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**SOAH DOCKET NO. 473-24-17667
PUC DOCKET NO. 56544**

APPLICATION OF ENTERGY TEXAS, INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**COMMISSION STAFF'S MEMORANDA IN SUPPORT OF STIPULATION AND
SETTLEMENT AGREEMENT**

On May 1, 2024, Entergy Texas, Inc. (ETI) filed an application to adjust its energy-efficiency cost recovery factor (EECRF) and related relief for program year 2025 in accordance with Public Utility Regulatory Act (PURA)¹ § 39.905 and 16 Texas Administrative Code (TAC) § 25.182.

On August 1, 2024, the State Office of Administrative Hearings (SOAH) administrative law judge (ALJ) filed SOAH Order No. 6, requiring the parties to file either their settlement documentation or a status report. ETI filed a stipulation and settlement agreement on October 31, 2024. Two weeks from October 31, 2024 is November 14, 2024. Therefore, this pleading is timely filed.

**I. STAFF'S MEMORANDA IN SUPPORT OF STIPULATION AND SETTLEMENT
AGREEMENT**

Staff files the attached memorandum from James Harville, Infrastructure Division, along with the attached memoranda of Ethan Blanchard and Sandra Hale, Rate Regulation Division, in support of the stipulation and settlement agreement and recommends that the Commission approve the stipulation and settlement agreement as filed.

II. CONCLUSION

Staff respectfully requests that the stipulation and settlement agreement be approved as filed.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.017.

Dated: November 12, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Dylan King
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on November 12, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Dylan King
Dylan King

Public Utility Commission of Texas

Memorandum

TO: Dylan King, Attorney
Legal Division

FROM: James Harville, Infrastructure Analyst
Infrastructure Division

DATE: November 12, 2024

RE: Docket No. 56544 – *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor*

On April 24, 2024, Entergy Texas, Inc. (ETI) filed an application with the Public Utility Commission of Texas (Commission) to adjust its Energy Efficiency Cost Recovery Factor (EECRF) for program year 2025 under Public Utility Regulatory Act (PURA) § 39.905 and 16 Texas Administrative Code (TAC) §§ 25.181 and 25.182.

In its Application, ETI initially requested recovery of \$10,522,323 through its 2025 EECRF. With the filing of the Stipulation and Settlement Agreement, this reduced ETI's requested 2025 EECRF to \$10,521,070 and is comprised of the following components:

- (a) ETI's forecasted energy-efficiency costs of \$8,746,010 in program year 2025;
- (b) Projected EM&V expenses in the amount of \$93,735;
- (c) A performance bonus of \$3,232,686;
- (d) Rate-case expenses totaling \$40,784 incurred in Docket No. 54938 in the amount of \$37,634 for ETI and \$3,150 for Cities; and
- (e) A refund of \$1,590,892 for the over-recovery of 2023 energy efficiency costs, including interest of \$89,785
- (f) A reduction of the revenue requirement in the amount of \$1,253 not associated with any particular issue.

The Signatories have agreed that ETI's application to adjust its EECRF filed on April 24, 2024 (including Errata No. 1 filed on July 25, 2024) be revised to remove \$1,253 from its total revenue requirement be approved. Attachment A to ETI's provided Stipulation contains an exhibit providing calculations consistent with the agreement, as well as calculations modeled on Exhibits JAL-1 (Calculations for 2025 EECRF) and JAL-3 (Calculation of Costs Recoverable Through 2025 EECRF) reflecting the agreed revised total revenue requirement.

My review included examination of ETI's growth in demand as defined in 16 TAC § 25.181(c)(25) and (44), calculated at source under 16 TAC § 25.181(e)(3); the demand-reduction and energy-savings goals with proposed line loss under 16 TAC § 25.181(e); the reasonableness of ETI's forecasted energy efficiency expenses under 16 TAC § 25.182(d) for program year 2025; the cost-benefit of the utility's portfolio of energy efficiency programs under 16 TAC § 25.181(d); and identification notices under 16 TAC § 25.181(u). My review also included ETI's compliance with 16 TAC § 25.182(e) to determine the program year 2023 performance bonus and net benefits; EECRF cost caps under 16 TAC § 25.182(d)(7); administrative-spending caps and costs of research and development under 16 TAC § 25.181(g); and ETI's energy efficiency expenses in program year 2023 to verify that they were reasonable and necessary to reduce demand and energy growth.

Based upon my review of ETI's application, associated exhibits, testimonies, responses to requests for information, and additionally the Stipulation and Settlement Agreement and attachments, I have determined that ETI's total requested energy efficiency expenses for the 2025 program year are reasonable, and that ETI's Stipulation and Settlement Agreement meets the requirements of 16 TAC §§ 25.181 and 25.182.

Public Utility Commission of Texas

Memorandum

TO: Dylan King, Attorney
Legal Division

FROM: Sandra Hale, Regulatory Accountant
Rate Regulation

DATE: November 12, 2024

RE: Docket No. 56544 – *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor*

On May 1, 2024, Entergy Texas, Inc. (ETI) filed an application in this docket to revise its Energy Efficiency Cost Recovery Factor (EECRF) (Application) for program year 2025 under Public Utility Regulatory Act (PURA) § 39.905 and 16 Texas Administrative Code (TAC) §§ 25.181 and 25.182.

In its Application, ETI initially requested a 2025 EECRF of \$10,522,323 comprising the following five components:

- 1) estimated energy efficiency program costs for 2025 of \$8,746,010;
- 2) a performance bonus of \$3,232,686 for 2023 program achievements;
- 3) projected evaluation, measurement, and verification (EM&V) costs of \$93,735 for 2025;
- 4) a \$1,590,892 refund for over-recovery of 2023 program costs, including \$89,785 in interest; and
- 5) \$3,150 for Cities' rate case expenses and \$37,634 for ETI's rate case expenses in Docket No. 54938, its 2023 EECRF Application.

My review was limited to a review of the interest expense calculation on the over-recovered program costs for 2023 to ensure compliance with 16 TAC § 25.182(d)(2), as well as an examination of the rate-case expenses incurred by ETI and the Cities in the 2023 EECRF proceeding, Docket No. 54938, for reasonableness and compliance with 16 TAC § 25.245.

As part of the Stipulation and Settlement Agreement (Stipulation), the parties to this docket have agreed to a \$1,253 reduction, resulting in a 2025 EECRF of \$10,521,070.

Based upon my review of ETI's application and supporting documentation, along with the Stipulation, I recommended that the Commission approve the Stipulation as filed. Although the Stipulation contains provisions that may differ from positions that Staff would take in a fully litigated proceeding, taken as a whole, its terms are within the reasonable range of likely results from continued litigation. The Stipulation is the result of negotiations amongst the parties and provides an equitable and fair resolution of this proceeding for affected stakeholders. It is my opinion that adoption of the Stipulation is in the public interest.

Public Utility Commission of Texas

Memorandum

TO: Dylan King
Legal Division

FROM: Ethan Blanchard
Rate Regulation Division

DATE: November 12, 2024

RE: Docket No. 56544 *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor*

On May 1, 2024, Entergy Texas, Inc. (ETI) filed an application to adjust its Energy Efficiency Cost Recovery Factor (EECRF) for the 2025 program year (PY 2025). ETI sought approval of its 2025 EECRF in the amount of \$10,522,323. As part of the Stipulation and Settlement Agreement (Stipulation) the parties to this docket have agreed to a \$1,253 reduction, resulting in a 2025 EECRF of \$10,521,070 composed of the following:

1. \$8,746,010 in ETI's forecasted PY 2025 energy efficiency costs, in turn composed of the following:
 - a. \$7,836,250 in PY 2025 budgeted incentive payments.
 - b. \$726,760 in program-specific administrative costs. Commercial program costs are allocated to commercial rate classes according PY 2023 incentive payments.
 - c. \$33,000 in research and development cost allocated to all rate classes according to the allocation of program-specific administrative costs.
 - d. \$150,000 in research and development cost directly assigned to the Residential rate class.
2. \$3,232,686 of performance bonus, allocated according to PY 2023 program costs.
3. \$93,735 in forecasted PY 2025 evaluation, measurement, & verification (EM&V) costs, which are directly assigned to ETI's Energy Efficiency programs, which are in turn allocated to ETI's rate classes according to actual PY 2023 incentive payments.
4. \$(1,592,145) for the overall over-recovery of PY 2023 energy efficiency costs, including

interest, which are directly assigned—to the maximum extent reasonably possible—to each rate class according to actual PY 2023 costs and revenues.

5. \$40,784 in rate case expenses allocated according to PY 2023 program costs.

Dividing these costs by ETI's forecasted billing determinants for PY 2025 produces the following EECRF rates:

Rate Class	EECRF Rate (\$/kWh)
Residential	\$ 0.000940
Small General Service	\$ 0.000825
General Service	\$ 0.000786
Large General Service	\$ 0.000741
LIPS: Industrial Transmission Customers Only	\$ 0.000000
LIPS: Other than Industrial Transmission Customers	\$ (0.000158)
Lighting	\$ 0.000001

Based upon my review of the Stipulation, I have determined that the proposed assignments and allocations of the various EECRF cost components to ETI's rate classes are reasonable and consistent with 16 Texas Administrative Code § 25.182 and that the rates have been correctly calculated.

The following files are not convertible:

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