.130(k)(4) that the Commission move the cost of installed AMS equipment out of the AMS surcharge and into base rates in a base-rate proceeding during AMS deployment. Consistent with that waiver, Entergy Texas does not propose to adjust its AMS surcharge as part of this reconciliation proceeding.
128. Entergy Texas incurred AMS costs and investments for the deployment of AMS during the reconciliation period ending December 31, 2021 in accordance with Entergy Texas's AMS deployment plan approved in Docket No. 47416.
129. In Docket No. 47416, Entergy Texas agreed to establish one or more reasonable regulatory asset or liability accounts in which it would record at least annually the difference between the AMS surcharge revenues and the net revenue requirements for the period, based on actual expenses and net investment in AMS.
130. The costs associated with AMS deployment are recorded with unique accounting codes using the appropriate Federal Energy Regulatory Commission accounts, sub-accounts, and property unit numbers to ensure they are not also included in Entergy Texas's base rates.
131. Entergy Texas has tracked and recorded its AMS revenues and related costs and savings consistent with the Commission's order in Docket No. 47416.
132. Entergy Texas forecasted negative \$13.9 million in customer service benefits based on the estimated levels of meter deployment, reflecting operations and maintenance expenses eliminated as a result of AMS.

⁵ *Application of Entergy Texas, Inc. for Approval of Advanced Metering System (AMS) Deployment Plan, AMS Surcharge, and Non-Standard Metering Service Fees*, Docket No. 47416, Order (Dec. 14, 2017).

133. Entergy Texas realized customer service benefits through December 31, 2021 of negative \$2.0 million in savings.
134. As of December 31, 2021, Entergy Texas's AMS regulatory asset represents an over-recovery of \$9.9 million. This front-loaded revenue during the deployment period will reverse after deployment is concluded.
135. Entergy Texas demonstrated that its AMS costs and surcharge revenues were appropriately accounted for during the reconciliation period and that any differences between its estimated costs or investments and its actual expenditures were appropriately incurred and were reasonable and necessary.
136. The costs recovered through Entergy Texas's AMS surcharge were spent, properly allocated, reasonable, and necessary.

Agreement – Nuclear Decommissioning

137. Entergy Texas is responsible through a power purchase agreement with Entergy Louisiana, L.L.C. for a portion of the cost to decommission River Bend nuclear power plant.
138. Entergy Texas estimates the decommissioning of River Bend will begin in 2045 when River Bend's operating license expires.
139. Entergy Texas proposed that no additional contribution to the decommissioning fund through base revenue is necessary based on a review of current information regarding the cost of decommissioning, anticipated escalation rates, the anticipated return on the funds in the decommissioning trust, and other relevant factors.
140. A revenue requirement of \$0.00 for Entergy Texas's nuclear decommissioning expense is reasonable.

Agreement – Depreciation Rates

141. The signatories agreed that for the period that rates from this proceeding are in effect, Entergy Texas's depreciation rates will be those reflected in attachment B to the agreement.
142. The signatories agreed that the agreed depreciation rates do not reflect any agreement on the useful lives of the utility assets, any planned retirement of utility assets, or the ultimate

recovery of any undepreciated asset costs that may be considered in Entergy Texas's next general base-rate proceeding.

143. The agreement's treatment of depreciation rates is reasonable.

Agreement – Regulatory Assets

144. The signatories agreed on the amortizations and accruals reflected in attachment E to the agreement for Entergy Texas's pension and other post-retirement benefits tracker regulatory assets, the self-insurance (storm) reserve accrual, the COVID bad debt regulatory asset, and the non-advanced metering system amortization adjustment.

145. The signatories agreed that amortization rates for other assets not specifically addressed in the agreement will be the same as in current rates.

146. The treatment of the amortizations and accruals for pension and other post-retirement benefits tracker regulatory assets, self-insurance (storm) reserve accrual, COVID-19 bad debt regulatory asset, and non-advanced metering system regulatory asset in the agreement is reasonable.

Agreement – Self-Insurance Reserve

147. Entergy Texas presented a cost-benefit analysis performed by a qualified independent insurance consultant with analysis of the appropriate limits of self-insurance, analysis of the appropriate annual accruals to build a reserve account for self-insurance, and the target reserve level.

148. In the application, Entergy Texas requested approval of a self-insurance reserve funded by an annual accrual of \$14,555,000, consisting of \$6,315,000 to account for annual expected losses from storm damage, plus \$8,240,000 to build a target reserve of \$15,244,000.

149. The signatories agreed that the self-insurance reserve will be funded by an annual accrual of \$3,543,382, as set forth in attachment E to the parties' agreement.

150. Entergy Texas demonstrated that self-insurance is a lower-cost alternative than commercial insurance and that customers will receive the benefits of the self-insurance plan.

151. An annual accrual recovery amount of \$3,543,382 for Entergy Texas's self-insurance reserve is appropriate.

Informal Disposition

152. More than 15 days have passed since completion of the notice provided in this docket.
153. The following are all the parties to this proceeding: Commission Staff, Entergy Texas, OPUC, TIEC, Sierra Club, Kroger, Federal Executive Agencies, Walmart, Cities, AACE, ChargePoint, SPS, El Paso Electric, Sempra Infrastructure Partners, and FlashParking.
154. All the parties to this proceeding are signatories to the agreement or are unopposed to the agreement.
155. No hearing is necessary.
156. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Entergy Texas 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 exercises regulatory authority over Entergy Texas and the subject matter of this application under PURA §§ 14.001, 32.001, 36.001 through 36.112, 36.211, and 39.452(k).
3. Under PURA § 33.051, each municipality in Entergy Texas's service area that has not ceded jurisdiction to the Commission has jurisdiction over Entergy Texas's application, which seeks to change rates for service within each municipality.
4. The Commission has authority over an appeal from municipalities' rate proceedings under PURA § 33.051.
5. SOAH exercised jurisdiction over this proceeding under PURA § 14.053 and Texas Government Code § 2003.049.

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

6. This docket was processed in accordance with the requirements of PURA, the Texas Administrative Procedure Act,⁷ and Commission rules.
7. Entergy Texas provided adequate notice of its application in compliance with PURA § 36.103 and 16 TAC § 22.51(a) and filed affidavits attesting to the completion of notice in compliance with 16 TAC § 22.51(d).
8. Entergy Texas timely appealed to the Commission the actions of the municipalities described in this Order in accordance with PURA § 33.053(b).
9. Notice of the hearing on the merits was given in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. Entergy Texas's application included supporting workpapers and information required by the Commission's rate filing package in compliance with 16 TAC § 22.243(b), except that Entergy Texas did not comply with certain requirements in the rate filing package related to fuel factors, energy-efficiency plans, confidentiality, and an independent audit as described in finding of fact 77.
11. Good cause exists under 16 TAC § 25.3 to grant an exception to the requirement in 16 TAC § 22.243(b) that Entergy Texas comply with certain requirements in the Commission's rate filing package as described in finding of fact 77.
12. Entergy Texas's application complied with PURA § 36.112(b)(2) and 16 TAC § 25.246(b)(2) and (3).
13. The rates approved by this Order are just and reasonable under PURA § 36.003(a).
14. The rates approved by this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each customer class under PURA § 36.003(b) and 16 TAC § 25.234(a).
15. In accordance with PURA § 36.051, the revenue produced by the rates approved by this Order permit Entergy Texas a reasonable opportunity to earn a reasonable return on its

⁷ Tex. Gov't Code §§ 2001.001–.903.

- invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses.
16. The rates approved by this Order comply with PURA § 36.053 with regard to invested capital.
 17. The depreciation rates set forth in attachment B to the agreement comply with the requirements of PURA § 36.056 and 16 TAC § 25.231(b)(1)(B).
 18. Entergy Texas's invested capital through the end of the test year and the update period meets the requirements of PURA § 36.053.
 19. The affiliate costs and expenses included in the rates approved by this Order comply with the requirements of PURA § 36.058.
 20. The rates approved by this Order include only expenses that are reasonable and necessary to provide service to the public under 16 TAC § 25.231(b).
 21. The rates approved by this Order do not include any expenses prohibited from recovery under PURA §§ 36.061(a) and 36.062 and 16 TAC § 25.231(b)(2).
 22. The expense for pension and other post-employment benefits that is included in the rates approved by this Order complies with PURA § 36.065 and 16 TAC § 25.231(b)(1)(H).
 23. The adjustments to Entergy Texas's test-year data are known and measurable under 16 TAC § 25.231(a) and (c)(2)(F) and 16 TAC § 25.246(b)(5).
 24. Entergy Texas's rate-case expenses incurred in this docket through December 31, 2022 and in Docket No. 49916 in the amount of \$4,805,630.19 comply with the requirements of PURA § 36.061 and 16 TAC § 25.245.
 25. Under PURA § 33.023(b), Entergy Texas is required to reimburse Cities for its reasonable rate-case expenses incurred in this proceeding.
 26. The rates approved by this Order are effective for consumption on and after December 3, 2022 under PURA § 36.211(b) and 16 TAC § 25.246(d)(1).
 27. Because the rates approved by this Order are identical to the interim rates, no true-up of the interim rates is necessary.

28. The agreed cash working capital was determined by a lead-lag study and is reasonable in accordance with 16 TAC § 25.231(c)(2)(B)(iii)(IV).
29. The Commission has authority under PURA §§ 11.002, 14.001, 14.003, 14.154(a), 14.201, and 36.003(a) to order Entergy Texas to adopt the financial protections approved in this Order.
30. Entergy Texas demonstrated under PURA § 36.064 that (1) its proposed self-insurance reserve coverage is in the public interest; (2) the plan, considering all costs, would be a lower cost alternative to purchasing commercial insurance; and (3) customers would receive the benefits of the savings.
31. Entergy Texas established under 16 TAC § 25.231(b)(1)(G) that its self-insurance plan is in the public interest by presenting a cost benefit analysis demonstrating that self-insurance is a lower-cost alternative than commercial insurance, demonstrating that ratepayers will receive the benefits of the self-insurance plan, and analyzing the appropriate annual accruals to build a reserve account for self-insurance.
32. The Commission previously waived the requirement under 16 TAC § 25.130(k)(4) that the cost of installed AMS equipment be moved out of the AMS surcharge and into base rates in this proceeding.
33. Because the Commission did not find that any AMS costs were not spent, were not properly allocated, or were not reasonable and necessary, no refund of the AMS surcharge revenue to Entergy Texas's customers is required in this reconciliation proceeding under 16 TAC § 25.130(k)(6).

III. Ordering Paragraphs

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

1. The Commission approves the rates, terms, and conditions of the agreement to the extent provided in this Order.
2. The Commission approves the tariffs attached as attachment A to the agreed motion for interim rates, including the rates in those tariffs, to the extent provided in this Order.

3. In all Commission proceedings or filings requiring application of such items, Entergy Texas must use an overall authorized rate of return (or weighted average cost of capital) of 6.61% that is based on a cost of debt of 3.47%, a return on equity of 9.57%, and a capital structure of 51.21% equity, 0.81% preferred stock, and 47.97% long-term debt.
4. The Commission approves the baselines established for transmission cost recovery factor, distribution cost recovery factor, purchased capacity recovery factor, and generation cost recovery riders as set forth in attachment D to the agreement.
5. The Commission approves the amortizations and accruals reflected in attachment E to the agreement.
6. The Commission approves the new riders related to market valued demand response, a green future option, and deferred tax accounting as proposed by Entergy Texas.
7. Within 60 days of this Order, Entergy Texas must file schedules in a separate docket showing its calculation of the relate back of rates to December 3, 2022. No later than ten days after the date of the tariff filing, any intervenor in this proceeding may file comments on the individual tariff sheets. No later than 15 days after the date of the tariff filing, Commission Staff must file its comments recommending approval, modification, or rejection of the individual sheets. Responses to Commission Staff's recommendation must be filed no later than 20 days after the filing of the surcharge tariffs. The presiding officer must approve, modify, or reject each tariff sheet. If any surcharge tariffs are modified or rejected, Entergy Texas must file proposed revisions to the individual sheets in accordance with the presiding officer's order within ten days of the date of that order, and the review procedure set out above will apply to the revised sheets.
8. The Commission approves rate-case expenses in the amount of \$4,805,630.19 to be recovered over a period of 36 months under schedule RCE-5.
9. Within 60 days of this Order, Entergy Texas must file schedules in a separate docket showing its calculation of rates designed to collect the rate-case expenses approved in this Order. No later than ten days after the date of the tariff filing, any intervenor in this proceeding may file comments on the individual tariff sheets. No later than 15 days after the date of the tariff filing, Commission Staff must file its comments recommending

approval, modification, or rejection of the individual sheets. Responses to Commission Staff's recommendation must be filed no later than 20 days after the filing of the surcharge tariffs. The presiding officer must approve, modify, or reject each tariff sheet. If any surcharge tariffs are modified or rejected, Entergy Texas must file proposed revisions to the individual sheets in accordance with the presiding officer's order within ten days of the date of that order, and the review procedure set out above will apply to the revised sheets.

10. Entergy Texas must reimburse Cities for its reasonable rate-case expenses.
11. In a future proceeding, Entergy Texas may seek the recovery of additional rate-case expenses incurred in this docket by Entergy Texas after December 31, 2022 or by Cities.
12. Entergy Texas must comply with the following ring-fencing conditions:
 - a. Entergy Texas Credit Ratings. Entergy Texas must work to ensure that its credit ratings at S&P and Moody's remain at or above Entergy Texas's current credit ratings.
 - b. Notification of Less-than-Investment-Grade Rating. Entergy Texas must notify the Commission if its credit issuer rating or corporate rating as rated by either S&P or Moody's falls below investment-grade level.
 - c. Stand-Alone Credit Rating. Entergy Texas must take the actions necessary to ensure the existence of an Entergy Texas stand-alone credit rating.
 - d. No Sharing of a Credit Facility. Entergy Texas must not share a credit facility with any unregulated affiliates.
 - e. No Entergy Texas Debt Secured by Non-Entergy Texas Assets. Entergy Texas's debt must not be secured by non-Entergy Texas assets.
 - f. No Entergy Texas Assets Pledged for Other Entities' Debt. Entergy Texas's assets must not secure the debt of Entergy Corporation or its non-Entergy Texas affiliates. Entergy Texas's assets must not be pledged for any other entity.
 - g. No Credit for Affiliate Debt. Entergy Texas must not hold out its credit as being available to pay the debt of any Entergy affiliates.

- h. No Commingling of Assets. Except for access to the utility-money pool and the use of shared assets governed by the Commission's affiliate rules, Entergy Texas must not commingle its assets with those of other Entergy affiliates.
 - i. Affiliate Asset Transfer Commitment. Entergy Texas must not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis in accordance with the Commission's affiliate standards applicable to Entergy Texas, regardless of whether such affiliate standards would apply to the particular transaction.
 - j. No Debt Disproportionately Dependent on Entergy Texas. Without previous approval of the Commission, neither Entergy Corporation nor any affiliate of Entergy Corporation (excluding Entergy Texas) may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on (1) the revenues of Entergy Texas in more than a proportionate degree than the other revenues of Entergy Corporation or (2) the stock of Entergy Texas.
 - k. No Bankruptcy Cost Commitment. Entergy Texas must not seek to recover from customers any costs incurred as a result of a bankruptcy of Entergy Corporation or any of its affiliates.
 - l. No Cross-Default Provision. A no cross-default provision, that Entergy Texas's credit agreements and indentures must not contain cross-default provisions whereby a default by Entergy Corporation or its other affiliates would cause a default by Entergy Texas.
 - m. No Financial Covenants or Rating Agency Triggers Related to Another Entity. A no financial covenants or rating agency triggers related to another entity provision, that the financial covenants in Entergy Texas's credit agreements must not be related to any entity other than Entergy Texas. Entergy Texas must not include in its debt or credit agreements any financial covenants or rating agency triggers related to any entity other than Entergy Texas.
13. The Commission grants a good-cause exception to the requirements in 16 TAC § 22.243(b) related to certain rate filing package instructions for fuel factors, energy-efficiency plans, confidentiality, and independent audits to the extent provided in this Order.

14. The Commission approves the following energy line-loss factors:

Voltage Class	Energy Factor
Bulk	1.004137
Local	1.016396
Primary	1.047994
Secondary	1.076798

15. The Commission approves the depreciation rates for the asset categories set forth in attachment B of the agreement.
16. The Commission adjusts Entergy Texas's AMS surcharge to reflect the Commission-authorized changes to return on equity, cost of debt, and capital structure used to calculate Entergy Texas's base rates in this Order.
17. Within 20 days of the date this Order is filed, Entergy Texas must provide the Commission with a clean copy of the tariffs approved by this Order to be stamped *Approved* and retained by Central Records.
18. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
19. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of _____ 2023.

PUBLIC UTILITY COMMISSION OF TEXAS

KATHLEEN JACKSON, INTERIM CHAIR

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER