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Executive Director

Public Utility Commission of Texas

TO: Shelah Cisneros
Commission Counsel

All Parties of Record

FROM: Rebecca Bromley-Williams 
Administrative Law Judge

RE: **Docket No. 56544**
SOAH Docket No. 473-24-17667 – *Application of Entergy Texas, Inc. to Adjust Its Energy Efficiency Cost Recovery Factor*

DATE: December 2, 2024

On November 21, 2024, I filed a Proposed Order in the above-styled and numbered docket.

On November 25, 2024, Entergy Texas, Inc. filed proposed corrections to the Proposed Order. I agree with the proposed corrections to the findings of fact, conclusions of law, and ordering paragraphs. I have revised the Proposed Order as follows:

Finding of Fact 5.c.:

projected evaluation, measurement, and verification expenses in the amount of \$93,735 for program year ~~2025~~ 2024;

Finding of Fact 30.b.:

projected evaluation, measurement, and verification expenses in the amount of \$93,735 for program year ~~2025~~ 2024;



Finding of Fact 39:

For assessing whether Entergy Texas's rates exceed the cost caps—after excluding evaluation, measurement, and verification costs, municipal EECRF proceeding expenses, and interest from over- and under-recoveries—Entergy Texas's rate for the residential class is ~~\$0.001626~~ \$0.000939 per kWh, and Entergy Texas's group rate for the aggregate commercial class is ~~\$0.001017~~ \$0.000651 per kWh;

Finding of Fact 52:

Entergy Texas's share of the estimated total evaluation, measurement, and verification costs to be incurred in the ~~2025~~ 2024 program year is \$93,735, and to the maximum extent reasonably possible, it is directly assigned to each rate class that received services under its programs.

Conclusion of Law No. 23:

In accordance with 16 TAC § 25.182(e)(4), the Commission may reduce the bonus otherwise permitted under 16 TAC § 25.1829(e) for a utility with a lower performance goal, higher administrative spending cap, or higher EECRF cost cap established by the Commission under 16 TAC § 25.181(e)(2).

Conclusion of Law No. 29:

Entergy Texas's net cost recovery of \$1,775,060—which consists of Entergy Texas's evaluation, measurement, and verification expenses allocated to Entergy Texas for the evaluation of program year ~~2025~~ 2024; a downward adjustment for Entergy Texas's net over-recovery of program year 2023 energy-efficiency costs plus interest; Entergy Texas's performance bonus earned based on 2023 program achievements; Entergy Texas's and Cities' rate-case expenses incurred in Docket No. 54938; and an adjustment to remove \$1,253 from the total revenue requirement not associated with any particular issue—complies with PURA § 39.905(b)(1) and 16 TAC § 25.182(d).

Ordering Paragraph No. 2.b.:

projected evaluation, measurement, and verification expenses in the amount of \$93,735 for program year ~~2025~~ 2024;

Other non-substantive changes to the order for matters such as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability have been made.

The Revised Proposed Order is ready for the Commission's consideration.

/scc
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PUC DOCKET NO. 56544
SOAH DOCKET NO. 473-24-17667

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

REVISED PROPOSED ORDER

This Order addresses the application of Entergy Texas, Inc. to adjust its energy efficiency cost recovery factor (EECRF) under PURA¹ § 39.905(b)(1) and 16 Texas Administrative Code (TAC) § 25.182. Entergy Texas filed an unopposed agreement on behalf of Entergy Texas and Commission Staff. The cities of Anahuac, Beaumont, Bridge City, Cleveland, Conroe, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota, Nederland, Oak Ridge North, Orange, Panorama Village, Pine Forest, Pinehurst, Port Arthur, Port Neches, Roman Forest, Rose City, Shenandoah, Silsbee, Sour Lake, Splendora, Vidor, West Orange, and Willis (collectively, Cities) and Texas Industrial Energy Consumers (TIEC) are unopposed to the agreement. Under the agreement, Entergy Texas's EECRF will recover approximately \$10,521,070 in revenue annually, reflecting a \$824,860 incremental increase in program costs as compared to the amount approved by the Commission in Docket No. 54938,² Entergy Texas's previous EECRF proceeding. The Commission adjusts Entergy Texas's EECRF to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Entergy Texas is a Texas corporation registered with the Texas secretary of state under filing number 800911623.
2. Entergy Texas owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity.

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

² *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 54938, Order (Nov. 3, 2023).

3. Entergy Texas holds certificate of convenience and necessity number 30076 to provide service to the public.

Application

4. On May 1, 2024, Entergy Texas filed an application to adjust its EECRF effective January 1, 2025.
5. In its application, Entergy Texas sought Commission approval to adjust its EECRF to recover \$10,522,323 during program year 2025, or an incremental increase of approximately \$826,112, which includes the following:
 - a. Entergy Texas's forecasted energy-efficiency costs of \$8,746,010 in program year 2025;
 - b. a performance bonus of \$3,232,686 for 2023 program achievements;
 - c. projected evaluation, measurement, and verification expenses in the amount of \$93,735 for program year 2024;
 - d. a downward adjustment of \$1,501,107, plus interest in the amount of \$89,785, for Entergy Texas's net over-recovery of program year 2023 energy-efficiency costs; and
 - e. Entergy Texas's rate-case expenses incurred in Docket No. 54938, its immediately previous EECRF proceeding, in the amount of \$37,634 for Entergy Texas, and \$3,150 incurred by Cities.
6. On July 25, 2024 Entergy Texas filed its Errata No. 1 to its application to correct an error in the allocation of the energy, measurement, and evaluation costs to the customer classes. The changes to the allocations did not change Entergy Texas's overall requested EECRF revenue requirement of \$10,522,323.
7. No party objected to the sufficiency of the application.
8. In State Office of Administrative Hearings (SOAH) Order No. 4 filed on May 31, 2024, the SOAH administrative law judge (ALJ) found the application sufficient.

Notice

9. On May 1, 2024, Entergy Texas sent notice of the application by e-mail to all parties of record in Entergy Texas's most recent EECRF proceeding, Docket No. 54938, and Entergy Texas's most recently completed base-rate case, Docket No. 53719.³
10. On May 1, 2024, Entergy Texas sent notice of the application by first-class mail to the state agency that administers the federal weatherization program, the Texas Department of Housing and Community Affairs.
11. On May 9, 2024, Entergy Texas filed the affidavit of Panagiotis Papadakis, paralegal for Entergy Texas, attesting to the provision of notice of the application by e-mail and first-class mail.
12. In SOAH Order No. 4 filed on May 31, 2024, the SOAH ALJ found notice sufficient.

Interventions

13. In SOAH Order No. 3 filed on May 16, 2024, the SOAH ALJ granted TIEC's motion to intervene.
14. In SOAH Order No. 4 filed on May 31, 2024, the SOAH ALJ granted Cities' motion to intervene.

Testimony and Affidavits

15. In the application filed on May 1, 2024, Entergy Texas filed the following: (1) the direct testimonies and exhibits of Mark R. Delavan, account service manager I for Entergy Texas; (2) Jay Andrew Lewis, Jr., senior regulatory analyst in the fuel and special riders department of Entergy Services, LLC, the service company affiliate of Entergy Texas; (3) the affidavit of Erika N. Garcia, director of regulatory affairs for Entergy Texas; and (4) the affidavit of Molly Mayhall Vandervoort, an attorney representing Cities.

Referral to SOAH

16. On May 3, 2024, the Commission filed an Order of Referral and Preliminary Order referring this proceeding to SOAH and including a list of issues to be addressed.

³ *Application of Entergy Texas, Inc. for Authority to Change Rates*, Docket No. 53719, Order (Aug. 24, 2023).

17. In SOAH Order No. 3 filed on May 16, 2024, the SOAH ALJ adopted a procedural schedule and provided notice that the hearing on the merits would be held at on August 20, 2024.
18. On October 31, 2024, Entergy Texas, on behalf of Entergy Texas and Commission Staff, filed the following: (1) an agreement executed by Entergy Texas and Commission Staff resolving the issued among themselves; and (2) a joint motion to admit evidence and remand the proceeding to the Commission. Cities and TIEC were unopposed to the joint motion and agreement.
19. In SOAH Order No. 7 filed on November 13, 2024, the SOAH ALJ dismissed the case from SOAH's docket and remanded the proceeding to the Commission.

Evidentiary Record

20. In SOAH Order No. 7 filed on November 13, 2024, the SOAH ALJ admitted the following into the evidentiary record:
 - a. Entergy Texas's application, including all attachments and direct testimonies, exhibits and workpapers of Mr. Delavan and Mr. Lewis, and the affidavits and attachments of Ms. Garcia and Ms. Vandervoort filed on May 1, 2024;
 - b. Entergy Texas's proof of notice filed on May 9, 2024;
 - c. Entergy Texas's Errata No. 1 filed on July 25, 2024;
 - d. the agreement and attachments filed on October 18, 2024;
 - e. the testimony in support of the agreement of Entergy Texas witness Mr. Delavan filed on October 31, 2024; and
 - f. Commission Staff's memoranda in support of the agreement filed on November 12, 2024.

Energy-Efficiency Goals

21. Entergy Texas's weather-adjusted average annual growth in peak demand for the previous five years is 45.601 megawatts (MW) at the source and, after adjusting for line losses, is 42.03 MW at the meter.

22. Entergy Texas's calculated demand-reduction goal for program year 2025, a 30% reduction of weather-adjusted average annual growth in peak demand for residential and commercial customers, is 12.609 MW at the meter.
23. In Entergy Texas's most recent EECRF proceeding, Docket No. 54938, the Commission approved a demand-reduction goal of 17.41 MW for the previous year.
24. Because the calculated demand-reduction goal of 12.609 MW is lower than Entergy Texas's program year 2024 demand-reduction goal of 17.41 MW, Entergy Texas will continue to use the previous year's demand-reduction goal of 17.41 MW.
25. Entergy Texas projects that it will achieve 17.41 MW in demand reductions in program year 2025, which equals its goal of 17.41 MW.
26. Entergy Texas achieved 1.72 MW in demand savings—or 11% of the demand-reduction goal of 15.697 MW for 2023—through a program for hard-to-reach customers, which exceeds the minimum of 5%.
27. The estimated demand savings to be achieved through Entergy Texas's program for hard-to-reach customers in 2025 is 1.218 MW, or 7% of the 2025 demand-reduction goal of 17.410 MW, which exceeds the minimum of 5%.
28. Entergy Texas's energy-savings goal for program year 2025 is 30,502 megawatt-hours (MWh), calculated from its demand-savings goal using a 20% conservation load factor.
29. Entergy Texas forecasts that it will achieve energy savings of 30,502 MWh in program year 2025, which equals its goal of 30,502 MWh.

Agreement

30. Under the agreement, Entergy Texas's EECRF will recover \$10,521,070 in program year 2025. The amount includes the following:
 - a. Entergy Texas's forecasted energy-efficiency costs of \$8,746,010 in program year 2025;
 - b. projected evaluation, measurement, and verification expenses in the amount of \$93,735 for program year 2024;

- c. a downward adjustment of \$1,501,107, plus interest in the amount of \$89,785, for Entergy Texas's net over-recovery of program year 2023 energy-efficiency costs;
 - d. a performance bonus of \$3,232,686;
 - e. rate-case expenses incurred in Docket No. 54938 in the amount of \$37,634 for Entergy Texas and \$3,150 for Cities; and
 - f. a reduction of the revenue requirement in the amount of \$1,253 not associated with any particular issue.
31. The agreement provides an effective date of January 1, 2025 for Entergy Texas's program year 2025 EECRF rider.
32. Under the agreement, Entergy Texas's EECRF charges are as follows:

<u>Rate Class</u>	<u>EECRF Charge</u>
Residential	\$0.000940 per kilowatt-hour (kWh)
Small General	\$0.000825 per kWh
General	\$0.000786 per kWh
Large General	\$0.000741 per kWh
Large Industrial Power	
(Industrial Transmission Customers Only)	\$0.000000 per kWh
(Other than Industrial Transmission Customers)	(\$0.000158) per kWh
Lighting	\$0.000001 per kWh

33. It is appropriate for the Commission to approve the rates from the EECRF tariff that is attached to the agreement as attachment C.

Elements of Recovery and Coordination with Base-Rate Recovery

34. Entergy Texas's EECRF is calculated to refund the preceding year's total over-recovery with the required interest payments as well as to recover Entergy Texas's forecasted annual energy-efficiency expenditures, a performance bonus, Cities' and Entergy Texas's

proceeding expenses from Entergy Texas's immediately preceding EECRF docket, and evaluation, measurement, and verification expenses allocated to Entergy Texas by the Commission.

35. Entergy Texas does not recover any energy-efficiency costs in its base rates.
36. Entergy Texas's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

EECRF Cost Caps

37. Entergy Texas seeks to recover EECRF costs that are subject to cost caps adjusted by changes in the consumer price index.
38. Before applying the consumer-price-index adjustment, Entergy Texas used base-cost caps of \$0.001556 per kWh for the residential class and \$0.000973 per kWh for the commercial classes. After applying the adjustments, Entergy Texas calculated its EECRF costs caps for the 2025 program year to be \$0.001626 per kWh for the residential class and \$0.001017 per kWh for the commercial classes.
39. For assessing whether Entergy Texas's rates exceed the cost caps—after excluding evaluation, measurement, and verification costs, municipal EECRF proceeding expenses, and interest from over- and under-recoveries—Entergy Texas's rate for the residential class is \$0.000939 per kWh, and Entergy Texas's group rate for the aggregate commercial class is \$0.000651 per kWh.
40. Entergy Texas's residential and commercial EECRF rates for program year 2025 do not exceed the cost cap.

Over-Recovery

41. The difference between Entergy Texas's actual revenues and its actual costs resulted in a net over-recovery for program year 2023, and Entergy Texas requests to refund the difference to each rate class.
42. Entergy Texas accurately calculated the over-recovery of 2023 program costs in the amount of \$1,501,107 plus interest of \$89,785, totaling \$1,590,892.

Proceeding Expenses

43. In its application, Entergy Texas included the affidavit of Ms. Garcia. In reaching an opinion on the reasonableness and necessity of Entergy Texas's rate-case expenses, Ms. Garcia relied on the factors in 16 TAC § 25.245(b). In the affidavit, Ms. Garcia stated that Entergy Texas's rate-case expenses incurred in its immediately previous EECRF proceeding, Docket No. 54938, in the amount of \$385.00 were reasonable and necessary.
44. In its application, Entergy Texas included the testimony of Mr. Lewis. In reaching an opinion on the reasonableness and necessity of Entergy Texas's affiliate rate-case expenses, Mr. Lewis relied on the factors in 16 TAC § 25.245(b). In his testimony, Mr. Lewis stated that Entergy Texas's affiliate rate-case expenses incurred in its immediately previous EECRF proceeding, Docket No. 54938, in the amount of \$37,249, were reasonable and necessary.
45. In its application, Entergy Texas included the affidavit of Ms. Vandervoort. In reaching an opinion on the reasonableness and necessity of Cities' rate-case expenses, Ms. Vandervoort relied on factors consistent with those in 16 TAC § 25.245(b). In her affidavit, Ms. Vandervoort stated that Cities' rate-case expenses incurred in its immediately previous EECRF proceeding, Docket No. 54938, in the amount of \$3,150, were reasonable and necessary.
46. Entergy Texas's non-affiliate rate-case expenses and affiliate rate-case expenses in the amount of \$37,634 and Cities' rate-case expenses in the amount of \$3,150 are reasonable and necessary.

Performance Bonus Calculations

47. In 2023, Entergy Texas's energy-efficiency programs realized \$32,326,862 in net benefits, calculated as the difference between \$44,508,222 in total avoided costs associated with its 2023 programs and \$12,181,360 in 2023 program costs that included the performance bonus for 2021.
48. In 2023, Entergy Texas's energy-efficiency programs achieved 22.699 MW in demand savings and 42.850 MWh in energy savings, exceeding its 15.697 MW demand-reduction goal and 27,501 MWh energy-reduction goal.

49. Because Entergy Texas exceeded its demand- and energy-reduction goals last year, Entergy Texas seeks a performance bonus equal to 1% of the net benefits for every 2% that it exceeded its demand-reduction goal, with a maximum of 10% of the utility's total net benefits.
50. Entergy Texas requests a \$3,232,686 performance bonus for program year 2023, equal to 10% of the utility's net energy-efficiency program benefits in 2023.
51. The requested performance bonus is allocated in proportion to the program costs for eligible customers on a rate-class basis.

Evaluation, Measurement, and Verification Costs

52. Entergy Texas's share of the estimated total evaluation, measurement, and verification costs to be incurred in the 2024 program year is \$93,735, and to the maximum extent reasonably possible, it is directly assigned to each rate class that received services under its programs.

Administrative and Research and Development Cost Caps

53. Entergy Texas incurred \$474,984 in administrative costs and \$165,330 in research and development costs for the 2023 energy-efficiency programs. Entergy Texas incurred \$7,583,311 in total program costs for that year, excluding any performance bonus.
54. Entergy Texas's administrative costs in 2023 were 6.26% of the total program costs for that year and did not exceed the 15% cap on administrative costs.
55. Entergy Texas's research and development costs in 2023 were 2.18% of the total program costs for that year and did not exceed the 10% cap on research and development costs.
56. Entergy Texas's cumulative costs of administration and research and development in 2023 was 8.44% of the total program costs for that year and did not exceed the 20% cap on the cumulative cost of administration and research and development.

Cost Effectiveness

57. In its annual filing in Project No. 38578,⁴ Commission Staff stated the avoided cost of capacity for the 2023 program year is \$80 per kW and the avoided cost of energy is \$0.09115 per kWh.
58. Entergy Texas used Commission Staff's avoided cost of capacity of \$80 per kW-year and avoided cost of energy of \$0.09115 per kWh for 2023.
59. Entergy Texas determined that its 2023 portfolio of energy-efficiency programs produced a benefit-cost ratio of 3.65 which exceeds the minimum benefit-cost ratio of 1.0.
60. Entergy Texas's forecasted 2025 energy-efficiency program costs of \$8,746,010 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and to meet Entergy Texas's goals for 2025.

Net Cost Recovery

61. Entergy Texas's net cost recovery of \$10,521,070 consists of projected evaluation, measurement, and verification expenses allocated to Entergy Texas for the evaluation of program year 2024; an adjustment for Entergy Texas's net over-recovery, including interest, of program year 2023 energy efficiency costs; Entergy Texas's performance bonus earned in 2023; Entergy Texas's and Cities' rate-case expenses incurred in Docket No. 54938; and an adjustment to remove \$1,253 from the total revenue requirement not associated with any particular issue. The amount of net cost recovery is reasonable.

Rate Classes and Direct Assignment of Costs

62. To the maximum extent reasonably possible, Entergy Texas directly assigned costs to each rate class that receives services under the programs.

Fostering Competition Among Energy-Efficiency Service Providers

63. Entergy Texas has adopted measures to foster competition among energy-efficiency service providers.

⁴ *Energy Efficiency Implementation Project Under 16 TAC § 25.1818(q)*, Project No. 38578, Avoided Cost of Capacity and Energy 2023 Program Year (Nov. 14, 2022).

Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs

64. Entergy Texas's energy-efficiency programs include standard offer and market transformation programs.

Incentive Payments

65. Entergy Texas's incentive payments for each of its customer classes do not exceed 100% of avoided costs for that class.

Affiliate Costs

66. In its application, Entergy Texas included the affidavit of Mr. Lewis attesting that Entergy Texas incurs costs for services that its affiliate, Entergy Services, provides for services provided in the preparation, production, and litigation of the EECRF filings and to manage administrative, general, and program costs associated with the implementation and operation of the Entergy Texas energy efficiency programs.

67. In 2023, Entergy Texas incurred \$37,249 in affiliate expenses related to its EECRF programs for services provided in the preparation, production, and litigation of the EECRF filing.

68. These affiliate costs are reasonable and necessary to provide energy-efficiency programs.

69. To the extent that affiliate costs are included in the EECRF, they are reasonable and necessary for each class of affiliate costs presented in Entergy Texas's application.

70. To the extent that affiliate costs are included in the EECRF, the price charged to Entergy Texas 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 to a non-affiliated person within the same market area or having the same market conditions.

Energy Efficiency Plan and Report

71. On April 1, 2024, Entergy Texas filed its 2024 energy efficiency plan and report in Project No. 56003,⁵ the project annually designed for this purpose.

⁵ CY 2024 Electric Utility Energy Efficiency Plan and Report Under 16 TAC § 25.181, Project No. 56003, ETI 2024 Energy Efficiency Plan and Report (Apr. 1, 2024).

Low-Income Energy-Efficiency and Hard-to-Reach Standard-Offer Program

72. Entergy Texas is not an unbundled transmission and distribution utility and therefore is not required to have a targeted low-income energy-efficiency program.
73. Through its hard-to-reach standard-offer program, Entergy Texas provides incentive payments for installing eligible retrofit measures that provide verifiable demand reduction to low-income customers that have an income at or below 200% of the federal poverty level. Participating sponsors receive incentive payments for installing eligible retrofit measures that provide verifiable demand reduction.

Outreach to Retail Electric Providers

74. Entergy Texas does not serve in an area in which customer choice is offered.

Industrial Customer Exclusions

75. Entergy Texas's industrial customers taking service at distribution voltage who elected to exclude themselves from Entergy Texas's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 0.927 MW of peak demand from the calculation of the demand-reduction goal for program year 2025 when applying reasonable line-loss factors.

Line Losses

76. Entergy Texas calculated its demand-reduction goal using the line-loss factor of 7.8320% from its last completed base-rate case, Docket No. 53719.

Voltage	Energy Loss Factor	Demand Loss Factor
Secondary	1.076798	1.078320
Primary	1.047994	1.057216
Transmission < 230 KV	1.016396	1.010983
Transmission >= 230 KV	1.004137	1.002464

77. Entergy Texas's line-loss factors used in calculating its 2025 EECRF charges are reasonable.

Billing Determinants

78. The estimate of billing determinants in calculating Entergy Texas's 2025 EECRF and the calculation of the 2025 EECRF tariff rates are reasonable.

Good Cause Exceptions

79. Entergy Texas did not seek a good-cause exception to be eligible for a lower demand-reduction goal, a higher administrative cost cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2). Entergy Texas did not seek a good-cause exception to combine rate classes under 16 TAC § 25.182(d)(2).
80. No good-cause exceptions to any of the Commission's rules have been requested in this proceeding, and no such exceptions have been granted.

Informal Disposition

81. More than 15 days have passed since completion of the notice provided in this docket.
82. The only parties to this proceeding are Entergy Texas, Cities, TIEC, and Commission Staff.
83. Entergy Texas and Commission Staff signed the agreement and Cities and TIEC are unopposed to the agreement.
84. No hearing is necessary.
85. The 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 defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has authority over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905(b).
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), Entergy Texas was required to file to adjust its EECRF.
4. Entergy Texas 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,⁶ and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049(b).
7. Entergy Texas provided reasonable notice of the application in accordance with 16 TAC § 25.182(d)(13) and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. Entergy Texas'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 Tex. Gov't. Code §§ 2001.051 and 2001.052.
10. Entergy Texas calculated its weather-adjusted average annual growth in demand in compliance with 16 TAC § 25.181(e)(3).
11. Entergy Texas has acquired a 30% reduction of its annual growth in demand of residential and commercial customers in compliance with PURA § 39.905(a)(3)(A)(i) and 16 TAC § 25.181(e)(1)(A) and (e)(3).
12. Entergy Texas's 2025 demand-reduction goal complies with the requirement in 16 TAC § 25.181(e)(1)(D) that a utility's demand-reduction goal may not be lower than the previous year's goal except as adjusted under 16 TAC § 25.181(u) for industrial customer exclusions.
13. Entergy Texas's programs for hard-to-reach customers achieve savings of at least 5% of the demand-reduction goal as required by 16 TAC § 25.181(e)(3)(F).
14. Entergy Texas calculated its minimum energy-savings goal from its demand-reduction goal using a 20% conservation load factor in compliance with 16 TAC § 25.181(e)(4).
15. Entergy Texas's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).

⁶ Tex. Gov't Code §§ 2001.001–.903.

16. Entergy Texas's EECRF only uses energy charges for recovery of energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
17. Entergy Texas's total EECRF costs—excluding evaluation, measurement, and verification costs, municipal EECRF proceeding expenses, and interest amounts applied to over- or under-recoveries—comply with the cost caps under 16 TAC § 25.182(d)(7).
18. Entergy Texas's request to refund \$1,590,892 to customers for its net over-recovery of its program year 2023 energy-efficiency costs, including interest, complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
19. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of Entergy Texas's EECRF proceeding expenses because they are rate-case expenses.
20. Entergy Texas's 2023 rate-case expenses of \$37,634 comply with PURA § 36.061(b)(2) 16 TAC §§ 25.182(d)(3)(A) and 25.245.
21. Cities' 2023 rate-case expenses of \$3,150 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
22. Under PURA § 33.023(b), Entergy Texas is required to reimburse Cities for their reasonable rate-case expenses in its 2023 EECRF proceeding.
23. In accordance with 16 TAC § 25.182(e)(4), the Commission may reduce the bonus otherwise permitted under 16 TAC § 25.182(e) for a utility with a lower performance goal, higher administrative spending cap, or higher EECRF cost cap established by the Commission under 16 TAC § 25.181(e)(2).
24. Under PURA § 39.905(b)(2) and 16 TAC § 25.182(e), the maximum energy-efficiency performance bonus Entergy Texas may request for its energy-efficiency achievements in program year 2023 is \$3,232,686.
25. Entergy Texas qualified for and accurately calculated its energy-efficiency performance bonus of \$3,232,686 for its energy-efficiency achievements in program year 2023 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).

26. The amounts and allocation of Entergy Texas's administrative and research and development costs comply with PURA § 39.905(e) and 16 TAC § 25.181(g).
27. Entergy Texas's 2023 energy-efficiency program costs adhered to the cost-effectiveness standards contained in 16 TAC § 25.181(d), and the costs recovered were reasonable and necessary to reduce demand and energy growth under 16 TAC § 25.182(d)(12).
28. Entergy Texas's 2025 energy-efficiency program costs of \$8,746,010 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2025 under PURA § 39.905 and 16 TAC § 25.182(d)(1) and (12).
29. Entergy Texas's net cost recovery of \$1,775,060—which consists of Entergy Texas's evaluation, measurement, and verification expenses allocated to Entergy Texas for the evaluation of program year 2024; a downward adjustment for Entergy Texas's net over-recovery of program year 2023 energy-efficiency costs plus interest; Entergy Texas's performance bonus earned based on 2023 program achievements; Entergy Texas's and Cities' rate-case expenses incurred in Docket No. 54938; and an adjustment to remove \$1,253 from the total revenue requirement not associated with any particular issue—complies with PURA § 39.905(b)(1) and 16 TAC § 25.182(d).
30. The assignments and allocations of Entergy Texas's proposed 2025 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
31. Entergy Texas has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
32. Entergy Texas's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
33. Entergy Texas's incentive payments, which did not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).

34. The requirement in PURA § 39.905(f) and 16 TAC § 25.181(p) that unbundled transmission and distribution utilities must include a targeted low-income energy-efficiency program does not apply to Entergy Texas.
35. The requirement in PURA § 39.905(a)(4) and 16 TAC § 25.181(r) that each electric utility in the Electric Reliability Council of Texas region perform outreach to retail electric providers does not apply to Entergy Texas.
36. The affiliate expenses included in Entergy Texas's EECRF rates in this Order are reasonable and necessary and comply with PURA § 36.058 and 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e).
37. Entergy Texas's load associated with industrial customers who provided qualifying identification notices was excluded from Entergy Texas's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
38. The rates approved by this Order are just and reasonable under PURA § 36.003(a).
39. Under PURA § 36.003(b), the rates approved by this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of customer.
40. The requirement in 16 TAC § 25.182(d)(9)(B) to serve notice of approved rates and the effective date of the approved rates on retail electric providers does not apply to Entergy Texas.
41. This proceeding meets the requirements for informal disposition in 16 TAC § 22.35.

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 adjustment to Entergy Texas's EECRF, to the extent provided in this Order.
2. The Commission approves Entergy Texas's 2025 EECRF in the amount of \$10,521,070, which is composed of the following:

- a. Entergy Texas's forecasted energy-efficiency costs of \$8,746,010 in program year 2025;
 - b. evaluation, measurement, and verification expenses in the amount of \$93,735 for program year 2024;
 - c. a downward adjustment of \$1,501,107, plus interest in the amount of \$89,785, for Entergy Texas's net over-recovery of program year 2023 energy-efficiency costs;
 - d. a performance bonus of \$3,232,686;
 - e. Entergy Texas's rate-case expenses incurred in Docket No. 54938 in the amount of \$37,634 and Cities' rate-case expenses incurred in Docket No. 54938 in the amount of \$3,150; and
 - f. an adjustment to remove \$1,253 from the total requested revenue requirement not associated with any particular issue.
3. The Commission approves Entergy Texas's EECRF tariff attached as attachment C to the agreement, effective January 1, 2025.
4. Within ten days of the date of this Order, Entergy Texas must provide the Commission with a clean copy of the EECRF tariff approved by this Order to be stamped *Approved* and retained by Central Records.
5. Within 30 days of the date of this Order, Entergy Texas must reimburse Cities for its reasonable 2023 EECRF rate-case expenses incurred in Docket No. 54938 in the amount of \$3,150.
6. 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.
7. The Commission denies all other motions and any other requests for general or specific relief that are not expressly granted.

Signed at Austin, Texas on the _____ day of _____ 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER