



## **Filing Receipt**

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**Item Number - 28**

**DOCKET NO. 57899**

<b>APPLICATION OF ENTERGY TEXAS, INC. TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR</b>	<b>§ § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**ORDER**

This Order addresses the application of Entergy Texas, Inc. for approval to amend its distribution cost recovery factor (DCRF) and tariff under PURA<sup>1</sup> § 36.210 and 16 Texas Administrative Code (TAC) § 25.243. Entergy Texas seeks to update its DCRF rider to include distribution-related invested capital placed in service from July 1 through December 31, 2024. The utility requests to implement DCRF rates that will recover \$77.8 million in annual revenue, reflecting an incremental increase of \$29.3 million over the DCRF rates approved in Docket No. 57178, after adjusting for load growth. The Commission amends Entergy Texas's DCRF 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 in Texas.
3. Entergy Texas holds certificate of convenience and necessity number 30076 to provide service to the public.

**Application**

4. On April 4, 2025, Entergy Texas filed an application for approval to amend its DCRF with the Commission.

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

5. This is Entergy Texas's third DCRF application since its last base rate proceeding, Docket No. 53719.<sup>2</sup>
6. The Commission set Entergy Texas's DCRF baseline values in its last base-rate proceeding in Docket No. 53719.
7. In Docket No. 56718<sup>3</sup> the Commission approved Entergy Texas's initial DCRF after Docket No. 53719 based on the period of January 1, 2022, through March 31, 2024.
8. In Docket No. 57121,<sup>4</sup> the Commission approved Entergy Texas's second DCRF after Docket No. 53719 based on the period of January 1, 2022, through June 30, 2024.
9. Entergy Texas requests approval of a DCRF based on the period of January 1, 2022, through December 31, 2024.
10. Entergy Texas requests approval of a DCRF based on an annual revenue requirement of \$77,791,789, after adjusting for load growth.
11. The request represents an incremental increase of approximately \$29.3 million to Entergy Texas's DCRF revenue requirement approved in Docket No. 57121.
12. Entergy Texas states that, from January 1, 2022, through December 31, 2024, it had invested \$950.3 million in gross distribution-related capital booked in Federal Energy Regulatory Commission (FERC) accounts 303, 352, 353, 360 through 374, 391, and 397.
13. Entergy Texas requests the following DCRF rates:

<b>Rate Class Description</b>	<b>Requested DCRF Rates by Class Kilowatt-hour (kWh) Kilowatt (kW)</b>
Residential Service	\$0.007322 per kWh
Small General Service	\$0.005311 per kWh
General Service	\$1.475 per kW
Large General Service	\$1.469 per kW

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<sup>2</sup> *Application of Entergy Texas, Inc. for Authority to Change Rates*, Docket No. 53719, Order (Aug. 24, 2023).

<sup>3</sup> *Application of Entergy Texas, Inc. for a Distribution Cost Recovery Factor*, Docket No. 56718, Order (Sept. 12, 2024).

<sup>4</sup> *Application of Entergy Texas, Inc. to Amend its a Distribution Cost Recovery Factor*, Docket No. 57121, Order (Dec. 19, 2024).

Large Industrial Service	\$0.093 per kW
Lighting	\$0.030948 per kW

14. Entergy Texas's proposed DCRF will affect all of Entergy Texas's retail electric customers.
15. In the earnings monitoring report included in its application, Entergy Texas demonstrated that it is not earning more than its authorized rate of return using weather-normalized data.
16. Entergy Texas does not have a comprehensive base-rate proceeding pending before the Commission.
17. In its application, Entergy Texas used the DCRF baseline values and 6.61% rate of return approved by the Commission in Docket No. 53719.
18. The application included an affidavit of Scott Barrios, manager of regulatory affairs for Entergy Texas, and direct testimonies of Chris E. Barrilleaux, senior manager of regulatory filings for Entergy Services, LLC; Jace R. Carlock, senior manager of operations and construction for Entergy Texas; and Kristin Sasser, manager of revenue forecasting and analysis for Entergy Services. The affidavit and testimonies collectively demonstrate Entergy Texas's compliance with the DCRF recovery standards.
19. No party filed a motion to find the application materially deficient within 30 days after service of notice was completed, and the administrative law judge (ALJ) did not file an order concluding that material deficiencies exist in the application.
20. In Order No. 3 filed on May 5, 2025, the ALJ found the application administratively complete.

**Notice of the Application**

21. On April 4, 2025, Entergy Texas provided notice of the application to all parties in Entergy Texas's last comprehensive base-rate proceeding, Docket No. 53719, and to all parties in Entergy Texas's last DCRF proceeding, Docket No. 57121.
22. On April 14, 2025, Entergy Texas filed the affidavit of Panagiotis Papadakis, paralegal for Entergy Services, attesting to the provision of notice as described above.

23. In Order No. 3 filed on May 5, 2025, the ALJ found Entergy Texas's notice sufficient.

**Intervenors**

24. In Corrected Order No. 2 filed on April 29, 2025, the ALJ granted the motions to intervene filed by cities of Anahuac, Beaumont, Bridge City, Cleveland, Conroe, Dayton, Groves, Houston, Liberty, Navasota, Nederland, Oak Ridge North, Orange, Panorama Village, Pine Forest, Pinehurst, Port Arthur, Port Neches, Riverside, Shenandoah, Silsbee, Sour Lake, Splendora, Vidor, West Orange, and Willis (collectively, Cities).

25. In Order No. 4 filed on May 5, 2025, the ALJ granted the motion to intervene filed by Texas Industrial Energy Consumers (TIEC).

**Testimonies and Recommendations**

26. In the application filed on April 4, 2025, Entergy Texas filed the direct testimonies of Chris E. Barrilleaux, Jace R. Carlock, and Kristin Sasser.

27. On May 5, 2025, Cities filed its response to Order No. 1 stating that it had no objection to Entergy Texas's application being approved as filed.

28. On May 5, 2025, TIEC filed its response to Order No. 1 stating that it took no position on Entergy Texas's application.

29. On May 12, 2025, Commission Staff filed its recommendation on final disposition, and included memoranda from James Euton, Ruth Stark, and David Holt.

**Evidentiary Record**

30. In Order No. 5 filed on May 21, 2025, the ALJ admitted the following evidence into the record of this proceeding:

- a. Entergy Texas's application and confidential attachments, including the direct testimonies and exhibits of Chris E. Barrilleaux, Jace R. Carlock, and Kristin Sasser, filed on April 4, 2025;
- b. Entergy Texas's proof of notice filed on April 14, 2025;
- c. Commission Staff's recommendation on the administrative completeness and sufficiency of notice filed on April 30, 2025; and

- d. Commission Staff's recommendation on final disposition and attached memoranda of James Euton, Ruth Stark, and David Holt filed on May 12, 2025.

**Jurisdictional Deadline**

31. In Order No. 5 filed on May 21, 2025, the ALJ extended, by 15 days, the deadline to enter a final order on the DCRF application.

**Load-Growth Adjustment**

32. Entergy Texas properly applied the formula contained in 16 TAC § 25.243(d)(1) when calculating the appropriate load growth adjustment.

**Final Rates**

33. It is appropriate for the Commission to approve the rates proposed at attachment B to Entergy Texas's application filed on April 4, 2025.
34. The factor used to allocate invested capital costs to each rate class in calculating the DCRF is the same allocation factor approved in Docket No. 53719.
35. The rate-class billing determinants used in calculating the DCRF are weather-normalized and reflect Entergy Texas's number of customers as of December 31, 2024.
36. The DCRF does not include any indirect corporate costs or capitalized operations and maintenance costs.

**Good-Cause Exception**

37. It is appropriate to consider this Order at the earliest open meeting available; therefore, good cause exists to waive the requirement in 16 TAC § 22.35(b)(2) that a proposed order be served on parties at least 20 days before the Commission is scheduled to consider the proposed order in an open meeting.

**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 defined in PURA § 31.002(6).
2. The Commission has authority over this matter under PURA §§ 14.001, 32.001, 33.002 and 36.210.

3. The Commission processed this docket in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>5</sup> and Commission rules.
4. Entergy Texas is eligible to file this application for a DCRF under PURA § 36.210(d).
5. Entergy Texas provided notice of the application using a reasonable method in compliance with 16 TAC § 25.243(e)(2).
6. The application was deemed sufficient under 16 TAC § 25.243(e)(6)(A).
7. The basis for Entergy Texas's DCRF application was changes in invested capital under PURA § 36.053 that are categorized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks under PURA § 36.210(a) and 16 TAC § 25.243(b)(3).
8. The rates approved by this Order are just and reasonable under PURA § 36.003(a).
9. In accordance with 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.
10. The rates approved in this Order establish Entergy Texas's overall revenue at a level that will provide the utility a reasonable opportunity to earn a reasonable return as required by PURA § 36.051.
11. The rates approved in this Order were calculated in compliance with 16 TAC § 25.243(d).
12. The rate of return used to calculate the DCRF complies with 16 TAC § 25.243(d)(2).
13. Entergy Texas's DCRF complies with PURA § 36.210 and 16 TAC § 25.243.
14. Entergy Texas's DCRF takes into account changes in the number of Entergy Texas's customers and the effects, on a weather-normalized basis, that energy consumption and energy demand have on the amount of revenue recovered through Entergy Texas's base rates in accordance with PURA § 36.210(a)(2) and 16 TAC § 25.243(d)(1).

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<sup>5</sup> Tex. Gov't Code §§ 2001.001--903.

15. Entergy Texas's DCRF is consistent with the manner in which costs for distribution invested capital were allocated to each rate class in Docket No. 53719 in accordance with PURA § 36.210(a)(3) and 16 TAC § 25.243(d)(1)
16. Because it operates outside the ERCOT power region and is not an unbundled electric utility, Entergy Texas is not obligated to comply with the notice requirements in PURA § 36.210(b)(2).
17. Under PURA § 33.023(b), Entergy Texas is required to reimburse the governing bodies of the municipalities that participated in this proceeding for their reasonable and necessary rate-case expenses to the extent the Commission determines is reasonable.
18. Under PURA § 36.210, a DCRF proceeding is a periodic rate adjustment, not a rate change. The opportunity for a hearing will occur in Entergy Texas's next base-rate proceeding, not in this proceeding.
19. Under 16 TAC § 25.243(f), the Commission will reconcile the investments Entergy Texas recovers through its DCRF during its next comprehensive base-rate proceeding.

### **III. Ordering Paragraphs**

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

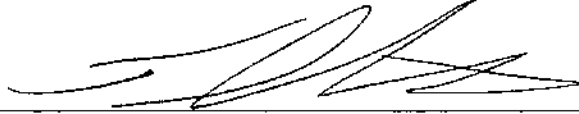
1. The Commission amends Entergy Texas's DCRF to the extent provided in this Order.
2. The Commission approves the DCRF tariff schedule attached as attachment B to Entergy Texas's application filed on April 4, 2025, effective one day after the date this Order is signed. Entergy Texas must revise accordingly the effective date shown in the tariff sheets found at attachment B to Entergy Texas's application filed on April 4, 2025.
3. The Commission authorizes Entergy Texas to request recovery of its own and any participating municipality's rate-case expenses incurred in this proceeding either in a future rate-case proceeding or through a separate surcharge, subject to a final determination by the Commission as to the reasonableness and necessity of those expenses.
4. The Commission makes no determination in this proceeding regarding the reasonableness of participating municipalities' or Entergy Texas's rate-case expenses incurred in this

proceeding. The Commission will make determinations regarding the reasonableness of those expenses in a future docket.

5. Within ten days of the date of this Order, Entergy Texas must provide the Commission with a clean copy of the DCRF tariff schedule approved by this Order to be stamped *Approved* and retained by Central Records.
6. The Commission is not determining in this Order whether investments recovered through the DCRF comply with PURA or are prudent, reasonable, and necessary. The Commission will make such determinations in Entergy Texas's DCRF reconciliation under 16 TAC § 25.243(f).
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 20<sup>th</sup> day of June 2025.

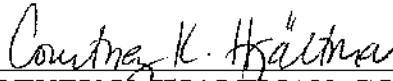
**PUBLIC UTILITY COMMISSION OF TEXAS**



**THOMAS J. GLEESON, CHAIRMAN**



**KATHLEEN JACKSON, COMMISSIONER**



**COURTNEY K. HJALTMAN, COMMISSIONER**