

DOCKET NO. _____

APPLICATION OF ENTERGY	§	
TEXAS, INC. FOR AUTHORITY TO	§	
REDETERMINE RATES FOR THE	§	PUBLIC UTILITY COMMISSION
ENERGY EFFICIENCY COST	§	
RECOVERY FACTOR TARIFF AND	§	OF TEXAS
REQUEST TO ESTABLISH A REVISED	§	
ENERGY EFFICIENCY GOAL AND	§	
COST CAPS	§	

**APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO REDETERMINE
RATES FOR THE ENERGY EFFICIENCY COST RECOVERY FACTOR TARIFF AND
REQUEST TO ESTABLISH A REVISED ENERGY EFFICIENCY GOAL AND COST
CAPS**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

NOW COMES Entergy Texas, Inc. ("ETI" or "the Company"), and files this Application for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff and Request to Establish a Revised Energy Efficiency Goal and Cost Caps ("Application") pursuant to Section 39.905 of the Public Utility Regulatory Act ("PURA")¹ and P.U.C. SUBST. R. 25.181(f), to be effective for use beginning with the first billing cycle of its January 2012 billing month. In support thereof, ETI would respectfully show as follows:

I. BUSINESS ADDRESS AND AUTHORIZED REPRESENTATIVES

The business address of the Company is:

Entergy Texas, Inc.
350 Pine Street
Beaumont, Jefferson County, Texas 77701

The business mailing address of the Company is:

Entergy Texas, Inc.
P.O. Box 2951
Beaumont, Texas 77704

¹ TEX. UTIL. CODE ANN. §§ 11.001-66.017 (Vernon 2007 & Supp. 2010).

The business telephone number of the Company is (409) 838-6631.

The authorized representatives for the Company in this proceeding are:

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II. JURISDICTION

The Public Utility Commission of Texas has jurisdiction over ETI and the subject matter of this Application by virtue of PURA § 39.905 and P.U.C. SUBST. R. 25.181(f). This Application is being filed pursuant to P.U.C. PROC. R. 22.33.

III. AFFECTED PERSONS

ETI provides service to approximately 403,000 customers in Texas. ETI proposes to apply the revised energy efficiency cost recovery factor (“EECRF”) requested herein to all of its retail electric customers in its Texas service areas that fall within the classes subject to the EECRF as detailed in Section VI below.

IV. DESCRIPTION OF APPLICATION

PURA § 39.905(b) and P.U.C. SUBST. R. 25.181(f) establish the mechanism under which electric utilities may recover costs associated with providing energy efficiency programs sufficient to achieve the Commission’s 2012 energy efficiency goal.² A utility with an EECRF is required to file by not later than May 1 of each year to redetermine its EECRF for the following year.³

In its Application, the Company is requesting implementation of a revised EECRF to accomplish three objectives under the governing statute and applicable rule: (1) recover its projected 2012 program costs; (2) refund any over-recovery of energy efficiency program costs collected in 2010; and (3) procure a performance bonus associated with the results of its 2010 energy efficiency programs. The Company’s EECRF is also designed to comply as closely as possible with the cost caps defined in Project No. 37623⁴ and prescribed under P.U.C. SUBST. R. 25.181(f)(8).

² Pursuant to P.U.C. SUBST. R. 25.181(e), the “energy efficiency goal” is a percentage reduction of the annual growth in demand of an electric utility’s residential and commercial customers, based on the energy savings achieved from the utility’s energy efficiency programs. The energy efficiency goal in 2011 is a 20% reduction of annual growth in demand, and in 2012 it is a 25% reduction of annual growth in demand.

³ See P.U.C. SUBST. 25.181(f)(4).

⁴ *Rulemaking Proceeding to Amend Energy Efficiency Rules*, Project No. 37623 (Aug. 9, 2010).

As explained in Section V of this Application, in order to come close to meeting the cost caps prescribed by P.U.C. SUBST. R. 25.181(f)(8), ETI is requesting that the Commission lower the Company's energy efficiency goal for the 2012 program year to a 20% reduction of its annual growth in demand, which reduces the projected 2012 program costs component of the Company's request. Based on this lower energy efficiency goal, ETI requests authority to redetermine its EECRF to recover approximately \$8,481,913, which reflects the following three components:

- 1) recovery of \$7,456,000 in energy efficiency program costs projected to be incurred in 2012 to achieve a 20% energy efficiency goal;
- 2) refund of \$380,360 in energy efficiency program costs recovered under its EECRF implemented for calendar year 2010 that exceeded actual program costs; and
- 3) recovery of \$1,406,273 representing ETI's 2010 performance bonus for achieving demand savings that exceeded its statutory goal for 2010.

In support of the Company's Application, ETI has submitted the Direct Testimony of Mr. John K. Carson (Attachment A) and Mr. Phillip B. Gillam (Attachment B). Mr. Carson sets forth in his Direct Testimony the projected costs of the Company's energy efficiency programs for the 2012 program year, the performance bonus calculation allowed under PURA and the Commission's rules, and an adjustment for the over-collection of energy efficiency program expenditures incurred by the Company in 2010. Mr. Carson sets forth why these costs are reasonable and consistent with P.U.C. SUBST. R. 25.181(f). Mr. Carson also explains why ETI is requesting that the Commission revise ETI's energy efficiency goal and cost caps for the 2012 program year. Mr. Gillam describes in his Direct Testimony the tariff under which the Company seeks to collect revenues for its revised EECRF. In addition, Mr. Gillam provides testimony regarding the calculation of the Company's revised EECRF and the allocation of EECRF costs among the customer classes.

V. REQUEST TO ESTABLISH A REVISED ENERGY EFFICIENCY GOAL AND COST CAPS FOR 2012 AND ALTERNATIVE EECRF REQUEST

In Project No. 37623, the Commission increased the energy efficiency goal for the 2012 program year from a 20% reduction of the annual growth in demand of an

electric utility's residential and commercial customers to a 25% reduction of the annual growth in demand.⁵ The Commission also implemented cost caps on the amount that can be charged to each customer. For the Company's 2012 program year, the cost cap for residential customers is \$0.001 per kWh, and for non-residential customers, it is \$0.0005 per kWh. To meet the new 25% energy efficiency goal, ETI would have to increase its projected 2012 energy efficiency program costs by \$3.288 million to \$10,744,000. Increasing its 2012 program costs would increase ETI's EECRF request to \$11,769,913, which would cause ETI's EECRF rates to exceed the cost caps imposed under P.U.C. SUBST. R. 25.181(f)(8) for certain rate classes, as described below in the Company's alternative EECRF request and in Mr. Carson's Direct Testimony.

Therefore, pursuant to P.U.C. SUBST. R. 25.181(e)(2),⁶ ETI requests that the Commission lower the Company's energy efficiency goal and increase its cost caps so that the Company may continue funding its energy efficiency programs at 2011 levels with minimal impact to its customers. Specifically, ETI requests that the Commission establish ETI's goal for the 2012 program year at a 20% reduction of the Company's annual growth in demand, rather than a 25% reduction in annual growth in demand. This is the same goal ETI is required to meet for the 2011 program year and is consistent with PURA § 39.905. Establishing a lower energy efficiency goal is necessary because ETI cannot meet the new 25% energy efficiency goal without increasing its program costs over 2011 levels, which will cause it to further exceed the Commission's cost caps. ETI's 2011 EECRF, which is based on meeting a 20% energy efficiency goal, already exceeds the cost caps prescribed by P.U.C. SUBST. R. 25.181(f)(8) for certain rate classes.⁷ While meeting a 20% energy efficiency goal in

⁵ P.U.C. SUBST. R. 25.181(e)(1)(B).

⁶ P.U.C. SUBST. R. 25.181(e)(2) ("The commission may establish for a utility a lower goal than the goal specified in paragraph (1) of this subsection or a higher budget cap than the cap specified in subsection (f) of this section if the utility demonstrates that compliance with that goal or cap is not reasonably possible and that good cause supports the lower goal or higher cap."); P.U.C. SUBST. R. 25.2 ("The commission may make exceptions to this chapter for good cause.").

⁷ ETI's 2011 EECRF is \$0.001008 per kWh for residential customers, which exceeds the \$0.001 per kWh cost cap for residential customers prescribed by Rule 25.181(f)(8). The 2011 EECRF also exceeds the cost cap for the Small General Service, General Service, and Lighting rate classes.

2012 will still cause the Company's EECRF to exceed the cost caps for certain rate classes, customers will actually experience a decrease in their EECRF rates. The Company requests that the Commission establish cost caps consistent with the rates listed in ETI Exhibit PBG-4, attached to Mr. Gillam's Direct Testimony. The Company believes this request provides the most benefits to its customers because it maintains funding for valuable energy-saving energy efficiency programs but reduces the cost impacts of the EECRF to ETI's customers. Accordingly, as explained in Mr. Carson's Direct Testimony, good cause exists to adjust the Company's energy efficiency goal and cost caps.

In the alternative, if the Commission does not establish a lower energy efficiency goal for the Company in 2012, then pursuant to P.U.C. SUBST. R. 25.181(e)(2), ETI requests authority to redetermine its EECRF to recover approximately \$11,769,913 in order to achieve a 25% reduction in its annual growth in demand, which reflects the following three components:

- 1) recovery of \$10,744,000 in energy efficiency program costs projected to be incurred in 2012 to achieve the higher 25% energy efficiency goal;
- 2) refund of \$380,360 in energy efficiency program costs recovered under its EECRF implemented for calendar year 2010 that exceeded its actual program costs; and
- 3) recovery of \$1,406,273 representing ETI's 2010 performance bonus for achieving demand savings that exceeded its statutory goal for 2010.

This alternative request includes projected 2012 program funding necessary to achieve the Commission's current 2012 25% energy efficiency goal. Accordingly, if the Commission does not establish for ETI a lower energy efficiency goal for 2012 but rather requires that ETI achieve a 25% energy efficiency goal through additional energy efficiency measures, ETI requests that the Commission establish higher cost caps consistent with the rates listed in ETI Exhibit PBG-5, attached to Mr. Gillam's Direct Testimony. These rates would allow ETI to recover the additional 2012 program costs necessary to achieve a 25% energy efficiency goal, pursuant to PURA § 39.905(b) and P.U.C. SUBST. R. 25.181(e) and (f). As explained in Mr. Carson's Direct Testimony, good cause exists for the Commission to adjust the Company's cost caps.

VI. REVISED EECRF RATES AND ALTERNATIVE REVISED EECRF RATES

Based on ETI's primary EECRF request, the rates charged under ETI's revised EECRF will decrease the Company's annual Texas retail revenues by approximately \$1.251 million. Under the following revised EECRF rates, a residential customer using 1,000 kWh of electricity per month would see a decrease of approximately 0.2% annually, or \$0.14 on average per month. ETI's requested EECRF rates for 2012 are as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service	\$0.000871 per kWh
Small General Service	\$0.001044 per kWh
General Service	\$0.000642 per kWh
Large General Service	\$0.000409 per kWh
Large Industrial Power Service (excluding Industrial Transmission Customers)	-\$0.000140 per kWh
Large Industrial Power Service (Industrial Transmission Customers Only)	\$0.000055 per kWh
Lighting	\$0.001469 per kWh

Under ETI's alternative EECRF request, the rates charged under ETI's revised EECRF will increase the Company's annual Texas retail revenues by approximately \$2.037 million. As discussed in Mr. Carson's testimony, for certain customer classes, this request will cause the Company's EECRF rates to exceed the cost caps prescribed by P.U.C. SUBST. R. 25.181(f)(8). Under the Company's alternative revised EECRF rates, a residential customer using 1,000 kWh of electricity per month would see an increase of approximately 0.2% annually, or \$0.23 on average per month. ETI's alternative requested EECRF rates for 2012 are as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service	\$0.001244 per kWh
Small General Service	\$0.001627 per kWh
General Service	\$0.000831 per kWh
Large General Service	\$0.000572 per kWh
Large Industrial Power Service (excluding Industrial Transmission Customers)	-\$0.000115 per kWh

Large Industrial Power Service (Industrial Transmission Customers Only)	\$0.000055 per kWh
Lighting	\$0.002283 per kWh

By this filing, ETI requests that the Commission approve its revised Rider EECRF pursuant to its primary request, which would maintain the Company's energy efficiency goal and program funding at 2011 levels, effective as of the first billing cycle of the January 2012 billing month, which begins on December 30, 2011. In the alternative, if ETI's primary request is not granted, ETI requests that the Commission approve ETI's revised Rider EECRF pursuant to its alternative request, which would increase its energy efficiency budget to meet the increase in the energy efficiency goal to a 25% reduction in annual growth in demand, effective as of the first billing cycle of the January 2012 billing month, which begins on December 30, 2011. Recovery of ETI's reasonable energy efficiency program costs under either the Company's primary or alternative request is consistent with PURA and the Commission's rules.

VII. PROPOSED PROCEDURAL SCHEDULE

Consistent with the regulatory deadlines provided in P.U.C. SUBST. R. 25.181(f)(10),⁸ ETI proposes the following procedural schedule in this case:

Original Filing	April 29, 2011
Proof of Notice	May 23, 2011
Intervention Deadline	May 31, 2011
Request for Hearing	May 31, 2011

If no hearing requested

Staff Recommendation	June 1, 2011
Proposed Order	June 2, 2011
Final Order	June 30, 2011

⁸ P.U.C. SUBST. R. 25.181(f)(10) (providing that the presiding officer should establish a procedural schedule that allows the Commission to issue a final order within 60 days of the filing of a sufficient application if no hearing is requested, and within 120 days of the date of the filing of a sufficient application if a hearing is requested).

If hearing is requested

Prehearing Conference

June 2, 2011

This proposed schedule will allow for resolution of this proceeding as close to the 60-day regulatory deadline as is reasonably possible under the Commission's June Open Meeting schedule if no hearing is requested. If a hearing is requested, the Company will propose a procedural schedule that will permit resolution by the 120-day deadline, pursuant to Rule 25.181(f)(10)(B).

VIII. NOTICE

ETI submits that "reasonable notice" under P.U.C. PROC. R. 22.55 related to notice in other proceedings is appropriate in this proceeding. The Company will publish notice of this Application by one-time publication in newspapers having general circulation in each county of the Company's Texas retail service area beginning as soon as practicable after filing this Application. Additionally, the Company will provide notice to all parties that participated in ETI's last EECRF proceeding. The form of the notice to be provided is set forth in Attachment C to this Application. As soon as practicable, ETI will file with the Commission proof of publication of notice in the form of publishers' affidavits and an affidavit attesting to the notice served upon the parties listed above. The Company requests that the Commission find the Company's notice is sufficient.

IX. PRAYER

WHEREFORE, premises considered, ETI requests:

1. that its Application be deemed complete and sufficient and in compliance with PURA § 39.905(b) and P.U.C. SUBST. R. 25.181(f);
2. that ETI's suggested notice of this filing as described above and attached to this Application be considered sufficient and authorized;
3. that, pursuant to Substantive Rule 25.181(e)(2), the Commission establish for ETI an energy efficiency goal of a 20% reduction of the annual growth in demand of the Company's residential and commercial customers and cost

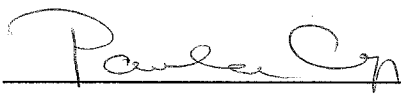
caps consistent with the rates ETI proposed above as necessary to achieve a 20% energy efficiency goal, or, in the alternative, establish cost caps consistent with the rates ETI proposed above as necessary to achieve an energy efficiency goal of a 25% reduction of the annual growth in demand of the Company's residential and commercial customers;

4. that ETI's Application be approved with implementation for use beginning with the first billing cycle of its January 2012 billing month; and
5. for such other relief to which it has shown itself entitled.

Respectfully submitted,

Paula Cyr
ENTERGY SERVICES, INC.
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919 Congress
Austin, Texas 78701
(512) 487-3957 telephone
(512) 487-3958 facsimile

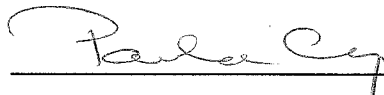
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By: 
Paula Cyr
State Bar No. 16385200

ATTORNEYS FOR ENTERGY TEXAS, INC.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this document was served by facsimile, hand-delivery, overnight delivery, or 1st Class U.S. Mail on all parties of record in Docket No. 38212, *Application of Entergy Texas, Inc. for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff*, on April 29, 2011.


Paula Cyr

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RECOVERY FACTOR TARIFF AND	§	OF TEXAS
REQUEST TO ESTABLISH A REVISED	§	
ENERGY EFFICIENCY GOAL AND	§	
COST CAPS	§	

DIRECT TESTIMONY

OF

JOHN K. CARSON

ON BEHALF OF

ENTERGY TEXAS, INC.

APRIL 29, 2011

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF JOHN K. CARSON
2011 EECRF APPLICATION

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EXHIBITS

Exhibit JKC-1	2011 Energy Efficiency Plan and Report
Exhibit JKC-2	2012 Energy Efficiency Cost Recovery Factor
Exhibit JKC-3	2010 Energy Efficiency Program Revenue
Exhibit JKC-4	2012 Cost Effectiveness Worksheet

1 I. WITNESS INTRODUCTION AND QUALIFICATIONS

2 Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS
3 ADDRESS.

4 A. My name is John K. Carson. I am employed by Entergy Texas, Inc. ("ETI"
5 or "the Company") as a Lead Account Service Manager. I manage
6 several energy efficiency programs as well as assist with budgeting
7 requirements and energy efficiency program forecasting. My business
8 address is 9425 Pinecroft, The Woodlands, TX, 77380.

9

10 Q. FOR WHOM ARE YOU TESTIFYING?

11 A. I am testifying on behalf of ETI.

12

13 Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND
14 AND PROFESSIONAL EXPERIENCE.

15 A. I worked for Gulf States Utilities, Inc. and then ETI for over 26 years in
16 Customer Relations, Marketing or in managing ETI's energy efficiency
17 programs. I have a Bachelor's Degree in Accounting from Southwest
18 Texas State University, a Master of Business Administration from
19 LeTourneau University, and a Master of Science in Military History - Civil
20 War from American Military University. In addition, I have passed the
21 Home Energy Rating System test from Southface Energy Institute.

1 Q. PLEASE DESCRIBE YOUR CURRENT JOB RESPONSIBILITIES AS
2 THEY CONCERN ENERGY EFFICIENCY PROGRAMS.

3 A. I am responsible for developing and implementing ETI's energy efficiency
4 programs in Texas. As part of my job description, I work closely with the
5 various vendors and participants in ETI's energy efficiency programs. I
6 worked on the rulemaking that resulted in the Commission's initial
7 adoption of P.U.C. SUBST. R. 25.181. I am a member of the Electric Utility
8 Marketing Managers of Texas ("EUMMOT"), which is an association of
9 electric utilities working to achieve the goal for energy efficiency
10 established under Section 39.905 of the Public Utility Regulatory Act
11 ("PURA"). EUMMOT members include Oncor Electric Delivery Company
12 LLC, CenterPoint Energy Houston Electric, LLC, the American Electric
13 Power Companies, Texas-New Mexico Power Company, Xcel Energy, El
14 Paso Electric Company and ETI.

15 I currently manage several of ETI's energy efficiency programs,
16 including the Energy Star for Homes Market Transformation Program
17 ("MTP"), the SCORE and CitySmart MTPs, the Home Performance with
18 Energy Star MTP, and the Solar Photovoltaic MTP. In addition, I am
19 charged with establishing ETI's energy efficiency savings goals and the
20 budget requirements necessary to achieve those goals.

1 II. PURPOSE OF TESTIMONY

2 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
3 PROCEEDING?

4 A. The purpose of my testimony is to support the Company's request to
5 redetermine its Energy Efficiency Cost Recovery Factor ("EECRF") tariff
6 ("Rider EECRF"). In particular, I am addressing the requirements set forth
7 under P.U.C. SUBST. R. 25.181(f) and (h).
8

9 III. ENERGY EFFICIENCY DEFINED

10 Q. HOW IS ENERGY EFFICIENCY DEFINED?

11 A. The term "energy efficiency," as defined by the Commission in P.U.C.
12 SUBST. R. 25.181(c)(9), is as follows:

13 Improvements in the use of electricity that are achieved through
14 facility or equipment improvements, devices, or processes that
15 produce reductions in demand or energy consumption with the
16 same or higher level of end-use service and that do not materially
17 degrade existing levels of comfort, convenience, or productivity.

18 Energy efficiency measures also reduce the need for additional generation
19 in Texas.
20

21 Q. HOW IS ENERGY EFFICIENCY MEASURED?

22 A. P.U.C. SUBST. R. 25.181 states that energy efficiency is to be measured
23 by the energy savings and peak demand reduction. Energy savings is

1 defined in P.U.C. SUBST. R. 25.181(c)(14) as “[a] quantifiable reduction in
2 a customer’s consumption of energy that is attributable to energy
3 efficiency measures.” Peak demand reduction is defined in P.U.C. SUBST.
4 R. 25.181(c)(25) as “[r]eduction in demand on the utility system throughout
5 the utility system’s peak period.”

6 Pursuant to P.U.C. SUBST. R. 25.181(e), the Commission’s “energy
7 efficiency goal” is a percentage reduction of the average annual growth in
8 demand of an electric utility’s residential and commercial customers,
9 based on the energy savings achieved from the utility’s energy efficiency
10 programs. The energy efficiency goal in 2011 is a 20% reduction of
11 annual growth in demand, and in 2012 it is a 25% reduction of annual
12 growth in demand.

13
14 IV. 2010 PROGRAM YEAR ENERGY EFFICIENCY PROGRAMS

15 Q. WHAT ENERGY EFFICIENCY PROGRAMS DID ETI OFFER DURING
16 THE 2010 PROGRAM YEAR?

17 A. ETI implements an inventory of energy efficiency programs each year that
18 best meets the market conditions, maturity of programs, and regulatory
19 requirements. In 2010, ETI offered eight standard offer programs (“SOP”)
20 and MTPs. Table 2 of Exhibit JKC-1 lists the Company’s energy efficiency
21 program offerings by customer class and also indicates whether each
22 program targets new construction or existing structures.

1 Q. HOW DID THE ENERGY EFFICIENCY PROGRAMS THAT THE
2 COMPANY IMPLEMENTED IN 2010 ALLOW THE COMPANY TO MEET
3 ITS ENERGY EFFICIENCY GOALS?

4 A. The energy efficiency programs are very diverse so that all customers
5 have an opportunity to participate, with the notable exception of the
6 industrial customers, which are exempt from participation in energy
7 efficiency programs.

8 Exhibit JKC-1 provides information on ETI's energy efficiency
9 programs for 2010, including a list of all programs, energy and demand
10 savings for each program, and administrative costs associated with the
11 energy efficiency programs. It also describes the projected benefits of
12 each program. In addition, it includes a projection of the annual growth in
13 demand, an estimate of the energy and peak demand reduction savings to
14 be obtained through each SOP and MTP, a description of the customer
15 classes targeted by the energy efficiency programs, and the proposed
16 annual budget required to implement the programs for each eligible class
17 of customer.

18

19 Q. DURING THE 2010 PROGRAM YEAR, WHAT REDUCTIONS IN PEAK
20 DEMAND AND ENERGY DID ETI ACHIEVE THROUGH ITS ENERGY
21 EFFICIENCY PROGRAMS?

22 A. ETI achieved a demand reduction of 13.2 MW and energy savings of
23 28,630 MWh during program year 2010. Table 8 of Exhibit JKC-1

1 provides a breakdown of the projected and reported peak demand
2 reduction and energy savings in 2010 for each program.

3

4 Q. WHAT WERE ETI'S DEMAND REDUCTION AND ENERGY SAVINGS
5 GOALS NECESSARY TO ACHIEVE A 20% ENERGY EFFICIENCY
6 GOAL FOR PROGRAM YEAR 2010?

7 A. ETI's minimum calculated demand reduction goal for the 2010 program
8 year was 10.6 MW and its energy savings goal was 18,571 MWh, as
9 shown in Table 8 of Exhibit JKC-1.

10

11 Q. WHAT WAS ETI'S BUDGET REQUIREMENT TO ACHIEVE ITS
12 ENERGY EFFICIENCY GOAL FOR THE 2010 PROGRAM YEAR?

13 A. ETI forecasted that it would need to invest \$7.456 million in energy
14 efficiency program costs to reach its 10.6 MW goal, as shown in Table 10,
15 Exhibit JKC-1.

16

17 Q. WAS ETI'S BUDGET REQUIREMENT FOR 2010 CONSISTENT WITH
18 RULE 25.181?

19 A. Yes. Rule 25.181 does not impose any budget requirements for the 2010
20 program year.

1 Q. WHAT DID ETI ACTUALLY SPEND TO REACH ITS ENERGY
2 EFFICIENCY GOAL IN PROGRAM YEAR 2010?

3 A. ETI spent \$7.032 million of its forecasted \$7.456 million budget in program
4 year 2010. ETI under-spent its budget by approximately \$424,000.

5
6 Q. WHY DID ETI NOT SPEND ITS ENTIRE ENERGY EFFICIENCY
7 BUDGET IN 2010?

8 A. ETI was under budget by \$424,000 because of market conditions in ETI's
9 service territory. Many projects for which funding had been reserved
10 either could not be completed by year's end or were postponed, especially
11 in the Commercial Solutions MTP and the Energy Star for Homes MTP.
12 Also, some energy efficiency service providers struggled to secure loans
13 or other funding necessary to begin or complete certain energy efficiency
14 projects. Almost 1 MW of savings was not realized because projects were
15 either cancelled, postponed, or could not be completed by year's end,
16 though incentives from ETI had been reserved for these projects.

17

18 V. EECRF

19 Q. DOES ETI CURRENTLY HAVE AN EECRF IN PLACE?

20 A. Yes. ETI's current EECRF was approved on August 19, 2010 in Docket
21 No. 38212¹ for approximately \$9.733 million. ETI began collecting

¹ *Application of Entergy Texas, Inc. for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff, Docket No. 38212 (Aug. 19, 2010).*

1 revenues under the current tariff with the first billing cycle of the January
2 2011 billing month.

3

4 Q. IS ETI ASKING FOR AN ADJUSTMENT TO ITS CURRENT EECRF?

5 A. Yes. ETI is asking to decrease the EECRF from \$9.733 million to
6 approximately \$8.482 million for the 2012 program year. Because ETI is
7 also making an alternative EECRF request, described below, I will refer to
8 this as the Company's primary request.

9

10 Q. PLEASE DETAIL THE LEVEL OF COSTS ASSOCIATED WITH ENERGY
11 EFFICIENCY THAT THE COMPANY IS SEEKING TO RECOVER
12 UNDER ITS REDETERMINED EECRF.

13 A. ETI seeks recovery of approximately \$8.482 million in energy efficiency
14 costs through its 2012 EECRF. This amount is comprised of three parts:
15 (1) the Company's forecasted 2012 energy efficiency program budget; (2)
16 a performance bonus associated with the results of ETI's 2010 energy
17 efficiency programs; and (3) a refund of energy efficiency program
18 revenues recovered under the Company's 2010 EECRF that exceeded its
19 approved 2010 energy efficiency program costs.

20 First, Table 6 of Exhibit JKC-1 shows the projected costs the
21 Company will incur to achieve the savings goals required under P.U.C.
22 SUBST. R. 25.181(e) for 2011 and 2012. The forecast shows a budget
23 requirement of \$7.456 million in 2011 and \$10.744 million in 2012.

1 However, as explained below, ETI is requesting to continue funding its
2 energy efficiency programs in 2012 at the 2011 \$7.456 million funding
3 level so that the Company can more closely meet the cost caps imposed
4 under Rule 25.181(f)(8) without diminishing its program offerings.

5 Second, P.U.C. SUBST. R. 25.181 allows ETI to collect a
6 performance bonus for efficiently and effectively managing its energy
7 efficiency programs during 2010. The requirements for collecting a
8 performance bonus are set forth in P.U.C. SUBST. R. 25.181(h). This
9 bonus was calculated to be \$1,406,273, as presented in Section XI and
10 Appendix D of Exhibit JKC-1.

11 Third, the Company was approved to recover \$8,080,000 through
12 its 2010 EECRF. Due to an increase in kWh sales in 2010, revenue
13 recovered through the 2010 EECRF totaled \$8,460,360, which was
14 \$380,360 above the Company's approved 2010 energy efficiency costs.
15 Exhibit JKC-3 shows the Company's monthly revenues recovered through
16 the 2010 EECRF.

17 Exhibit JKC-2 lists all three components that will make up the
18 Company's 2012 EECRF.

19

20 Q. DO THE COMMISSION'S RULES LIMIT THE EXPENDITURES A
21 UTILITY MAY RECOVER FOR ENERGY EFFICIENCY PROGRAMS?

22 A. Yes. In Project No. 37623, in addition to increasing the energy efficiency
23 goal for the 2012 program year from a 20% reduction of annual growth in

1 demand to a 25% reduction of annual growth in demand, the Commission
2 also implemented cost caps on the amount that can be charged to each
3 customer under a utility's EECRF. For the Company's 2012 program, the
4 cost cap for residential customers is \$0.001 per kWh, and for non-
5 residential customers, it is \$0.0005 per kWh.

6

7 Q. IS THE COMPANY'S 2012 REQUESTED EECRF DESIGNED TO
8 ACHIEVE THE 25% ENERGY EFFICIENCY GOAL AND COMPLY WITH
9 THE COST CAPS FOR 2012?

10 A. No. Under the Company's primary request, ETI does not project that it
11 can achieve a 25% energy efficiency goal in 2012. Even at a 20% energy
12 efficiency goal, ETI will be slightly over the cost caps for the Small General
13 Service, General Service and Lighting rate classes. As explained later in
14 my testimony, ETI is requesting that the Commission lower the Company's
15 energy efficiency goal for 2012 to a 20% reduction of annual growth in
16 demand and raise its cost caps for the Small General Service, General
17 Service and Lighting rate classes so that the Company can continue
18 funding its programs in 2012 at 2011 levels. The Company believes this
19 request offers the greatest benefit to its customers by allowing the
20 Company to continue its current energy efficiency program offerings while
21 decreasing the cost impacts to its customers.

1 Q. HOW ARE THE COSTS OF THE EECRF TO BE CALCULATED IN
2 RATES?

3 A. Mr. Phillip B. Gillam addresses in his Direct Testimony the calculation of
4 energy efficiency costs included in the Company's Rider EECRF.

5

6 Q. ARE THE COMPANY'S 2012 PROJECTED ENERGY EFFICIENCY
7 COSTS REASONABLE?

8 A. Yes. The Company's energy efficiency programs adhere to the cost
9 effectiveness parameters contained in P.U.C. SUBST. R. 25.181(d).
10 Furthermore, the Commission previously approved the reasonableness of
11 the Company's 2011 program budget in Docket No. 38212. ETI is
12 requesting to use the same budget in 2012.

13

14 Q. HOW MUCH DOES THE COMPANY PROJECT TO SPEND ON
15 INCENTIVE PAYMENTS AS PART OF ITS ENERGY EFFICIENCY
16 PROGRAMS?

17 A. The Company's 2012 incentive payments are the same as in its 2011
18 program budget, which is reflected in Table 6 of Exhibit JKC-1.

19

20 Q. ARE THESE COSTS REASONABLE?

21 A. Yes. The incentive payments for each customer class do not exceed
22 100% of avoided cost, which is consistent with Rule 25.181(g).

1 Q. WHAT ARE THE ADMINISTRATIVE COSTS FOR THE COMPANY'S
2 ENERGY EFFICIENCY PROGRAMS FOR THE MOST RECENT YEAR
3 AND FOR THE YEAR IN WHICH THE EECRF IS EXPECTED TO BE IN
4 EFFECT?

5 A. Table 6 of Exhibit JKC-1 shows the Company's 2011 and 2012 projected
6 administrative costs. Table 9 shows the Company's 2010 administrative
7 costs.

8

9 Q. DO THE COMPANY'S 2012 ADMINISTRATIVE COSTS INCLUDE ANY
10 RESEARCH AND DEVELOPMENT COSTS?

11 A. No. As shown in Table 6 of Exhibit JKC-1, ETI does not project any
12 research and development costs related to its 2012 energy efficiency
13 programs.

14

15 Q. DO THE COMPANY'S 2012 ADMINISTRATIVE COSTS INCLUDE ALL
16 COSTS FOR THE DISSEMINATION OF INFORMATION AND
17 OUTREACH?

18 A. Yes.

19

20 Q. WHY ARE THE COMPANY'S 2012 ADMINISTRATIVE COSTS
21 REASONABLE?

22 A. ETI's 2012 administrative cost projections are based on the historic levels
23 of costs the Company has incurred to manage its energy efficiency

1 programs. The Company takes great care to control its administrative
2 costs, for instance by performing as much of the program implementation
3 and measurement and verification requirements internally rather than
4 hiring outside firms, which are usually more costly. Under P.U.C. SUBST.
5 R. 25.181(i), a utility may recover its administrative costs to the extent
6 these costs do not exceed 15% of the utility's total energy efficiency
7 program costs. ETI's 2010 administrative costs equaled 8.9% of total
8 program costs in 2010. The Company's budgeted 2011 administrative
9 costs equal 8.6% of total budgeted program costs, which, as a percentage
10 of total costs, is a slight decrease from 2010. Under its primary EECRF
11 request, ETI will use the same level of costs in 2012 as it is in 2011. This
12 is a reasonable level of costs.

13
14 VI. REQUEST TO ESTABLISH A REVISED ENERGY EFFICIENCY GOAL
15 AND COST CAPS AND ALTERNATIVE EECRF REQUEST

16 Q. ARE ETI'S 2012 PROGRAM COSTS BASED ON MEETING THE 25%
17 ENERGY EFFICIENCY GOAL PRESCRIBED BY RULE 25.181?

18 A. No.

19
20 Q. PLEASE EXPLAIN.

21 A. ETI is unable to meet a 25% energy efficiency goal in 2012 without
22 exceeding the cost caps imposed under Rule 25.181(f)(8). For ETI to
23 achieve a 25% reduction in annual growth in demand, it must increase its

1 energy efficiency program budget to a level that would cause the
2 Company's 2012 EECRF to far exceed the cost caps prescribed by P.U.C.
3 SUBST. R. 25.181(f)(8) for its residential and commercial customers. ETI's
4 2011 Rider EECRF, which is based on projected costs necessary to
5 achieve a 20% reduction in annual growth in demand in 2011, already
6 exceeds the cost caps for all but the Large Industrial Power Service rate
7 classes. ETI would have to spend at least \$10,744,000 on its energy
8 efficiency program in 2012 to achieve a 25% reduction in annual growth in
9 demand, which is \$3.288 million more than the Company was approved to
10 spend in 2011. This additional \$3.288 million would increase ETI's
11 EECRF redetermination request to \$11,769,913, which would cause ETI's
12 EECRF to further exceed the cost caps for all but the Large Industrial
13 Power Service rate classes.

14

15 Q. UNDER WHAT ENERGY EFFICIENCY GOAL FOR 2012 COULD ETI
16 RECOVER ITS PROGRAM COSTS AND PERFORMANCE BONUS BUT
17 STILL LIMIT THE COST IMPACT TO ITS CUSTOMERS?

18 A. ETI could effectively implement its programs in 2012 and recover its
19 program costs if the energy efficiency goal is changed to a 20% reduction
20 of annual growth in demand, which is a 12.4 MW demand reduction and
21 21,725 MWh in energy savings. This is the same goal ETI had in 2011.

1 Q. IS ETI REQUESTING THAT THE COMMISSION LOWER ITS ENERGY
2 EFFICIENCY GOAL AND RAISE ITS COST CAPS FOR 2012?

3 A. Yes. Pursuant to Rule 25.181(e)(2), ETI requests that the Commission
4 establish its energy efficiency goal for 2012 at 20%, which would require
5 ETI to achieve 12.4 MW in demand reduction and 21,725 MWh in energy
6 savings. A 20% energy efficiency goal is consistent with the highest goal
7 set in PURA.² The Company also requests that the Commission raise its
8 cost caps for the Small General Service, General Service and Lighting
9 rate classes, which, according to the Company's proposed Rider EECRF
10 attached to Mr. Gillam's Direct Testimony as Exhibit PBG-4, would exceed
11 the cost caps prescribed by Rule 25.181(f)(8).

12

13 Q. DOES GOOD CAUSE EXIST FOR THE COMMISSION TO REVISE ETI'S
14 ENERGY EFFICIENCY GOALS AND COST CAPS FOR 2012?

15 A. Yes. ETI believes revising the Company's goals and cost caps in order to
16 maintain 2011 funding levels in 2012 provides the most benefit to the
17 Company's customers. In Project No. 37623, the Commission added cost
18 caps to Rule 25.181 to ensure that the increased energy efficiency goals
19 for program years after 2011 would have a limited impact on electric
20 customers. Under the 2012 energy efficiency goal and cost caps, ETI

² PURA § 39.905(a)(3) (establishing a goal that electric utilities provide incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency for residential and commercial customers equivalent to at least a 20% reduction of annual growth in demand by December 31, 2009).

1 must either greatly increase its program costs to achieve the 25% energy
2 efficiency goal or dramatically reduce its program funding to comply with
3 the cost caps. Despite that ETI's projected 2012 program costs necessary
4 to achieve a 25% energy efficiency goal would comply with the cost
5 effectiveness standards of Rule 25.181(d), ETI simply cannot achieve a
6 25% energy efficiency goal and comply with the cost caps with its current
7 program offerings. If the Commission allows ETI to lower its energy
8 efficiency goal in 2012 from a 25% reduction in annual growth in demand
9 to a 20% reduction in annual growth in demand, ETI will be closer to
10 meeting the cost caps set forth in P.U.C. SUBST. R. 25.181(f)(8)(A) and
11 (C), thus reducing the economic burden of cost recovery on its customers.
12 ETI will be using program costs that the Commission previously found to
13 be reasonable and cost-effective in Docket No. 38212. Moreover, by
14 maintaining its energy efficiency program funding at 2011 levels, the
15 Company can continue to offer valuable energy-saving programs to its
16 customers while still reducing its customers' EECRF rates.

17 Please note that, under the Company's primary request, ETI will
18 exceed the cost caps for the Small General Service, General Service and
19 Lighting rate classes. However, despite that ETI's EECRF under this
20 primary request will exceed the Commission's cost caps, ETI will still be
21 providing a small rate reduction to its customers. As such, ETI believes
22 that good cause exists to raise its cost caps for those affected rate classes

1 so that the Company can recover the costs of implementing programs
2 sufficient to meet a 20% energy efficiency goal.

3

4 Q. IF THE COMMISSION DOES NOT LOWER ETI'S ENERGY EFFICIENCY
5 GOAL FOR 2012, DOES THE COMPANY HAVE AN ALTERNATIVE
6 EECRF REQUEST?

7 A. Yes. If the Commission declines ETI's request to establish a lower energy
8 efficiency goal for 2012, the Company requests authority to redetermine
9 its EECRF rates in order to recover from its customers \$11,769,913, which
10 consists of the following three components: \$10,744,000 in energy
11 efficiency program costs projected to be incurred in 2012; \$1,406,273
12 representing ETI's 2010 performance bonus for achieving demand savings
13 that exceeded its statutory goal to be achieved by December 31, 2010;
14 and a refund of \$380,360 for energy efficiency program costs recovered
15 under its EECRF implemented for calendar year 2010 that exceeded
16 actual program costs incurred for its 2010 energy efficiency programs.
17 This alternative request includes a \$3.288 million increase to its projected
18 2012 program costs in order to meet a 25% energy efficiency goal. This
19 request will permit ETI to recover all of its costs to administer its energy
20 efficiency programs and still meet the 25% energy efficiency goal
21 prescribed by Rule 25.181(e).

22 As noted above, the rate impact of this request will exceed the cost
23 caps imposed by the Commission under P.U.C. SUBST. R. 25.181(f)(8).

1 To recover this alternative EECRF request, the Company requests that
2 the Commission establish higher cost caps for those customer classes
3 whose rates would exceed the current cost caps, which includes all but
4 the Large Industrial Power Service rate classes. Exhibit PBG-5, attached
5 to Mr. Gillam's Direct Testimony, shows the updated Rider EECRF rates
6 that customers would pay under this alternative request.

7

8 Q. DOES GOOD CAUSE EXIST FOR THE COMMISSION TO RAISE THE
9 COST CAPS FOR 2012 UNDER THIS ALTERNATIVE REQUEST?

10 A. Yes. As noted above, ETI's rates already exceed the cost caps for all but
11 its Large Industrial Power Service rate classes. Despite that ETI's
12 program costs comply with the cost effectiveness standards of P.U.C.
13 SUBST. R. 25.181(d), ETI cannot meet the Commission's 25% energy
14 efficiency goal without exceeding the cost caps for those affected rate
15 classes. If the Commission increases the cost caps, ETI can invest in
16 sufficient programs to achieve the 25% reduction in growth in demand
17 required by P.U.C. SUBST. R. 25.181(e) and still recover its program costs
18 under its 2012 Rider EECRF. While ETI believes its primary request
19 would be more beneficial to its customers, the Company has good cause
20 to request an increase to its cost caps in order to meet the Commission's
21 25% energy efficiency goal under this alternative request.

1 Q. HOW ARE THE COSTS OF THE EECRF UNDER ETI'S ALTERNATIVE
2 REQUEST TO BE CALCULATED IN RATES?

3 A. Mr. Gillam addresses the calculation of the Rider EECRF for the
4 Company's alternative request in his Direct Testimony.

5

6 Q. ARE THE COMPANY'S PROJECTED 2012 PROGRAM COSTS UNDER
7 ITS ALTERNATIVE REQUEST REASONABLE?

8 A. Yes. The Company's energy efficiency programs adhere to the cost
9 effectiveness parameters contained in P.U.C. SUBST. R. 25.181(d).

10

11 Q. HOW MUCH DOES THE COMPANY PROJECT TO SPEND ON
12 INCENTIVE PAYMENTS AS PART OF ITS ENERGY EFFICIENCY
13 PROGRAMS UNDER THE COMPANY'S ALTERNATIVE EECRF
14 REQUEST?

15 A. As shown in Table 6 of Exhibit JKC-1, ETI will spend about \$10.15 million
16 on incentive costs under its alternative EECRF request.

17

18 Q. WHY ARE THESE COSTS REASONABLE?

19 A. The incentive payments for each customer class do not exceed 100% of
20 avoided cost, which is consistent with Rule 25.181(g).

1 Q. WHAT ARE THE PROJECTED ADMINISTRATIVE COSTS FOR THE
2 COMPANY'S ENERGY EFFICIENCY PROGRAMS UNDER THE
3 COMPANY'S ALTERNATIVE REQUEST?

4 A. As shown in Table 6 of Exhibit JKC-1, ETI will spend \$1.034 million on
5 administrative costs under its alternative EECRF request.
6

7 Q. DOES THIS AMOUNT INCLUDE ALL COSTS FOR THE
8 DISSEMINATION OF INFORMATION AND OUTREACH?

9 A. Yes.
10

11 Q. DOES THIS AMOUNT INCLUDE RESEARCH AND DEVELOPMENT
12 COSTS?

13 A. No. ETI does not project to expend any funds on research and
14 development costs in 2012 under its alternative request.
15

16 Q. WHY ARE THE COMPANY'S ADMINISTRATIVE COSTS
17 REASONABLE?

18 A. The Company's administrative costs under its alternative request are
19 reasonable because the administrative costs are only about 9.6% of the
20 Company's total program costs, which is well under the 15% cap on
21 administrative costs as provided for in P.U.C. SUBST. R. 25.181(i) and only
22 a marginal increase over its 2010 and 2011 administrative costs.

1 VII. BONUS CALCULATION FOR 2010 PROGRAM YEAR

2 Q. DOES THE COMPANY'S PROPOSED EECRF INCLUDE ANY
3 AMOUNTS FOR A PERFORMANCE BONUS FOR THE PREVIOUS
4 YEAR? IF SO, PLEASE EXPLAIN.

5 A. Yes. Pursuant to P.U.C. SUBST. R. 25.181(h), ETI is allowed to receive a
6 performance bonus of \$1,406,273 in 2012 based on its 2010 energy
7 efficiency program performance. The bonus calculation is shown in
8 Section XI and Appendix D in Exhibit JKC-1 and is consistent with the
9 Commission's rule.

10

11 VIII. CONCLUSION

12 Q. DO YOU BELIEVE THE COSTS TO BE RECOVERED THROUGH ETI'S
13 EECRF ARE REASONABLE ESTIMATES OF THE COSTS NECESSARY
14 TO PROVIDE ENERGY EFFICIENCY PROGRAMS AND TO MEET THE
15 UTILITY'S GOALS UNDER THIS SECTION?

16 A. Yes. The program costs associated with providing a quality energy
17 efficiency program under both ETI's primary and alternative request are
18 reasonable and meet the cost effectiveness provisions found in the energy
19 efficiency rule.

20

21 Q. IS THE COMPANY'S ENERGY EFFICIENCY PERFORMANCE BONUS
22 CONSISTENT WITH THE COMMISSION'S RULES?

23 A. Yes.

- 1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?
- 2 A. Yes, at this time.

ENTERGY TEXAS, INC.
2011 ENERGY EFFICIENCY PLAN AND
REPORT
SUBSTANTIVE RULE § 25.181 AND § 25.183

APRIL 1, 2011

Project No. 39105



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INTRODUCTION

Entergy Texas, Inc. (“Entergy”) presents this Energy Efficiency Plan and Report (“EEPR”) to comply with Commission Substantive Rules 25.181 and 25.183, which implement Public Utility Regulatory Act (“PURA”) § 39.905. PURA § 39.905 requires that each investor-owned electric utility achieve the following savings goals through market-based standard offer programs (“SOPs”) and limited, targeted, market transformation programs (“MTPs”):

- 20% reduction of the electric utility’s annual growth in demand of residential and commercial customers by December 31, 2011;
- 25% reduction of the electric utility’s annual growth in demand of residential and commercial customers by December 31, 2012.

Substantive Rule 25.181 includes specific requirements related to the implementation of SOPs and MTPs by investor-owned electric utilities that control the manner in which investor-owned electric utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated energy efficiency savings goals. Entergy’s EEPR is intended to enable Entergy to meet its statutory savings goals through implementation of energy efficiency programs in a manner that complies with PURA § 39.905 and Substantive Rule 25.181. This EEPR covers the periods of time outlined in Substantive Rule 25.181. The following section provides a description of what information is contained in each of the subsequent sections and appendices.

ENERGY EFFICIENCY PLAN AND REPORT (EEPR) ORGANIZATION

This EEPR consists of an executive summary, ten sections and four appendices.

- The Executive Summary highlights Entergy’s reported achievements for 2010 and Entergy’s plans for achieving its 2011 and 2012 energy efficiency goals.

Energy Efficiency Plan

- Section I describes Entergy’s program portfolio. It details how each program will be implemented, discusses related informational and outreach activities, and provides an introduction to any programs not included in Entergy’s previous EEPR.
- Section II explains Entergy’s targeted customer classes, specifying the size of each class and the method for determining those class sizes.
- Section III presents Entergy’s projected energy efficiency savings for the prescribed planning period broken out by program for each customer class.
- Section IV describes Entergy’s proposed energy efficiency budgets for the prescribed planning period broken out by program for each customer class.

Energy Efficiency Report

- Section V documents Entergy's actual weather-adjusted demand savings goals and energy savings targets for the previous five years (2006-2010).
- Section VI compares Entergy's projected energy and demand savings to its reported and verified savings by program for calendar year 2010.
- Section VII details Entergy's incentive and administration expenditures for the previous five years (2006-2010) broken out by program for each customer class.
- Section VIII compares Entergy's actual and budgeted program costs from 2010 broken out by program for each customer class. It also explains any cost increases or decreases of more than 10% for Entergy's overall program budget.
- Section IX describes the results from Entergy's MTPs. It compares existing baselines and existing milestones with actual results, and details any updates to those baselines and milestones.
- Section X documents Entergy's most recent Energy Efficiency Cost Recovery Factor (EECRF).

Appendices

- Appendix A – Reported kW and kWh savings broken out by county for each program.
- Appendix B – Program templates for any new or newly-modified programs not included in Entergy's previous EEPR.
- Appendix C – Description of Entergy's existing energy efficiency contracts and obligations.
- Appendix D – Additional data, explanations, and documentation supporting other sections of this EEPR.

EXECUTIVE SUMMARY

The Energy Efficiency Plan portion of this EEPR details Entergy's plans to achieve a 20% reduction in its annual growth in demand of residential and commercial customers by December 31, 2011 and a 25% reduction in its annual growth in demand of residential and commercial customers by December 31, 2012. In the process, Entergy will also address the corresponding energy savings goal, which is calculated from its demand savings goal using a 20% capacity factor. The goals, budgets and implementation plans that are included in this EEPR are highly influenced by the requirements of Substantive Rule 25.181 and lessons learned regarding energy efficiency service provider and customer participation in the various energy efficiency programs. A summary of annual goals and budgets is presented in Table 1.

The Energy Efficiency Report portion of this EEPR demonstrates that in 2010 Entergy successfully implemented energy efficiency programs sufficient to meet Entergy's 20% energy efficiency savings goal by procuring 13,243 kW in demand savings and 28,629,452 kWh in energy savings. These programs included the Residential Standard Offer Program ("Residential SOP"), the Commercial Solutions Market Transformation Program ("Commercial Solutions MTP"), the Schools Concerned with Reducing Energy and CitySmart Market Transformation Program ("Texas SCORE/CitySmart MTP"), the Load Management Standard Offer Program ("Load Management SOP"), the Hard-to-Reach Standard Offer Program ("Hard-to-Reach SOP"), the Premium Lighting Market Transformation Program ("Premium Lighting MTP"), and the Energy Star[®] Homes Market Transformation Program ("Energy Star[®] MTP"). In addition, Entergy also started a new pilot program in 2010, the Solar Photovoltaic Pilot Market Transformation Program ("Solar PV Pilot MTP").

Table 1: Summary of Goals, Projected Savings, and Projected Budgets (at Meter) ¹

Calendar Year	Average Growth in Demand (MW)	MW Goal (% of Growth in Demand)	Demand (MW) Goal	Energy (GWh) Goal²	Projected MW Savings³	Projected GWh Savings^{2,3}	Projected Budget (000's)
2011	62	20 %	12.4	21.7	12.4	21.7	\$7,456
2012	62	25%	15.5	33.9	15.5	33.9	\$11,184

In order to reach the above projected savings, Entergy will implement the following SOPs and MTPs in 2011:

- Residential SOP
- Hard-to-Reach SOP
- Load Management SOP
- Energy Star[®] MTP
- Texas SCORE/CitySmart MTP
- Commercial Solutions MTP
- Solar Photovoltaic Market Transformation Program (“Solar PV MTP”)
- Home Performance with Energy Star[®] Market Transformation Program (“Home Performance with Energy Star[®] MTP”)

¹ Average Growth in Demand figures are from Table 4; Projected Savings are from Table 5; Projected Budget is from Table 6. All kW/MW and kWh/MWh/GWh figures in this Table and throughout this EEPR are given “at Meter.”

² Calculated using a 20% capacity factor.

³ These numbers reflect peak demand reduction and energy savings for the current and following calendar year that Entergy is planning and budgeting for in the EEPR.

ENERGY EFFICIENCY PLAN

I. 2011 Programs

A. 2011 Program Portfolio

Entergy plans to implement five MTPs and three SOPs, including four pilot programs, in 2011: the Texas SCORE/CitySmart MTP, the Commercial Solutions MTP, the Load Management SOP, the Solar PV MTP, the Residential SOP, the Hard-to-Reach SOP, the Energy Star[®] MTP, and the Home Performance with Energy Star[®] MTP, which is the newest program offering in Entergy's program inventory. These programs have been structured to comply with the Commission's recent amendments to Substantive Rule 25.181 regarding program design and evaluation.⁴

These programs target both broad market segments and specific market sub-segments that offer significant opportunities for cost-effective savings. Entergy anticipates that targeted outreach to a broad range of service provider types will be necessary in order to meet the savings goals required by PURA § 39.905 on a continuing basis. Table 2 below summarizes the programs and target markets.

Table 2: 2010 Energy Efficiency Program Portfolio

Program	Target Market	Application
Residential SOP	Residential	Retrofit
Commercial SOP	Commercial	New Construction, Retrofit
Hard-to-Reach SOP	Hard-to-Reach Residential	Retrofit
Load Management SOP	Large Commercial	Retrofit
Energy Star [®] Homes MTP	Residential	New Construction
Solar PV MTP	Residential/Commercial	New Construction/Retrofit
Texas SCORE/CitySmart MTP	Large Commercial (K-12 schools); Municipality and County Entities	New Construction, Retrofit
Home Performance with Energy Star [®] MTP	Residential	Retrofit

⁴ Rulemaking Proceeding to Amend Energy Efficiency Rules, Project No. 37623 (Aug. 9, 2010).

The programs listed in Table 2 are described in further detail below. Entergy maintains a website containing all of the requirements for project participation, the forms required for project submission, and the current available funding at www.ENERGYefficiency.com. The website is the primary method of communication used to provide potential project sponsors with program updates and information.

B. Existing

Residential SOP

Program Design

The Residential SOP for 2011 targets only residential customers, whereas in the past small commercial customers were also included in the program. Incentives are paid to project sponsors for certain eligible measures installed in retrofit applications that result in verifiable demand and energy savings. Deemed savings are accepted and widely used by project sponsors as measurable and verifiable savings for projects submitted in this program.

Implementation Process

Entergy will continue implementation of its Residential SOP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. The program information on Entergy's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available.

Outreach activities

Entergy markets the availability of its programs in the following manner:

- utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- maintains a website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- attends appropriate industry-related meetings to generate awareness and interest;
- conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Hard-to-Reach SOP

Program design

The Hard-to-Reach SOP targets low-income customers with incomes at or below 200% of the federal poverty level. Incentives are paid to project sponsors for certain measures installed in retrofit applications that provide verifiable demand and energy savings.

Implementation process

Entergy will continue implementation of its Hard-to-Reach SOP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. The program information on Entergy's website is updated frequently to reflect participating project sponsors and incentive amounts that are available.

Outreach activities

Entergy markets the availability of its programs in the following manner:

- utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- maintains a website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- attends appropriate industry-related meetings to generate awareness and interest;
- conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Commercial Solutions MTP

Program design

The Commercial Solutions MTP targets commercial customers. Incentives are paid to project sponsors for certain measures installed in new or retrofit applications that provide verifiable demand and energy savings.

Implementation process

Entergy will continue implementation of its Commercial Solutions MTP whereby any eligible project sponsor may submit an application for a project meeting the minimum requirements. The program information on Entergy's website is updated frequently to reflect participating Project Sponsors and incentive amounts that are available.

Outreach activities

Entergy markets the availability of its programs in the following manner:

- utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- maintains a website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- attends appropriate industry-related meetings to generate awareness and interest;
- participates in state-wide outreach activities as may be available;
- conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Energy Star[®] Homes MTP

Program design

The Energy Star[®] MTP targets builders in residential new construction that build to the Environmental Protection Agency's Energy Star[®] standards, which is 15% above the state building code. Incentives are paid to builders for installing certain new construction applications that provide verifiable demand and energy savings.

Implementation process

Entergy will continue implementation of its Energy Star[®] MTP whereby any eligible builder may submit an application for a home meeting the requirements. The program information on Entergy's website is updated frequently to reflect participating builders and incentive amounts that are available.

Outreach activities

Entergy markets the availability of its programs in the following manner:

- utilizes mass electronic mail (e-mail) notifications to keep potential builders interested and informed;
- maintains internet website with detailed builder eligibility, end-use measures, incentives, procedures and application forms;
- attends appropriate industry-related meetings to generate awareness and interest;
- participates in state-wide outreach activities as may be available;
- conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Texas SCORE/CitySmart MTP

Consistent with SB712, which was passed by the Texas Legislature in 2005, and the Pilot Program Template adopted by the Public Utility Commission of Texas (“PUCT”) in November 2005, Entergy offers school districts and local governments in its service territory the Texas SCORE/CitySmart MTP. Entergy recognizes that public school districts in Texas are experiencing the burden of high energy costs now more than ever. While energy costs have historically accounted for only about 3% of Texas school districts’ total budgets, those costs have soared into the 5% to 6% range in the last few years. The same is true for city and county buildings. Further, a majority of school districts and city and county governments lack the technical knowledge, first-hand experience, and management decision-making processes that are necessary for identifying, prioritizing, and completing projects that will improve their schools’ energy performance and reduce operating costs. Cash incentives as well as technical expertise are offered to participating customers who install eligible measures in either a new or retrofit project.

Implementation Process

With this program, Entergy targets public school districts and local, state, and federal governments. The program facilitates the identification of potential demand and energy savings opportunities, general operating characteristics, long-range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants. Also, in order to better understand the market characteristics of this customer sect and to improve its program offering to better meet this need, Entergy partnered with several other utilities to fund a “Texas School and Local Government Energy Efficiency Market Assessment and Baseline Study.” The executive summary of the study is presented in Appendix D.

Outreach Activities

Entergy markets the availability of the program in the following manner:

- contracts with a third-party to implement outreach and planning activities;
- targets a number of customer participants;
- conducts workshops to explain virtues of the program and necessary information to begin or continue participation;
- participates in regional or area outreach; and
- attends appropriate industry-related meetings to generate awareness and interest.

Load Management SOP

Program design

Entergy will implement the Load Management SOP pursuant to the PUCT's approved template. The Load Management SOP will provide demand reduction solutions to a select group of customers during the calendar year 2011. Incentives will be paid to customers for certain measures installed in retrofit applications that provide verifiable demand savings.

Implementation process

Under the program, Entergy will initially target several select customers for participation in the Load Management SOP. This program will facilitate the examination of actual demand savings, operating characteristics, program design, long-range planning, and overall measures and program acceptance by the targeted customers.

Outreach activities

Entergy will target the availability of its programs in the following manner:

- contracts with a third-party project sponsor to implement outreach activities;
- targets several large commercial customers during the program;
- conducts workshops to explain elements such as responsibilities of the customers, project requirements, incentive information, and the application and reporting process.

Solar PV MTP

Program design

The Solar PV Pilot MTP that was implemented in 2010 is being continued in 2011 as a full MTP. The program targets those customers, both residential and commercial, who are interested in reducing their energy costs by installing a solar alternative as a renewable energy source. The Solar PV MTP calls for education, training, and incentives to attract customers to this renewable resource.

Implementation process

Entergy has contracted with Frontier Associates LLC ("Frontier Associates") and Clean Energy Associates to design and implement a successful solar program by offering:

- education for potential customers and project sponsors on the use of solar technologies to reduce energy consumption;
- training for project sponsors on proper applications, installation, marketing, and verification of savings from solar equipment.

Outreach activities

Entergy will target the availability of its programs to solar advocates from all over the state in the following manner:

- Workshops held in various locations
- Partnerships with educational institutions
- Partnerships with state agencies
- Program details on Entergy's energy efficiency website

C. New Programs for 2011

Home Performance with Energy Star[®] MTP

Program design

The new Home Performance with Energy Star[®] MTP will target residential customers in existing homes that are interested in bringing their homes up to the Energy Star[®] standards. The program calls for certified Home Energy Rating Service providers to provide the customer with an analysis of their home and make recommendations to bring it up to Energy Star[®] standards. The program calls for extensive outreach, training, education, and incentives to attract customers, certified Home Energy Rating Service companies, and qualified contractors to the program.

Implementation process

Entergy has contracted with ICF International to implement the program. ICF International's success in implementing this program in the Oncor Electric Delivery Company LLC ("Oncor") markets made the program especially attractive to Entergy. Some of the contractors in Oncor's program have indicated a willingness to come into Entergy's territory to participate in the program. Additionally, Entergy will implement an extensive outreach program and training to attract local contractors into the program. Entergy will generate public awareness of the program through educational seminars, local and regional promotions by Entergy, and promotions by participating contractors and Home Energy Rating service providers.

Outreach and Research activities

Entergy will target the availability of its programs in the following manner:

- Contractor Workshops
- Educational seminars for customers
- Local and regional promotions by Entergy
- Contractor Promotions

II. Customer Classes

The customer classes targeted by Entergy's energy efficiency programs are the Commercial, Residential, and Hard-to-Reach customer classes.

The annual demand goal will be allocated to customer classes by examining historical program results, evaluating economic trends, and taking into account the requirements of Substantive Rule 25.181, which states that no less than 5% of the utility's total demand goal should be achieved through programs for hard-to-reach customers.

Table 3 below summarizes the number of customers in each of the customer classes, which was used to determine budget allocations for those classes.

It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace, the potential interest that a customer class may have toward a specific program and the overriding objective of meeting the legislative goal. Entergy offers a portfolio of SOPs and MTPs that will be available to all customer classes.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	44,221
Residential	357,433
Hard-to-Reach ⁵	116,166

III. Projected Energy Efficiency Savings and Goals

As prescribed by Substantive Rule 25.181, Entergy's demand goal is specified as a percentage of its historical five-year average growth in demand. As an example, the December 31, 2011 goal is based on the average annual growth in peak demand from 2006 to 2010. The demand goal for 2011 is based on meeting 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2011. The demand goal for 2012 is based on meeting 25% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2012. The corresponding energy savings goals are determined by applying a 20% capacity factor to the applicable demand goals.

Table 4 presents historical annual growth in demand for the previous five years that is used to calculate demand and energy goals. Although demand has been down for the last few years due to Hurricane Ike and a poor economy, 2010 proved to be an exceptional year for retail sales.

⁵ According to the U.S. Census Bureau's 2007 Current Population Survey, 32.5% of Texas families fall below 200% of the poverty threshold. Applying that percentage to Entergy's residential customer base of 352,682, the number of hard-to-reach customers is estimated to be 116,166.

Original forecasts showed demand stagnant or even showing negative growth, as is shown in Table 1 of Entergy's 2010 EEPR filed in Project No. 37982. However, the actual peak demand grew by a robust 11.9% in 2010 as shown in Table 4, below. Table 5 presents the projected demand and energy savings broken out by program for each customer class for 2011 and 2012. Projected savings reflect Entergy's calculated goals and Entergy's continued commitment to emphasize the needs of its low-income customers.

Table 4: Annual Growth in Demand and Energy Consumption (at Meter)

Calendar Year	Peak Demand (MW)				Energy Consumption (MWh)				Growth (MW)	Average Growth (MW) ⁶
	Total System		Residential & Commercial		Total System		Residential & Commercial			
	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual Weather Adjusted	Actual Weather Adjusted
2006	3,112	3,160	2,530	2,572	15,383,259	15,359,498	9,451,106	9,444,649	181	NA
2007	3,269	3,183	2,663	2,587	15,522,096	15,457,959	9,454,931	9,546,936	15	NA
2008	3,192	3,224	2,567	2,617	15,625,211	15,767,996	9,688,365	9,758,758	30	NA
2009	3247	3160	2534	2414	15,377,357	15,412,215	9,577,555	9,540,902	-203	NA
2010	3621	3716	2642	2704	15,865,236	15,905,412	10,115,569	10,233,463	287	NA
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	12.4
2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	15.5

“NA” = Not Applicable. Average growth figures from 2006-2010 are not applicable to any of the calculations or goals in this EEPR. Energy efficiency goals are calculated based upon the actual historical weather-adjusted growth in demand for the five most recent years, so peak demand and energy consumption forecasts for 2011 and 2012 are not applicable.

⁶ Average historical growth in demand over the previous five years for residential and commercial customers adjusted for weather fluctuations.

Table 5: Projected Demand and Energy Savings Broken Out by Program for Each Customer Class (at Meter)

2011	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	6,200	11,774,800
Commercial Solutions MTP	1,300	6,200,800
Load Management SOP	3000	0
Texas SCORE/CitySmart MTP	1900	5,574,000
Residential	4,600	6,250,000
Residential SOP	2,210	4,200,000
Energy Star® Homes MTP	2,000	1,600,000
Solar PV MTP	95	150,000
Home Performance with Energy Star® MTP	95	300,000
Hard-to-Reach	1,800	3,700,000
Hard-to-Reach SOP	1,800	3,700,000
Total Annual Savings Goals	12,400	21,724,800
2012	Projected Savings	
Customer Class and Program	kW	kWh
Commercial	7,000	13,483,000
Commercial Solutions MTP	2000	7,823,000
Load Management SOP	3000	0
Texas SCORE/CitySmart MTP	2000	7,823,000
Residential	5,800	8,609,000
Residential SOP	3,280	6,498,000
Energy Star® Homes MTP	2,000	1,546,000
Solar PV MTP	100	155,000
Home Performance with Energy Star® MTP	120	400,000
Hard-to-Reach	2,700	5,064,000
Hard-to-Reach SOP	2,700	5,064,000
Total Annual Savings Goals	15,500	27,156,000

IV. Program Budgets

Table 6 below presents total proposed budget allocations required to achieve the projected demand and energy savings shown in Table 5. The budget for the Commercial class includes costs for SOPs as well as costs for existing demand-side management (“DSM”) contracts. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy provided under Substantive Rule 25.181, the allocation of demand goals among customer classes, the incentive levels by customer class, and the projected costs for existing DSM contracts. The budget allocations presented in Table 6 are broken down by customer class, program, and the following budget categories: incentive payments, administration, and research and development (“R&D”). Entergy added an additional budgeting “class” for R&D to account for R&D expenditures that are not affiliated with a specific customer class or program.

Table 6: Proposed Annual Budget Broken Out by Program for Each Customer Class (000's)

2011	Incentives	Admin	R&D	Total Budget
Commercial	\$2,445	\$247	\$0	\$2,692
Commercial Solutions MTP	\$1,100	\$110	\$0	\$1,210
Load Management SOP	\$225	\$25	\$0	\$250
Texas SCORE/CitySmart MTP	\$1,120	\$112	\$0	\$1,232
Residential	\$2,890	\$252	\$0	\$3,142
Residential SOP	\$1,500	\$150	\$0	\$1,650
Energy Star® Homes MTP	\$500	\$50	\$0	\$550
Solar PV MTP	\$450	\$40	\$0	\$490
Home Performance with Energy Star® MTP	\$440	\$12	\$0	\$452
Hard-to-Reach	\$1,479	\$143	\$0	\$1,622
Hard-to-Reach SOP	\$1,479	\$143	\$0	\$1,622
Total Budgets by Category	\$6,814	\$642	\$0	\$7,456
2012	Incentives	Admin	R&D	Total Budget
Commercial	\$3,300	\$404	\$0	\$3,704
Commercial Solutions MTP	\$1,500	\$184	\$0	\$1,684
Load Management SOP	\$300	\$45	\$0	\$345
Texas SCORE/CitySmart MTP	\$1,500	\$175	\$0	\$1,675
Residential	\$3,750	\$390	\$0	\$4,140
Residential SOP	\$2,300	\$230	\$0	\$2,530
Energy Star® Homes MTP	\$600	\$65	\$0	\$665
Solar PV MTP	\$450	\$50	\$0	\$500
Home Performance with Energy Star® MTP	\$400	\$45	\$0	\$445
Hard-to-Reach	\$2,700	\$200	\$0	\$2,900
Hard-to-Reach SOP	\$2,700	\$200	\$0	\$2,900
Total Budgets by Category	\$10,150	1,034	\$0	\$10,744

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V. Historical Demand Savings Goals and Energy Targets for Previous Five Years

Table 7 documents Entergy's actual demand goals and energy targets for the previous five years (2006-2010) calculated in accordance with Substantive Rule 25.181.

Table 7: Historical Demand Savings Goals and Energy Targets (at Meter)

Calendar Year ⁷	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Targets (MWh)
2010	10.6 ⁸	18,571 ⁹
2009	10.6	18,571
2008	4.5	7,936
2007	3.744	6,552
2006	4.89	8,567

⁷ The 2010 budget was taken from Table 10; the 2009 budget was taken from Table 10 in Entergy's 2010 EEPR filed in Project 37982; the 2008 budget was taken from Entergy's 2009 EEPR filed in Project No. 36689; the 2007 budget was taken from Entergy Gulf States, Inc.'s ("EGSI") 2007 Energy Efficiency Plan, filed in Project No. 33884; the 2006 budget was taken from EGSI's 2006 Energy Efficiency Report filed in Project No. 33884.

⁸ Entergy actually had average negative growth in 2010. Per Table 4, Entergy had 287 MW of growth, but the average growth over 5 years was -5.58 MW. However, in order to comply with Substantive Rule 25.181(e)(1)(D), which states that "beginning in 2009, a utility's demand reduction goal in megawatts for any year shall not be less than the previous year's goal," Entergy used its projected demand and energy goals as its actual goals for 2010.

⁹ *Id.*

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2009 and 2010 (at Meter)

2010	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh (000's)	MW	MWh (000's)
Commercial	4.2	7,183	7.384	14,350
Commercial Solutions MTP	1.1	3,448	1.6	7,100
Load Management SOP	1.9		2.74	
Texas SCORE/CitySmart MTP	1.2	3735	3.044	7,249
Residential	5.09	8,916	4.4	10,807
Residential SOP	2.7	4,729	2.05	4,555
Energy Star® Homes MTP	2.0	3,504	1.9	1,464
Solar PV Pilot MTP	.09	.101	.152	277
Premium Lighting MTP	.30	582	.451	4,511
Hard-to-Reach	1.3	2472	1.312	3,472
Hard-to-Reach SOP	1.31	2,472	1.312	3,472
Total Annual Savings Goals	10.6	18,571	13.243	28,630
2009	Projected Savings		Reported and Verified Savings	
Customer Class and Program	MW	MWh	MW	MWh
Commercial	4.1	7,183	5.76	12,126
Commercial Solutions MTP	1.1	3,448	1.45	6,808
Load Management SOP	1.8	0	1.81	0
Texas SCORE/CitySmart MTP	1.2	3,735	2.5	5,318
Residential	5.1	8,935	5.49	15,689
Residential & Small Commercial SOP	2.6	4,555	3.6	9,100
Energy Star® Homes MTP	2.11	3,697	1.36	1,189
Statewide CFL Lighting MTP	0.09	101	0.04	531
Hard-to-Reach	1.40	2,453	2.35	6,656
Hard-to-Reach SOP	1.10	1,927	2.26	6,426
Entergy Assist	0.3	526	.09	230
Total Annual Savings Goals	10.6	18,571	13.66	33,970

VII. Historical Program Expenditures

This section documents Entergy's incentive and administration expenditures for the previous five years (2006-2010) broken out by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2006 through 2010 (000's)¹⁰

2006 through 2010 ¹⁰	2010		2009		2008		2007		2006	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Commercial	2,345	240	2012	118	470	64	447	23	638	71
Large Commercial SOP	1,093	95	1079	68	93	16	447	23	638	71
Load Management SOP	134	53	85	10	47	12	NA	NA	NA	NA
Texas SCORE/CitySmart MTP	1,118	92	848	40	330	36	NA	NA	NA	NA
Residential	2,661	286	2624	85	952	104	720	63	625	70
Residential & Small Commercial SOP	1,439	100	1694	40	448	49	428	26	323	36
Energy Star® Homes MTP	431	78	457	25	256	27	292	37	302	34
Solar PV Pilot MTP	454	72	93	10	NA	NA	NA	NA	NA	NA
Statewide (Premium Lighting) CFL Pilot MTP	337	36	380	10	248	28	NA	NA	NA	NA
Hard-to-Reach	1,401	99	2947	84	1,164	84	1,711	96	1,979	90
Hard-to-Reach SOP	1,401	99	2072	79	823	50	835	21	810	90
Low Income Weatherization SOP	NA	NA	875	5	341	34	876	75	1,169	0
Total Expenditures	6407	625	7583	287	2586	252	2,786	182	3,242	231

¹⁰ See supra, note 7.

VIII. Program Funding for Calendar Year 2010

As shown in

Table 10, Entergy spent a total of \$7.032 million on all of its energy efficiency programs in 2010. The total forecasted budget for 2010 was \$7.456 million.

Table 10: Program Funding for Calendar Year 2010 (Dollar amounts in 000's)

2010	Total Projected Budget	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Commercial	2,659	73	2,345	240	2,585	(74)	0
Commercial Solutions MTP	1,165	40	1,093	95	1,188	23	0
Load Management MTP	229	5	134	53	187	(42)	0
Texas SCORE/CitySmart MTP	1,265	28	1,118	92	1,210	(55)	0
Residential	3,104	10,413	2,661	286	2,947	(157)	0
Residential SOP	1,714	2293	1,439	100	1,539	(175)	0
Energy Star® Homes MTP	500	867	431	78	509	(9)	0
Solar PV Pilot MTP	450	22	454	72	526	76	0
Premium Lighting MTP	440	7,231	337	36	373	67	0
Hard-to-Reach	1,693	2,559	1,401	99	1,500	(193)	0
Hard-to-Reach SOP	1,693	2,559	1,401	99	1,500	(193)	0
Total Expenditures	7,456	13,045	6407	625	7,032	424	0

IX. Market Transformation Program Results

Energy Star® MTP Program

The primary objective of this program is to achieve peak demand reductions and/or energy savings through increased sales of Energy Star® homes and products. Additionally, the program is designed to condition the market so that consumers are aware of and demand Energy Star® homes and products, and builders have the technical capacity to supply them. A baseline study was conducted in the first quarter of 2007 to determine the existing level of efficiency typical of new

home construction in Entergy's service territory. The study, which included homes that were built by builders participating in Entergy's 2007 Energy Star® Homes Program but that were not actually included in the program, showed the average Home Energy Rating System ("HERS") Index for homes not in the program to be 91. This compares to a minimum qualifying Energy Star® Index of 85.

The economic recession had a major impact on the Energy Star® Homes Program in 2010. Builders had trouble securing lines of credit to build additional homes and customers had trouble getting mortgages. The result was that a similar number of homes were certified in 2010 as were certified in 2009, despite a newly enacted and aggressive marketing campaign to attract new builders. However, without this marketing push, 2010 would have been disastrous in residential new construction. Entergy was able to attract 26 builders into the program and had 867 homes completed under the program. The savings attributable to the program was 1.9 MW and 1.5 gWh. ICF International has been retained to implement the program in 2011.

Commercial Solutions MTP

The primary objective of changing the program from an SOP, as it was implemented in the past, to an MTP was to devote more resources, primarily for additional man-power, to the program. Entergy was experiencing dramatic dropout numbers from project sponsors who grabbed up the SOP offerings but failed to either start or complete their projects before their milestone dates, causing them to lose project funding. In addition, Hurricane Ike took a terrible toll on Entergy's service territory, causing most energy efficiency projects to be put on hold until more urgent repairs could be made to repair the system and get customers back on-line. Entergy hired CLEAResult Consulting ("CLEAResult") to implement the Commercial Solutions MTP. CLEAResult was able to devote the necessary resources to recruit new customers to the program and manage the various projects. In addition, CLEAResult was able to provide a significant amount of technical expertise to customers who were unsure of some of the new technologies, especially in lighting and HVAC. Many smaller commercial customers using less than 150 kW of demand usage started to participate in the program. As a result, 40 different commercial customers participated in the program and achieved 1.6 MW of demand savings and 7.1 gWh of energy savings.

Texas SCORE/CitySmart MTP

In 2010, Entergy had great success with the Texas SCORE/CitySmart MTP. School districts and governmental entities targeted by the program had great success in reducing their demand and energy consumption. Program participants are touting the value of the program and recommending participation to others. In 2010, Entergy saved 3.0 MW and 7.2 gWh through the program. Many projects that were not scheduled to be implemented for several years are now being expedited on account of the program. As such, the program is expected to be very successful for several years to come.

Premium Lighting MTP

In 2010, Entergy administered a Premium Lighting MTP. This program, implemented by Ecos IQ Consulting (“Ecos”), encouraged customers to purchase higher efficiency compact fluorescent light bulbs (CFLs) (< 14 watts) and LED bulbs, instead of incandescent light bulbs, by lowering prices and increasing the availability of CFLs at stores within the service area through upstream markdowns and buy-downs. Markdowns and buy-downs consist of providing payments to lighting manufacturers to provide products to retailers at lower prices, sometimes allowing retailers to carry products they had not carried previously. The program also involved placing point-of-purchase marketing materials in participating stores that inform consumers about CFLs and encourage their purchase.

In 2010, the program facilitated customer purchases of over 200,000 discounted CFLs in Entergy’s territory. This translated to annual savings of .451 MW and 7.2 gWh. This included sales at at least four independent retail stores that had not participated in the program in 2009. The program also oversaw retailer training sessions, in-store and community outreach events, and the distribution of 5,500 free CFLs to customers served by Entergy.

Frontier Associates was contracted to perform measurement and verification for the program. Frontier Associates estimated the free-ridership and leakage associated with the program to affirm its cost-effectiveness under the Commission’s rules.

Ecos obtained detailed information from lighting manufacturers about the bulbs that were discounted through the program. For each store participating in the program, the number of discounted bulbs sold at the store was recorded by stock keeping unit (“SKU”). This information was the starting point for Frontier Associates’ analysis.

Leakage from the program is defined in this case as the sale of discounted CFLs and LEDs to consumers that do not receive service from Entergy. The leakage was estimated on a store-by-store basis by evaluating the location of each participating store in relation to the sponsor utilities’ service areas. It was estimated that less than 4% of the total program bulb sales were made to non-Entergy customers.

The free-ridership ratio is the fraction of participants that purchased discounted bulbs that would have purchased CFLs or LEDs even without the program discount. The Net-to-Gross (“NTG”) factor for free-ridership is calculated as one minus the free-ridership ratio. Frontier Associates estimated the NTG value in two ways using data collected from a random survey to Texas residents conducted in late 2008.

First, a so-called “self-report” free-ridership ratio was determined from the answers to a question that asked CFL and/or LED purchasers if they would have bought the bulbs that they bought if the price had been \$1, \$2, or \$3 higher per bulb. The program average bulb incentive was between \$1 and \$2 per bulb and as much as \$10 on LED bulbs, so those respondents that indicated that they

would have paid \$2 or \$3 for CFL's and over \$10 for LED bulbs were considered free-riders. This method yielded a free-ridership ratio of 0.35 and a corresponding NTG of 0.65.

The second method used to estimate the free-ridership ratio was a statistical model referred to as a nested logic model. The model uses detailed survey results in an attempt to isolate the effects of the program on a respondent's decision to participate in the program. The NTG determined by this method was in the range of 0.7-0.8.

While Substantive Rule 25.181 does not require that reported savings be adjusted for free-ridership, Entergy felt that the unique program design and current market characteristics surrounding this program warranted special treatment. Given the uncertainties in determining free-ridership and the limited data available, the sponsor utilities chose to adopt a conservative estimate for the NTG of about 0.63 for reporting purposes. (This is an average value. Specifically, an NTG of 0.6 was used for the impacts of common wattage twist CFLs, while a value of 0.85 was used for specialty bulbs, such as high wattage twist bulbs and bulbs of other shapes.) The same NTG values used to report the program's net impacts for 2010 were used for 2009. These values are based on a comprehensive evaluation performed for the California Public Utilities Commission's update to the Database for Energy Efficient Resources ("DEER").

2010 Annual Summary Report - Solar PV Pilot MTP

Entergy's Solar PV Pilot MTP was a two-year market transformation initiative that offered customers financial incentives for installations of solar PV systems interconnected on the customer's side of the electric service meter. The program started in 2009 and was a part of Entergy's energy efficiency program offerings in both 2009 and 2010. Incentives offered through the program were provided as rebates to customers to reduce the upfront costs of installing solar photovoltaic panels. High initial costs have been identified as a primary barrier to customer acceptance of solar technologies. The utility incentive could be utilized by customers together with any available federal tax credit. In addition to demand and energy savings achieved from the installations, the program aimed to transform the market by increasing the number of qualified companies offering installation services in the utility's service area and by decreasing the average installed cost of systems by creating economies of scale.

The Solar PV Pilot Program had a final program budget of \$452,025 in 2010. Incentive funds were tracked by customer class but no specific allocations were made among customer classes because of the limited funding available. Figure 1 summarizes the program budget and actual costs for 2010 and places those costs within the context of the program's history.

1. 2010 Results Summary

The Solar PV Pilot MTP saw a significant increase in demand in 2010, with the majority of program activity in the residential sector. The program's success is demonstrated by the following:

- Entergy's 2010 program funds had been fully expended on projects and an additional \$30,000 in projects was allocated to the program. This represented a significant increase in the utilization of budgeted funds compared to 2009;
- the program closed to new applicants on July 16, 2010 due to high demand;
- the program surpassed its 2010 goal for energy savings; and
- Entergy is continuing the program as a full MTP in 2011.

Figure 2 summarizes the status of incentive funding as of the end of 2010.

Figure 2: Incentive Budget Summary for the Entergy Solar PV Program

Incentives	\$
Funds Request in 2010	\$484,025
Funds Committed in 2010	\$452,025
Funds Completed/Paid in 2010	\$452,025

2. 2010 Project Completions

All program funds were fully utilized in 2010. Figure 3 shows detailed information on completed projects including total kW and kWh savings, total cost, and total incentives paid. It also contains program performance metrics such as average incentive \$/watt and average installed cost/watt.

Figure 3: Project Completions, Savings, and Performance Metrics in the 2010 Entergy Solar PV Pilot Program

Completions	Residential	Non-residential	Total
Number of Installations	24	4	28
Capacity Installed (kW-DC)	169.09	14.63	183.72
Total Installed Cost (\$)	\$932,250.32	\$98,657.39	\$1,030,907.71
Incentives Provided (\$)	\$415,450.00	\$36,575.00	\$452,025.00
Performance Metrics			
Avg. Incentive \$/watt	\$2.46	\$2.50	\$2.46
Avg. Installed cost \$/watt	\$5.51	\$6.74	\$5.61
Savings			
kW Savings	140.341	12.341	152.483
kWh Savings	270,536	23,408	293,944

Savings are calculated based on the deemed savings methodology for solar PV systems utilized in utility standard offer programs.

3. Other Program Results

In addition to the demand and energy savings achieved, the program created positive market transformation effects, including the mobilization of companies in local areas and across the state to promote and install solar electric systems in underserved rural markets. By the end of 2010, 70 companies had registered with the program to serve the Entergy service territory, including 26 companies with employees certified by the North American Board of Certified Energy Practitioners (“NABCEP”). Approximately nine of these service providers are located in or near Entergy’s service area.

Figure 4: Service Providers in the 2010 Solar PV Pilot Program

# of Installers	70
# of NABCEP Certified Installers	26

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

Entergy applied for its second Energy Efficiency Cost Recovery Factor (EECRF) rate schedule on May 1, 2010. The EECRF was approved for \$8,080,000 and Entergy began implementation of the rider on January 1, 2011.

Revenue Collected

Entergy has billed out \$8,460,360 as of December 31, 2010 under the EECRF.

Over- or Under-recovery

Entergy was approved to collect \$8,080,000 through the EECRF. Entergy collected \$8,460,360. Entergy overrecovered \$380,360.

XI. Performance Bonus

In 2010, Entergy’s energy efficiency programs implemented under Substantive Rule 25.181 achieved demand reductions of 13.2 MW, which is 124.93% of its mandated goal calculated pursuant to 25.181(e), and annual energy savings of 28,629 MWh, which exceeded the mandated energy savings goal of 18,571 MWh. The present value of the avoided costs these savings will produce over the lives of the measures responsible for them is \$21,186,553. Given the \$7,031,967 costs of its 2010 energy efficiency programs, Entergy achieved \$14,155,186 in net benefits from its 2010 programs.

1% of the net benefits for every 2% that Entergy exceeded its goal is \$1,764,604, which is well above the bonus maximum of 20% of their program costs, \$1,406,273. Thus, Entergy's performance bonus for 2010 is \$1,406,273. See Appendix D for more detailed performance bonus calculations.

ACRONYMS

C&I	Commercial and Industrial
CCET	Center for the Commercialization of Electric Technologies
CFL	Compact Fluorescent Lamp
DR	Demand Response
DSM	Demand Side Management
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2008
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2008
EE Rule	Energy Efficiency Rule, PUCT Substantive Rules § 25.181 and § 25.183
ERCOT	Electric Reliability Council of Texas
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
PUCT	Public Utility Commission of Texas
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools Conserving Resources
SOP	Standard Offer Program

GLOSSARY

Capacity Factor – The ratio of the annual energy savings goal, in kWh, to the peak demand goal for the year, measured in kW, multiplied by the number of hours in the year; or the ratio of the actual annual energy savings, in kWh, to the actual peak demand reduction for the year, measured in kW, multiplied by the number of hours in the year.

Commercial customer -- A non-residential customer taking service at a metered point of delivery at a distribution voltage under an electric utility's tariff during the prior calendar year and a non-profit customer or government entity, including an educational institution. For purposes of this EEPR, each metered point of delivery shall be considered a separate customer.

Deemed savings -- A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that an electric utility may use instead of energy and peak demand savings determined through measurement and verification activities.

Demand -- The rate at which electric energy is used at a given instant, or averaged over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

Demand savings -- A quantifiable reduction in demand.

Energy efficiency -- Improvements in the use of electricity that are achieved through facility or equipment improvements, devices, or processes that produce reductions in demand or energy consumption with the same or higher level of end-use service and that do not materially degrade existing levels of comfort, convenience, and productivity.

Energy efficiency measures -- Equipment, materials, and practices at a customer's site that result in a reduction in electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kilowatts (kW), or both. These measures may include thermal energy storage and removal of an inefficient appliance so long as the customer need satisfied by the appliance is still met.

Energy efficiency program -- The aggregate of the energy efficiency activities carried out by an electric utility under this section or a set of energy efficiency projects carried out by an electric utility under the same name and operating rules.

Energy Efficiency Rule (EE Rule) -- § 25.181 and § 25.183, which are the sections of the Public Utility Commission of Texas' Substantive Rules implementing PURA § 39.905.

Energy savings -- A quantifiable reduction in a customer's consumption of energy that is attributable to energy efficiency measures.

Growth in demand -- The annual increase in demand in the Texas portion of an electric utility's service area at time of peak demand, as measured in accordance with Substantive Rule 25.181.

Hard-to-reach (HTR) customers -- Residential customers with an annual household income at or below 200% of the federal poverty guidelines.

Incentive payment -- Payment made by a utility to an energy efficiency service provider under an energy-efficiency program.

Inspection -- Examination of a project to verify that an energy efficiency measure has been installed, is capable of performing its intended function, and is producing an energy saving or demand reduction.

Load control -- Activities that place the operation of electricity-consuming equipment under the control or dispatch of an energy efficiency service provider, an independent system operator or other transmission organization, or that are controlled by the customer, with the objective of producing energy or demand savings.

Load management -- Load control activities that result in a reduction in peak demand on an electric utility system or a shifting of energy usage from a peak to an off-peak period or from high-price periods to lower price periods.

Market transformation program (MTP) -- Strategic programs to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices, as described in this EEPR.

Measurement and verification (M&V) -- Activities intended to determine the actual energy and demand savings resulting from energy efficiency projects as described in this section.

Peak demand -- Electrical demand at the times of highest annual demand on the utility's system.

Peak demand reduction -- Reduction in demand on the utility system throughout the utility system's peak period.

Peak period -- For the purpose of this section, the peak period consists of the hours from 1:00 p.m. to 7:00 p.m., during the months of June, July, August, and September, excluding weekends and Federal holidays.

Projected Demand and Energy Savings – Peak demand reduction and energy savings for the current and following calendar year that Entergy is planning and budgeting for in the EEPR. These Projected savings reflect Entergy’s calculated goals and Entergy’s continued commitment to provide emphasis on the needs of its low-income customers.

Project sponsor -- An energy efficiency service provider or customer who installs energy efficiency measures or performs other energy efficiency services under the Energy Efficiency Rule. An energy efficiency service provider may be a retail electric provider or commercial customer, provided that the commercial customer has a peak load equal to or greater than 50kW.

Renewable demand side management (DSM) technologies -- Equipment that uses a renewable energy resource (renewable resource), as defined in PUC Substantive Rule 25.173(c) (relating to Goal for Renewable Energy) that, when installed at a customer site, reduces the customer’s net purchases of energy, demand, or both.

Standard offer program (SOP) -- A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

APPENDICES

Appendix A: Reported Demand and Energy Reduction by County 2010

County Report	Energy Star MTP		Residential SOP		Hard-to-Reach SOP		Photovoltaic MTP	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Brazos/Burleson	5.49	4,675	81.40	248,394	39.79	101,903		
Chambers	2.72	2,255	6.54	20,677				
Galveston	3.01	1,968	7.34	24,121				
Grimes	14.32	12,170	1.63	4,797	6.99	17,174	8.71	16,720
Hardin	72.08	41,770	49.14	150,099	10.57	29,317	17.30	31,056
Harris	61.88	53,989					3.65	7,040
Jasper			3.04	10,210				
Jefferson	90.72	39,266	822.67	2,077,145	620.66	1,514,184	17.22	31,744
Leon	1.32	1,082	25.80	59,992	7.70	12,025	8.02	15,456
Liberty	24.30	20,927	12.30	39,799	9.70	27,598		
Madison	4.28	3,596	20.81	41,101	68.92	156,531		
Milam	2.61	2,191						
Montgomery	1,579.90	1,239,333	898.24	2,135,088	372.45	1,054,777	49.95	84,368
Orange	23.88	26,328	46.99	140,851	35.46	103,009	30.58	59,520
Robertson	3.59	2,943			8.51	37,058		
San Jacinto	4.93	4,192	1.83	6,609				
Trinity			1.25	4,636			8.4	16,192
Tyler			16.16	42,593	16.98	37,276		
Walker	9.33	7,653	16.28	185,620	112.32	377,102	8.02	14,856
Washington					1.94	3,759		
	1,904.36	1,464,338	2,011.42	5,191,732	1,311.99	3,471,713	151.85	276,952

County Report	Commercial Sol MTP		SCORE/City Smart MTP		Load Management SOP		Premium Lighting MTP	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Brazos/Burleson							0.26	2,538
Chambers			22.16	55,437			0.72	6,852
Galveston							0.69	6,916
Grimes	22.40	95,660	84.56	267,741			0.72	4,234
Hardin			18.52	73,790.00			4.69	11,906
Harris							11.45	148,233
Jasper								
Jefferson	957.60	3,969,878	1,519.78	3,597,052	2,117		178.24	1,853,658
Leon							8.08	22,562
Liberty			49.38	113,733				
Madison							1.08	10,256
Milam			17.78	44,755			0.91	8,853
Montgomery	550.54	2,744,728	849.75	1,992,054	284		202.24	2,126,789
Orange			181.01	390,647			22.60	237,895
Robertson								
San Jacinto							0.12	2,285
Trinity			137.25	331,815			0.09	1,254
Tyler			71.88	181,084.00			0.55	6,242
Walker	70.28	290,457	83.40	201,209	335		6.08	60,738
Washington								
	1,600.82	7,100,723	3,035.47	7,249,317	2,736.00	0	438.52	4,511,211

Underutilized Counties

Entergy serves parts of 26 counties, but not all are served at the retail level. Several parts are served at the wholesale level to either a municipality or to a cooperative. In addition, Entergy may only serve a small portion of a county. Many smaller counties, by way of population, when divided by several utilities, municipalities, or cooperatives, make the promotion of energy efficiency program not cost effective under current rules. Some of the counties that fall in this category are: Burleson, Falls, Jasper, Leon, Limestone, Milam, Polk, and Waller. However, there a few counties that need some additional attention paid. The only negative for them is their proximity to where the Project Sponsors are located. These counties are:

- Madison
- Robertson

For 2010, additional emphasis will be placed on attracting customers from these counties by working with Project Sponsors to promote the energy efficiency programs in these areas by other than current promotional practices or by rewarding Project Sponsors who work in these areas by paying more for installed measures.

Appendix B: Program Templates

Appendix C: Existing Contracts and Obligations

Appendix D: Optional Support Documentation

Performance Bonus Calculation Details

Energy Efficiency Performance Bonus Calculator			
	kW	kWh	
2010 Goals	10,600	18,571,200	
2010 Savings			
<i>Reported/Verified Total (including HTR)</i>	13,242	28,629,452	
<i>Reported/Verified Hard-to-Reach</i>	1312		
2010 Program Costs		7,031,967	
2010 Performance Bonus		\$1,406,273	

Bonus Calculation

124.93%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
154.16%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
\$21,186,553	Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost), except for measures measure life other than 10 years for which PV(Avoided Capacity Cost) and PV(Avoided Energy Cost) are calculated using the specific measure lives)
\$7,031,367	Total Program Costs
\$14,155,186	Net Benefits (Total Avoided Cost - Total Expenses)
Bonus	
\$1,764,604	Calculated Bonus (((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits)
\$1,406,273	Maximum Bonus Allowed (20% of Program Costs)
\$1,406,273	<i>Bonus (Minimum of Calculated Bonus and Bonus Limit)</i>



Texas School and Local Government Energy Efficiency Market Assessment and Baseline Study

Final Report

Prepared for:

CLEAResult Consulting Inc.

Prepared by:

OPINION DYNAMICS CORPORATION

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Oakland, CA 94612

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Contact: Jennifer Mitchell-Jackson, Vice President

February 2010

Executive Summary

This report documents the results of Opinion Dynamics Corporation's Market Assessment and Baseline Study of the School and Local Government Markets. This research was conducted for CLEAResult Consulting, Inc., and eight utilities—Oncor Electric Delivery, American Electric Power (AEP) Texas Central, AEP Texas North, AEP Southwestern Electric Power Company (SWEPCO), El Paso Electric Company, CenterPoint Energy, Texas New Mexico Power (TNMP), and Entergy Texas — to assist with the implementation and evaluation of the Educational Facilities Market Transformation Program and Government Facilities Market Transformation Program in Oncor territory and the SCORESM and CitySmartSM Market Transformation Programs in the remaining utility territories. The primary objective of this study was to document the current status of school and local government energy density, key equipment, practices, and management within the aforementioned utility service territories (i.e., document baseline levels). Notably, baseline energy density data complements this study by providing actual energy usage numbers in addition to energy management characteristics. The energy density for the market can be calculated again in future studies and compared with the baseline as an indicator of program effectiveness.

This study incorporated a combination of:

1. Review and analysis of existing information for schools and cities (i.e., existing info on building characteristics, energy usage, and energy density) and
2. Original market research with schools and local governments.

Specifically, Opinion Dynamics conducted telephone interviews with a statistically significant sample 253 K-12 school districts, colleges, and local governments out of a population of 2,051. These included representatives of 107 K-12 schools (primarily public school districts), 15 representatives of colleges and universities, and 131 representatives from local governments, (i.e. counties or cities). In total, the results of this study represent 12% of the total market.

Market Assessment Findings

Over 80% of the market is at least somewhat interested in finding ways to save energy. However, the market faces many barriers to energy efficiency adoption, including its own processes and infrastructure for energy decision making. As such, there are many opportunities to help local governments and schools overcome obstacles to adopting energy efficient improvements through

techniques such as market education, goal-setting, staffing, bill monitoring strategies, project guidelines and specifications, and monetary incentives.

For both schools and local governments (81% and 80% respectively), the most commonly stated obstacle to energy improvements is the cost of upgrading to energy efficient technology. However, over 90% of respondents indicated at least one additional non-cost barrier, with the top two being “the budget and procurement process for planning energy improvements” and “finding the time to identify, plan and execute energy improvements.” Specific findings regarding barriers include:

- Only 39% of schools and 27% of local governments note that they completely understand long-term energy efficiency benefits.
- Only one-third (33%) of local governments have staff with skills to identify energy improvements. Schools are better prepared, as nearly two-thirds (65%) have such staff.
- Awareness and familiarity with energy efficient technology options are often barriers in this marketplace. Less than half of schools are very familiar with T-5s, LED indoor, and LED outdoor lighting. Furthermore, less than 30% of the local governments are very familiar with T-8s, T-5s, and LED lighting.
- Setting financial metrics for energy measures is also critical for decision making, yet 72% of schools and 75% of local governments do not have payback requirements to reference for decision-making.
- While it may appear that most schools and local governments are monitoring their energy bills, the method and rigor under which they do so shows opportunity for vast improvement. Overall, most local governments (61%) and schools (48%) informally monitor their bills by simply looking at the bill each month without any sophisticated analytical software that looks for trends over time or signals them when an irregularity occurs.

The market welcomes resources and information to overcome its obstacles to improving energy efficiency:

- More than 80% of the market stated that “add-alternates”, contractor recommendations, and a written set of guidelines and specifications would help them to make energy decisions.¹¹
- 83% of non-partner schools and 73% of non-partner local governments are interested in some type of program to help with energy improvements.
- Nearly two-thirds of respondents for schools and half of local governments noted that obstacles related to financing and budgeting could be overcome through support in finding financial resources such as grants, incentives, rebate programs, money, lowered costs, or cheaper prices. Respondents were also interested in finding out where they can access funding.
- Many respondents cited a need for cost analyses of energy efficient projects and products, which include opportunity cost, payback period, return on investment, and pricing information. One respondent noted the need for “some kind of tool whereby we could compare what we do now with other options, especially a tool that could compare return on investment.” Another noted that, “the biggest obstacle is making the calculations correct, being able to show the savings, [and] the payback that would be involved.”

Local Government Energy Baseline Findings

Local governments own and operate a wide variety of building types, and building characteristics within each local government vary greatly. As such, it is clear that energy management plans and baseline data need to be specific to the buildings that participate in any future program. This variability is demonstrated in some of the key characteristics of buildings, such as:

- The number of occupants per city or county building ranges from an average of 8 in warehouses up to an average of 984 in airports (overall average: 86 occupants).
- The weekly operating hours per city or county building range from an average of 44 hours in courthouses up to an average of 138 hours in water treatment plants and 147 in airports (overall average: 93 hours).
- The number of computers ranges from 3 on average in warehouses up to 114 in city halls (overall average: 28 per city or county building).

There is also a great variation in energy usage and cost:

- The average annual electricity consumption per local government building ranges from 58,384 kWh per year at maintenance shops to 3,079,796 at airports (overall average: 539,612 kWh per year).

There are also clear opportunities for efficiency upgrades in key areas such as lighting, HVAC systems, and operation and management. Our findings show that:

- Only half of local government respondents have adopted any type of efficient indoor lighting. The most common type is the use of CFLs (44%). In terms of fluorescent lighting, only 12% have T5s, and 22% have T8s. Although local governments say they have this type of lighting, they only have them in a few fixtures and there are many fixtures that can

¹¹ An “add-alternate” in a request for proposals or bid document can obtain cost information an alternative that provides better energy performance.

still be upgraded. The standard T8 lamp will represent baseline technology with the manufacturing ban on T12 magnetic ballasts going into effect this summer.

- Overall, 34% of local government cooling units are more than ten years old.
- Only half of local governments have regular operations and maintenance procedures for energy using equipment in all of their buildings. In fact, 27% of respondents have no regular maintenance procedures at all. The most common procedures are regular and preventative maintenance for HVAC systems.

Other baseline data and opportunities for increasing efficiency are described in the report.

School Energy Baseline Findings

K-12 school districts and colleges also differ greatly in terms of building use types. School districts typically include classrooms, gyms, libraries, cafeterias, and offices. Colleges contain a wider variety of building types, with the most common being classrooms (100%), offices (87%), and gyms (87%), but also include social meeting spaces and dormitories.

Energy usage data show that high schools and combined schools (any school with a combination of grades such as all K-12 or K-8) use the most electricity and natural gas in comparison to middle schools and elementary schools. These school types are also the largest in terms of square footage and the number of students.

Energy usage data also show that dormitories, gyms, and social meeting spaces on college campuses use the most electricity and natural gas in comparison to other building types. These building types also tend to have greater operating hours, square footage, and occupants.

Specific findings for schools include:

- Three-quarters of the school market has adopted some type of efficient indoor lighting. The most common type is the use of T8s (78%) followed by CFLs (70%). Only 48% have T5s. Although many schools say they have T8s and T5s, most only have them in a few fixtures and there are many fixtures that can still be upgraded. Again, the standard T8 lamp will represent baseline technology with the manufacturing ban on T12 magnetic ballasts going into effect this summer.
 - The penetration rate of LED indoor lighting is 22% for K-12 schools and 27% for colleges¹²; the penetration rate of LED exit signs is 67% for K-12 schools and 87% for colleges; and the penetration rate of LED outdoor lighting is 19% for K-12 schools and 27% for colleges.
- Overall, one-third of K-12 and college cooling units are more than ten years old.

¹² Note that while CLEAResult has identified some school districts or local governments that have tested indoor LED, non-exit sign lighting applications, CLEAResult has not seen interior LED lighting installations in any school or city facility. School and city program partners have cited the technology as being too cost-prohibitive. The survey question for respondents was, “Do you have any of the following types of lighting in your buildings...LED indoor lighting?” This question was asked of all respondents who said they were very or somewhat familiar with LED indoor lighting, and this followed the same question regarding LED exit sign lighting.

- More than eight in ten schools have regular operations and maintenance procedures for energy using equipment in all of their buildings. The most common procedures are regular and preventative maintenance for HVAC systems.

Other baseline data and opportunities for increasing efficiency in schools are described in the report.

2012 Energy Efficiency Program Costs	\$ 10,744,000
2010 Performance Bonus	\$ 1,406,273
2010 Over -recovery of EECRF revenue	<u>\$ (380,360)</u>
2011 EECRF Request	<u><u>\$ 11,769,913</u></u>

2010 EECRF REVENUES

REV CLASS	JAN_BILLED	FEB_BILLED	MAR_BILLED	APR_BILLED	MAY_BILLED	JUN_BILLED	JUL_BILLED	AUG_BILLED	SEP_BILLED	OCT_BILLED	NOV_BILLED	DEC_BILLED	TOTAL
C	\$182,433.19	\$167,600.37	\$162,945.11	\$153,916.99	\$174,327.61	\$207,324.86	\$217,123.45	\$217,907.91	\$226,614.56	\$197,767.27	\$174,135.33	\$160,897.77	\$2,242,994.42
G	\$8,992.39	\$7,743.63	\$7,507.21	\$7,484.46	\$8,087.29	\$8,838.49	\$8,785.16	\$9,378.77	\$9,642.53	\$8,707.33	\$9,024.86	\$7,941.25	\$102,133.37
I	\$35,767.67	\$35,291.23	\$36,571.03	\$36,706.13	\$39,348.48	\$40,698.77	\$41,545.14	\$43,530.43	\$37,099.70	\$36,308.96	\$34,846.44	\$34,253.63	\$451,967.61
L	\$3,341.27	\$3,695.49	\$4,159.88	\$3,935.39	\$3,117.67	\$1,879.66	\$3,364.75	\$3,360.06	\$3,382.10	\$3,388.47	\$3,375.59	\$3,373.59	\$40,373.92
R	\$552,097.45	\$450,872.15	\$412,472.29	\$305,968.31	\$349,715.45	\$525,330.99	\$609,717.46	\$616,115.43	\$618,322.44	\$457,004.43	\$354,272.01	\$371,002.05	\$5,622,890.46
	\$782,631.97	\$665,202.87	\$623,655.52	\$508,011.28	\$574,596.50	\$784,072.77	\$880,535.96	\$890,292.60	\$895,061.33	\$703,176.46	\$575,654.23	\$577,468.29	\$8,460,359.78

2010 EECRF REVENUE	\$8,460,360
2010 PROGRAM COSTS	\$8,080,000
OVER RECOVERY	\$380,360

Cost Effectiveness Worksheet

		kW	kWh
Goal for All (25-181) Programs		15,500	27,156,000
Reported/Verified Savings for All (25-181) Programs		kW	kWh
		15,500	27,156,000
WHTR Reported/Verified for All (25-181) Programs	% of Total Demand Reduction Goal	kW	%
		2,700	17%
Total Cost of All Programs		\$10,744	
Capacity Factor	20.00%		
Escalation Rate (g)	2.00%		
Discount Rate (h)	7.50%		
Avoided Cost \$/kW/yr	\$90.00		weighted average cost of capital
Avoided Cost kWh	\$0.064		
PV(Avd Capacity Cost)	\$606,142		
PV(Avg Energy Cost)	\$0.485		
Measure Life Avg Yrs	10		

[illegible]

100.00%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
100.00%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
<p>Total Avoided Cost: (Reported kW * <math>PV(\text{Avoided Capacity Cost}) + \text{Reported kW} * PV(\text{Avoided Energy Cost})</math>, except for measures measure life other than 10 years for which $PV(\text{Avoided Capacity Cost})$ and $PV(\text{Avoided Energy Cost})$ are calculated using the specific measure lives)</p>	
\$22,419,335	Total Program Costs
\$10,744	Total Avoided Cost - Total Expenses)
\$22,408,591	Net Benefits (Total Avoided Cost - Total Expenses)

DOCKET NO. _____

APPLICATION OF ENTERGY	§	
TEXAS, INC. FOR AUTHORITY TO	§	
REDETERMINE RATES FOR THE	§	PUBLIC UTILITY COMMISSION
ENERGY EFFICIENCY COST	§	
RECOVERY FACTOR TARIFF AND	§	OF TEXAS
REQUEST TO ESTABLISH A REVISED	§	
ENERGY EFFICIENCY GOAL AND	§	
COST CAPS	§	

DIRECT TESTIMONY

OF

PHILLIP B. GILLAM

ON BEHALF OF

ENTERGY TEXAS, INC.

APRIL 29, 2011

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF PHILLIP B. GILLAM
2011 EECRF APPLICATION

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Exhibit PBG-2	EECRF Redetermination Calculations (primary request)
Exhibit PBG-3	EECRF Redetermination Calculations (alternative request)
Exhibit PBG-4	Revised Rider Schedule EECRF (primary request)
Exhibit PBG-5	Revised Rider Schedule EECRF (alternative request)

1 I. NAME AND QUALIFICATIONS

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

3 A. My name is Phillip B. Gillam. My business address is 425 West Capitol
4 Avenue, Little Rock, Arkansas 72201. I am employed by Entergy Services,
5 Inc. ("ESI") as the Director, Revenue Requirements and Analyses.

6

7 Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?

8 A. I am submitting this Direct Testimony to the Public Utility Commission of
9 Texas on behalf of Entergy Texas, Inc. ("ETI" or "the Company").

10

11 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
12 BACKGROUND.

13 A. A summary of my education and work experience is included as Exhibit PBG-
14 1.

15

16 II. INTRODUCTION

17 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

18 A. My Direct Testimony in this proceeding explains the calculation of the rates
19 the Company is filing in the 2012 update to its Energy Efficiency Cost
20 Recovery Factor ("EECRF") tariff ("Rider EECRF"). The Company is making
21 two requests in this filing based on meeting two different energy efficiency
22 goals. Attached as ETI Exhibit PBG-2 is the calculation of the proposed
23 redetermined Rider Schedule EECRF rates using a 20% energy efficiency

1 goal,¹ which serves as the basis for what I refer to as the Company's primary
2 EECRF request. ETI Exhibit PBG-3 is the calculation of the proposed
3 redetermined Rider Schedule EECRF rates using a 25% energy efficiency
4 goal, which serves as the basis for what I refer to as the Company's
5 alternative EECRF request. ETI Exhibits PBG-4 and PBG-5 are the revised
6 Rider EECRF tariff rate schedules, which reflect the proposed Rider EECRF
7 rates for the billing period January 2012 through December 2012 for ETI's
8 primary and alternative EECRF requests, respectively.

9

10 Q. WHY ARE YOU SUBMITTING TWO EECRF TARIFFS, ONE BASED UPON
11 A 20% ENERGY EFFICIENCY GOAL AND ONE BASED UPON A 25%
12 ENERGY EFFICIENCY GOAL?

13 A. As explained by Company Witness John K. Carson in his Direct Testimony,
14 ETI is making a primary request based on achieving a 20% energy efficiency
15 goal and an alternative EECRF request based on achieving a 25% energy
16 efficiency goal. These two requests result in two different rate schedules.
17 Please refer to Mr. Carson's testimony for a more detailed explanation of
18 ETI's primary and alternative requests.

¹ Pursuant to P.U.C. SUBST. R. 25.181(e), the "energy efficiency goal" is a percentage reduction of the annual growth in demand of an electric utility's residential and commercial customers, based on the energy savings achieved from the utility's energy efficiency programs. The energy efficiency goal in 2011 is a 20% reduction of annual growth in demand, and in 2012 it is a 25% reduction of annual growth in demand.

1 III. RIDER EECRF CALCULATION

2 Q. WHAT IS THE PURPOSE OF RIDER EECRF AND WHEN WILL IT TAKE
3 EFFECT?

4 A. The purpose of Rider EECRF is to recover the costs associated with energy
5 efficiency programs from the customer classes that receive services under
6 these programs. Based upon my analysis, I recommend the revised rates be
7 effective on and after the first billing cycle of January 2012 through December
8 2012. The January 2012 billing cycle begins on December 30, 2011.

9
10 Q. PLEASE DESCRIBE THE CALCULATION OF THE REDETERMINED RIDER
11 EECRF RATES.

12 A. Rider EECRF is an exact recovery rider. ETI Exhibits PBG-2 and PBG-3
13 contain the calculation of the new rates for Rider EECRF. The new rates are
14 based on the following:

- 15 • the projected energy efficiency costs by rate class that the Company
16 expects to incur during the 12-month period beginning January 1, 2012
17 through December 2012;
- 18 • the Company's 2010 Energy Efficiency Performance Bonus
19 ("Performance Bonus") amount recoverable under P.U.C. SUBST. R.
20 25.181 by rate class;
- 21 • a true-up adjustment by rate class for over/under recovery of energy
22 efficiency costs for 2010; and

- 1 • the forecasted billing determinants for each rate class for the twelve-
2 month period beginning January 2012 through December 2012.

3 There are currently no energy efficiency costs being recovered in the
4 Company's base rates. Mr. Carson explains in his Direct Testimony the
5 derivation of the cost components of the new rates.

6

7 Q. PLEASE EXPLAIN HOW THE COMPANY'S 2012 PROJECTED ENERGY
8 EFFICIENCY COSTS ARE ALLOCATED TO THE RATE CLASSES?

9 A. Mr. Carson provided the 2012 projected energy efficiency costs to me by
10 revenue class, i.e., Residential, Small Commercial and Commercial/
11 Governmental/Lighting. I then allocated the costs within each revenue class,
12 as provided, to the appropriate rate class within the revenue class, based on
13 actual 2010 historical base rate revenue at primary and secondary voltage
14 levels. ETI Exhibit PBG-2, page 2 and ETI Exhibit PBG-3, page 2 show the
15 allocation I just described.

16

17 Q. HOW WAS THE COMPANY'S 2010 PERFORMANCE BONUS ALLOCATED
18 TO THE RATE CLASSES?

19 A. The Performance Bonus amount provided by Mr. Carson was allocated to
20 each rate class based on the Production Demand Allocation Factors
21 approved in ETI's last base rate case, Docket No. 37744. Please refer to ETI
22 Exhibit PBG-2, page 3 and ETI Exhibit PBG-3, page 3 for this allocation.

1 Q. WHAT METHODOLOGY DID YOU USE TO ALLOCATE THE TRUE-UP
2 ADJUSTMENT TO THE RATE CLASSES?

3 A. I allocated the actual 2010 energy efficiency costs to the appropriate rate
4 class based on actual 2010 historical base rate revenues at primary and
5 secondary voltage levels. I then compared the actual costs by rate class to
6 the actual revenues recovered from each rate class through the Company's
7 2010 Rider EECRF. ETI Exhibit PBG-2, page 4 and ETI Exhibit PBG-3, page
8 4 show the calculation of the true-up adjustment.

9

10 Q. HOW WERE THE REDETERMINED RIDER EECRF RATES THEN
11 CALCULATED?

12 A. ETI Exhibit PBG-2, page 1 and ETI Exhibit PBG-3, page 1 show the
13 calculation of the redetermined Rider EECRF rates. The 2012 rate class-
14 specific projected energy efficiency costs, the performance bonus and the
15 true-up adjustment previously calculated were added together to obtain the
16 total energy efficiency costs, by rate, to be collected in 2012. The costs by
17 rate class were then divided by the forecasted billing determinants for each
18 rate class for the twelve-month period beginning January 2012 through
19 December 2012 to determine the EECRF by rate class. The redetermined
20 Rider EECRF rates were developed in accordance with the final order in
21 Docket No. 36956, ETI's 2009 EECRF proceeding.

1 Q. HOW WERE THE COMPANY'S 2012 FORECASTED BILLING
2 DETERMINANTS DEVELOPED?

3 A. The forecasted billing determinants projected by the Company's forecast
4 model are produced by revenue class rather than by rate class. In order to
5 develop the billing determinants by rate class, actual historical billed kWh for
6 the year ended December 31, 2010 were used. Each rate class' percentage
7 of the total revenue class sales for the historical period was multiplied by the
8 appropriate forecasted revenue class sales to determine the forecasted billing
9 determinants by rate class. ETI Exhibit PBG-2, pages 5 through 7, provides
10 the calculation of the forecasted billing determinants.

11

12 Q. WERE ANY CALCULATIONS OR ESTIMATES OF SYSTEM LOSSES AND
13 LINE LOSSES USED TO CALCULATE THE EECRF?

14 A. No. The 2010 actual billing determinants are metered billing determinants;
15 therefore, no loss calculations were needed.

16

17 Q. HAVE YOU PROVIDED AN UPDATED RIDER EECRF?

18 A. Yes. The updated Rider EECRF tariffs are attached to this testimony as ETI
19 Exhibits PBG-4 and PBG-5.

20

21 Q. HAVE YOU MADE A DETERMINATION OF THE IMPACT OF THE EECRF
22 REDETERMINATION ON RESIDENTIAL CUSTOMERS?

1 A. Yes. I have determined the impact for a residential customer, assuming a
2 monthly usage of 1,000 kWh. The redetermined EECRF as calculated in
3 Exhibit PBG-2 pursuant to the Company's primary request will result in a
4 \$0.14 per month decrease to a residential customer's bill. This is a 0.2%
5 decrease from such customer's bill based on charges currently approved by
6 the Commission. Additionally, the redetermined EECRF as calculated in
7 Exhibit PBG-3 pursuant to the Company's alternative request will result in a
8 \$0.23 per month increase to a residential customer's bill. This is a 0.2%
9 increase from such customer's bill based on charges currently approved by
10 the Commission.

11

12 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

13 A. Yes.

EDUCATIONAL AND PROFESSIONAL BACKGROUND OF
PHILLIP B. GILLAM

1 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
2 BACKGROUND.

3 A. I hold a Bachelor of Science degree in accounting from the University of
4 Arkansas at Little Rock, Little Rock, Arkansas.

5 I am a Certified Public Accountant in Arkansas and belong to the
6 Arkansas Society of Certified Public Accountants and the American
7 Institute of Certified Public Accountants.

8
9 Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE.

10 A. From 1978 through 1980 I worked for the University of Arkansas Industrial
11 Research & Extension Center as an Analyst, Small Business
12 Development Center.

13 I began working for Entergy Arkansas Inc.'s ("EAI") predecessor
14 Arkansas Power & Light Company ("AP&L") in 1980 as a Staff Accountant
15 in the Property Accounting Section. I was responsible for Property
16 Accounting related special projects and year-end tax information reporting.
17 I was promoted to Accountant in 1982 and transferred to the Taxes &
18 Special Studies Section where I was responsible for preparing accounting
19 data for various rate filings and state and federal income tax reports. In
20 1983 I accepted the position of Supervisor of Taxes & Special Studies
21 where I was directly responsible for state and local tax filings such as

1 sales tax and ad valorem taxes, as well as preparing and reviewing
2 accounting data, testimony and exhibits for various rate filings.

3 In 1988, I moved to Property Accounting as Supervisor where I was
4 responsible for the accounting of AP&L's non-nuclear generation and
5 transmission plant assets, which included Construction Work in Progress
6 ("CWIP") accounting, the Continuing Property Record ("CPR"), and year-
7 end and ad hoc projects.

8 In 1991, I moved to New Orleans, Louisiana, as Manager of
9 Property Accounting for Louisiana Power & Light Company and New
10 Orleans Public Service Inc. where I was responsible for all Property
11 Accounting functions and activities including CWIP, CPR, year-end and ad
12 hoc projects. In 1999 I accepted a position with ESI as Property
13 Accounting Manager for the Entergy System where I was responsible for
14 the accounting of the Operating Companies'¹ generation plant assets.

15 In 1999, I accepted a position as Manager of Corporate Reporting
16 in charge of Corporate Governance of the Property Accounting function
17 including plant accounting policies, capital accounting process oversight
18 and plant accounting special projects.

19 In 2002, I moved to Little Rock as Director, Revenue Requirements
20 and Analyses, and am responsible for the development of cost-of-service
21 studies and other revenue requirement analyses for each jurisdiction.

¹ The Entergy Operating Companies include Entergy Arkansas, Inc.; Entergy Gulf States, Inc.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; and Entergy New Orleans, Inc.

1 Q. HAVE YOU PROVIDED EXPERT TESTIMONY PREVIOUSLY?

2 A. Yes. I have provided testimony as an expert witness on cost-of-service
3 and revenue requirement issues in the following dockets:

4

5 Public Utility Commission of Texas

6 Docket No. 37744

7

8 Arkansas Public Service Commission

9 Docket No. 03-191-TF

10 Docket No. 05-116-U

11 Docket No. 06-055-U

12 Docket No. 06-101-U

13 Docket No. 07-085-TF

14 Docket No. 09-084-U

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
2011 RATE REDETERMINATION

Line No.	Variable Name	Variable Description	Rate Class						
			Residential	SGS	GS	LGS	LIPS	Lighting	Total Co.
1	PEEC _k	Projected Energy Efficiency Cost (1)	\$ 4,890,336	\$ 218,146	\$ 1,972,660	\$ 280,511	\$ 10,734	\$ 83,613	\$ 7,456,000
2	TUA _k	True-Up Adjustment (2)	\$ (638,688)	\$ 99,571	\$ (29,082)	\$ 248,055	\$ (84,930)	\$ 24,714	\$ (380,360)
3	EERR _k	Energy Efficiency Cost (L1 + L2)	\$ 4,251,648	\$ 317,717	\$ 1,943,578	\$ 528,566	\$ (74,196)	\$ 108,327	\$ 7,075,640
4	BD _k	Billing Determinants (3)	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	5,470,474,513	76,741,972	16,562,157,155
5		Less: LIPS Industrial Transmission BD					5,090,054,062		5,090,054,062
6	BD _k	Adjusted Billing Determinants for Projected	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	380,420,451	76,741,972	11,472,103,093
	EECRF _k	Energy Efficiency Cost Recovery Factor	\$ 0.000752 per kWh	\$ 0.000946 per kWh	\$ 0.000558 per kWh	\$ 0.000343 per kWh	\$ (0.000195) per kWh	\$ 0.001412 per kWh	N/A
7	EEPB _k	Energy Efficiency Performance Bonus (4)	\$ 672,383	\$ 32,953	\$ 292,347	\$ 102,129	\$ 302,067	\$ 4,393	\$ 1,406,272
8	BD _k	Billing Determinants	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	5,470,474,513	76,741,972	16,562,157,155
9	EECRF _k	Energy Efficiency Cost Recovery Factor	\$ 0.000119 per kWh	\$ 0.000098 per kWh	\$ 0.000084 per kWh	\$ 0.000066 per kWh	\$ 0.000055 per kWh	\$ 0.000057 per kWh	N/A
		Energy Efficiency Cost Recovery Factor for All Customers Except LIPS Industrial Transmission Before Application of Cost Caps	\$ 0.000871	\$ 0.001044	\$ 0.000642	\$ 0.000409	\$ (0.000140)	\$ 0.001469	
		Cost Cap Per PUCT Rule	\$ 0.001000	\$ 0.000500	\$ 0.000500	\$ 0.000500	\$ 0.000500	\$ 0.000500	
		Billed Energy Efficiency Cost Recovery Factor for All Customers Except LIPS Industrial Transmission After Application of Cost Caps	\$ 0.000871	\$ 0.000500	\$ 0.000500	\$ 0.000409	\$ (0.000140)	\$ 0.000500	
		Energy Efficiency Cost Recovery Factor for LIPS Industrial Transmission Customers					\$ 0.000055		

- (1) See Exhibit PBG-2, Page 2
(2) See Exhibit PBG-2, Page 4
(3) See Exhibit PBG-2, Page 5
(4) See Exhibit PBG-2, Page 3

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
2012 PROJECTED ENERGY EFFICIENCY COST

2012 Projected EECR Costs by Revenue Class:

Residential	4,917,000
Small Commercial	692,000
Commercial/Governmental/Lighting	1,847,000
Total Company	<u>7,456,000</u>

EECR Costs by Revenue Class Converted to Rate Class

	Base Rate Revenue (1)	Ratios (%) (2)	2011 EECR Costs (3)	Rate Class
<u>Residential</u>				
NRLS	1,695,127	0.55%	26,816	LGT
RS	309,138,240	99.46%	4,890,336	RES
SGS	(9,544)	0.00%	(151)	SGS
Total Residential	310,823,823	100.00%	4,917,001	
Total Small Commercial = GS			692,000	GS
<u>Commercial/Governmental/Lighting</u>				
Commercial				
GS	110,301,679	66.29%	1,224,351	GS
Large GS	23,711,694	14.25%	263,200	LGS
LIPS	967,070	0.58%	10,734	LIPS
SGS	19,024,208	11.43%	211,169	SGS
LGT	1,746,056	1.05%	19,381	LGT
Governmental				
GS	5,072,840	3.05%	56,309	GS
Large GS	1,559,578	0.94%	17,311	LGS
SGS	484,885	0.29%	5,382	SGS
LGT	19,736	0.01%	219	LGT
Lighting				
SGS	157,254	0.09%	1,746	SGS
LGT	3,351,115	2.01%	37,197	LGT
Total Commercial/Governmental/Lighting	166,396,112	100.00%	1,846,999	
Total Company			<u>7,456,000</u>	

TOTAL BY RATE CLASS

RES	Residential	4,890,336
SGS	Small Gen. Service	218,146
GS	General Service	1,972,660
LGS	Large General Service	280,511
LIPS	Large Ind. Power Service	10,734
LGT	Lighting	83,613
Total Applicable Retail		<u>7,456,000</u>

Notes:

- (1) Actual 2010 Historical Base Rate Revenue at primary/secondary voltage level by Rate Class.
- (2) Ratio of Rate Class Base Revenue to the Total Base Revenue within the Revenue Class.
- (3) Amounts provided on Revenue Class basis.

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
2010 ENERGY EFFICIENCY PERFORMANCE BONUS

2010 Energy Efficiency Performance Bonus (EEPB) (1) 1,406,273

2010 EEPB Allocated to Rate Classes

Rate Class		PDAF (2)	EEPB by Rate Class (3)
RES	Residential	47.813%	672,383
SGS	Small Gen. Service	2.343%	32,953
GS	General Service	20.789%	292,347
LGS	Large General Service	7.262%	102,129
LIPS	Large Ind. Power Service	21.480%	302,067
LGT	Lighting	0.312%	4,393
Total Applicable Retail		<u><u>100.000%</u></u>	<u><u>1,406,272</u></u>

Notes:

- (1) Source: ETI's 2011 Energy Efficiency Plan and Report
- (2) Class Production Demand Allocation Factors from Docket No. 37744
- (3) EEPB X Applicable Rate Class PDAF

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
TRUE-UP OF 2010 ENERGY EFFICIENCY COST

Actual 2010 EECR Costs (1) **8,080,000**

<u>EECR Costs by Revenue Class Converted to Rate Class</u>				Actual 2010 EECR Costs by Rate Class (4)	Actual 2010 EECR Revenues by Rate Class (5)	True-Up (Over)/Under Recovery
		Base Rate Revenue (2)	Ratios (%) (3)			
RES	Residential	309,138,240	61.48%	4,967,256	5,605,944	(638,688)
SGS	Small Gen. Service	21,502,991	4.28%	345,512	245,941	99,571
GS	General Service	126,926,625	25.24%	2,039,466	2,068,548	(29,082)
LGS	Large General Service	36,083,077	7.18%	579,785	331,730	248,055
LIPS	Large Ind. Power Service	2,310,262	0.46%	37,121	122,051	(84,930)
LGT	Lighting	6,899,368	1.37%	110,860	86,146	24,714
Total Company		<u>502,860,561</u>	<u>100.00%</u>	<u>8,080,000</u>	<u>8,460,360</u>	<u>(380,360)</u>

Notes:

- (1) Exhibit JKC-1
- (2) Actual 2010 Historical Base Rate Revenue at primary/secondary voltage level by Rate Class.
- (3) Ratio of Rate Class Base Revenue to the Total Base Revenue.
- (4) Prior EECR Costs X Applicable Rate Class Ratio.
- (5) Actual 2010 EECRF Revenues

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
DEVELOPMENT OF BILLING DETERMINANTS
(kWh)

RATE CLASS/VOLTAGE LEVEL	REVENUE CLASS				
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>	<u>Total</u>
2012 Revenue Class Forecast Data	5,671,491,956	4,487,988,872	262,254,127	6,431,533,968	16,853,268,924
<u>2010 Actual Billing Determinants</u>					
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>	<u>Total</u>
Residential					
Secondary	5,471,023,829				5,471,023,829
Total Residential	5,471,023,829	-	-	-	5,471,023,829
Small General Service					
Secondary	(135,007)	282,534,268	10,119,354	25,700,533	318,219,148
Total Small General Service	(135,007)	282,534,268	10,119,354	25,700,533	318,219,148
General Service					
230 KV				11,857,000	11,857,000
69/138 KV		19,326,392		66,551,110	85,877,502
Primary		47,265,088	2,199,500	96,053,481	145,518,069
Secondary		2,727,628,114	128,981,892	194,610,681	3,051,220,687
Total General Service	-	2,794,219,594	131,181,392	369,072,272	3,294,473,258
Large General Service					
69/138 KV				47,943,869	47,943,869
Primary		93,094,266	26,100,400	296,473,544	415,668,210
Secondary		823,858,677	35,078,952	110,269,800	969,207,429
Total Large General Service	-	916,952,943	61,179,352	454,687,213	1,432,819,508
Large Industrial Power Service					
230 KV				934,602,412	934,602,412
69/138 KV		216,119,673	35,574,000	3,530,485,569	3,782,179,242
Primary		36,545,834		70,676,762	107,222,596
Total Large Industrial Power Service	-	252,665,507	35,574,000	4,535,764,743	4,824,004,250
Lighting					
Secondary	15,417,856	26,354,355	32,706,845	1,265,250	75,744,306
Total Lighting	15,417,856	26,354,355	32,706,845	1,265,250	75,744,306
Non-Applicable kWh					
NA				255,368,537	255,368,537
Total Non-Applicable kWh	-	-	-	255,368,537	255,368,537
Grand Total	5,486,306,678	4,272,726,667	270,760,943	5,641,858,548	15,671,652,836

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
DEVELOPMENT OF BILLING DETERMINANTS
(kWh)

<u>RATE CLASS/VOLTAGE LEVEL</u>	<u>REVENUE CLASS</u>			
<u>Percentage of Class kWh</u>				
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>
Residential				
Secondary	99.7214%	0.0000%	0.0000%	0.0000%
Total Residential	99.7214%	0.0000%	0.0000%	0.0000%
Small General Service				
Secondary	-0.0025%	6.6125%	3.7374%	0.4555%
Total Small General Service	-0.0025%	6.6125%	3.7374%	0.4555%
General Service				
230 KV	0.0000%	0.0000%	0.0000%	0.2102%
69/138 KV	0.0000%	0.4523%	0.0000%	1.1796%
Primary	0.0000%	1.1062%	0.8123%	1.7025%
Secondary	0.0000%	63.8381%	47.6368%	3.4494%
Total General Service	0.0000%	65.3966%	48.4492%	6.5417%
Large General Service				
69/138 KV	0.0000%	0.0000%	0.0000%	0.8498%
Primary	0.0000%	2.1788%	9.6396%	5.2549%
Secondary	0.0000%	19.2818%	12.9557%	1.9545%
Total Large General Service	0.0000%	21.4606%	22.5953%	8.0592%
Large Industrial Power Service				
230 KV	0.0000%	0.0000%	0.0000%	16.5655%
69/138 KV	0.0000%	5.0581%	13.1385%	62.5766%
Primary	0.0000%	0.8553%	0.0000%	1.2527%
Total Large Industrial Power Service	0.0000%	5.9134%	13.1385%	80.3949%
Lighting				
Secondary	0.2810%	0.6168%	12.0796%	0.0224%
Total Lighting	0.2810%	0.6168%	12.0796%	0.0224%
Non-Applicable kWh				
NA	0.0000%	0.0000%	0.0000%	4.5263%
Total Non-Applicable kWh	0.0000%	0.0000%	0.0000%	4.5263%
Grand Total	100.0000%	100.0000%	100.0000%	100.0000%

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
DEVELOPMENT OF BILLING DETERMINANTS
(kWh)

<u>RATE CLASS/VOLTAGE LEVEL</u>	<u>REVENUE CLASS</u>				
<u>Allocated 2012 Forecasted Billing Determinants</u>					
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>	<u>Total</u>
Residential					
Secondary	5,655,693,248	-	-	-	5,655,693,248
Total Residential	5,655,693,248	-	-	-	5,655,693,248
Small General Service					
Secondary	(139,564)	296,768,492	9,801,422	29,297,766	335,728,116
Total Small General Service	(139,564)	296,768,492	9,801,422	29,297,766	335,728,116
General Service					
230 KV	-	-	-	13,516,592	13,516,592
69/138 KV	-	20,300,066	-	75,866,086	96,166,152
Primary	-	49,646,328	2,130,396	109,497,822	161,274,546
Secondary	-	2,865,047,446	124,929,516	221,849,803	3,211,826,764
Total General Service	-	2,934,993,839	127,059,912	420,730,303	3,482,784,053
Large General Service					
69/138 KV	-	-	-	54,654,440	54,654,440
Primary	-	97,784,404	25,280,373	337,970,130	461,034,907
Secondary	-	865,365,108	33,976,835	125,703,961	1,025,045,904
Total Large General Service	-	963,149,512	59,257,208	518,328,531	1,540,735,252
Large Industrial Power Service					
230 KV	-	-	-	1,065,416,140	1,065,416,140
69/138 KV	-	227,007,895	34,456,330	4,024,637,922	4,286,102,147
Primary	-	38,387,032	-	80,569,194	118,956,226
Total Large Industrial Power Service	-	265,394,927	34,456,330	5,170,623,256	5,470,474,513
Lighting					
Secondary	15,938,272	27,682,101	31,679,255	1,442,344	76,741,972
Total Lighting	15,938,272	27,682,101	31,679,255	1,442,344	76,741,972
Non-Applicable kWh					
NA	-	-	-	291,111,769	291,111,769
Total Non-Applicable kWh	-	-	-	291,111,769	291,111,769
Grand Total	5,671,491,956	4,487,988,872	262,254,127	6,431,533,968	16,853,268,924

Summary

Billing Determinants by Class

Residential	5,655,693,248
Small General Service	335,728,116
General Service	3,482,784,053
Large General Service	1,540,735,252
Large Industrial Power Service	5,470,474,513
Lighting	76,741,972
Total	<u><u>16,562,157,155</u></u>

Industrial Large Industrial Power Service - Transmission Voltage Levels

69/138 KV	4,024,637,922
230 KV	1,065,416,140
Total	<u><u>5,090,054,062</u></u>

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
2011 RATE REDETERMINATION

Line No.	Variable Name	Variable Description	Rate Class						
			Residential	SGS	GS	LGS	LIPS	Lighting	Total Co.
1	PEEC _k	Projected Energy Efficiency Cost (1)	\$ 7,001,822	\$ 413,921	\$ 2,629,578	\$ 532,167	\$ 20,365	\$ 146,147	\$ 10,744,000
2	TUA _k	True-Up Adjustment (2)	\$ (638,688)	\$ 99,571	\$ (29,082)	\$ 248,055	\$ (84,930)	\$ 24,714	\$ (380,360)
3	EERR _k	Energy Efficiency Cost (L1 + L2)	\$ 6,363,134	\$ 513,492	\$ 2,600,496	\$ 780,222	\$ (64,565)	\$ 170,861	\$ 10,363,640
4	BD _k	Billing Determinants (3)	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	5,470,474,513	76,741,972	16,562,157,155
5		Less: LIPS Industrial Transmission BD					5,090,054,062		5,090,054,062
6	BD _k	Adjusted Billing Determinants for Projected	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	380,420,451	76,741,972	11,472,103,093
	EECRF _k	Energy Efficiency Cost Recovery Factor	\$ 0.001125 per kWh	\$ 0.001529 per kWh	\$ 0.000747 per kWh	\$ 0.000506 per kWh	\$ (0.000170) per kWh	\$ 0.002226 per kWh	N/A
7	EEPB _k	Energy Efficiency Performance Bonus (4)	\$ 672,383	\$ 32,953	\$ 292,347	\$ 102,129	\$ 302,067	\$ 4,393	\$ 1,406,272
8	BD _k	Billing Determinants	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	5,470,474,513	76,741,972	16,562,157,155
9	EECRF _k	Energy Efficiency Cost Recovery Factor	\$ 0.000119 per kWh	\$ 0.000098 per kWh	\$ 0.000084 per kWh	\$ 0.000066 per kWh	\$ 0.000055 per kWh	\$ 0.000057 per kWh	N/A
	Energy Efficiency Cost Recovery Factor for All Customers Except LIPS Industrial Transmission Before Application of Cost Caps		\$ 0.001244	\$ 0.001627	\$ 0.000831	\$ 0.000572	\$ (0.000115)	\$ 0.002283	
	Cost Cap Per PUCT Rule		\$ 0.001000	\$ 0.000500	\$ 0.000500	\$ 0.000500	\$ 0.000500	\$ 0.000500	
	Billed Energy Efficiency Cost Recovery Factor for All Customers Except LIPS Industrial Transmission After Application of Cost Caps		\$ 0.001000	\$ 0.000500	\$ 0.000500	\$ 0.000500	\$ (0.000115)	\$ 0.000500	
	Energy Efficiency Cost Recovery Factor for LIPS Industrial Transmission Customers						\$ 0.000055		

- (1) See Exhibit PBG-2, Page 2
(2) See Exhibit PBG-2, Page 4
(3) See Exhibit PBG-2, Page 5
(4) See Exhibit PBG-2, Page 3

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
2012 PROJECTED ENERGY EFFICIENCY COST

2012 Projected EECR Costs by Revenue Class:

Residential	7,040,000
Small Commercial	200,000
Commercial/Governmental/Lighting	3,504,000
Total Company	<u>10,744,000</u>

EECR Costs by Revenue Class Converted to Rate Class

	<u>Base Rate Revenue (1)</u>	<u>Ratios (%) (2)</u>	<u>2011 EECR Costs (3)</u>	<u>Rate Class</u>
<u>Residential</u>				
NRLS	1,695,127	0.55%	38,394	LGT
RS	309,138,240	99.46%	7,001,822	RES
SGS	(9,544)	0.00%	(216)	SGS
Total Residential	<u>310,823,823</u>	<u>100.00%</u>	<u>7,040,000</u>	
Total Small Commercial = GS			<u>200,000</u>	GS
<u>Commercial/Governmental/Lighting</u>				
Commercial				
GS	110,301,679	66.29%	2,322,753	GS
Large GS	23,711,694	14.25%	499,325	LGS
LIPS	967,070	0.58%	20,365	LIPS
SGS	19,024,208	11.43%	400,615	SGS
LGT	1,746,056	1.05%	36,769	LGT
Governmental				
GS	5,072,840	3.05%	106,825	GS
Large GS	1,559,578	0.94%	32,842	LGS
SGS	484,885	0.29%	10,211	SGS
LGT	19,736	0.01%	416	LGT
Lighting				
SGS	157,254	0.09%	3,311	SGS
LGT	3,351,115	2.01%	70,568	LGT
Total Commercial/Governmental/Lighting	<u>166,396,112</u>	<u>100.00%</u>	<u>3,504,000</u>	
Total Company			<u>10,744,000</u>	

TOTAL BY RATE CLASS

RES	Residential	7,001,822
SGS	Small Gen. Service	413,921
GS	General Service	2,629,578
LGS	Large General Service	532,167
LIPS	Large Ind. Power Service	20,365
LGT	Lighting	146,147
Total Applicable Retail		<u>10,744,000</u>

Notes:

- (1) Actual 2010 Historical Base Rate Revenue at primary/secondary voltage level by Rate Class.
- (2) Ratio of Rate Class Base Revenue to the Total Base Revenue within the Revenue Class.
- (3) Amounts provided on Revenue Class basis.

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
2010 ENERGY EFFICIENCY PERFORMANCE BONUS

2010 Energy Efficiency Performance Bonus (EEPB) (1) 1,406,273

2010 EEPB Allocated to Rate Classes

Rate Class		PDAF (2)	EEPB by Rate Class (3)
RES	Residential	47.813%	672,383
SGS	Small Gen. Service	2.343%	32,953
GS	General Service	20.789%	292,347
LGS	Large General Service	7.262%	102,129
LIPS	Large Ind. Power Service	21.480%	302,067
LGT	Lighting	0.312%	4,393
Total Applicable Retail		<u><u>100.000%</u></u>	<u><u>1,406,272</u></u>

Notes:

- (1) Source: ETI's 2011 Energy Efficiency Plan and Report
- (2) Class Production Demand Allocation Factors from Docket No. 37744
- (3) EEPB X Applicable Rate Class PDAF

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
TRUE-UP OF 2010 ENERGY EFFICIENCY COST

Actual 2010 EECR Costs (1) 8,080,000

<u>EECR Costs by Revenue Class Converted to Rate Class</u>				Actual 2010 EECR Costs by Rate Class (4)	Actual 2010 EECR Revenues by Rate Class (5)	True-Up (Over)/Under Recovery
		Base Rate Revenue (2)	Ratios (%) (3)			
RES	Residential	309,138,240	61.48%	4,967,256	5,605,944	(638,688)
SGS	Small Gen. Service	21,502,991	4.28%	345,512	245,941	99,571
GS	General Service	126,926,625	25.24%	2,039,466	2,068,548	(29,082)
LGS	Large General Service	36,083,077	7.18%	579,785	331,730	248,055
LIPS	Large Ind. Power Service	2,310,262	0.46%	37,121	122,051	(84,930)
LGT	Lighting	6,899,368	1.37%	110,860	86,146	24,714
Total Company		<u><u>502,860,561</u></u>	<u><u>100.00%</u></u>	<u><u>8,080,000</u></u>	<u><u>8,460,360</u></u>	<u><u>(380,360)</u></u>

Notes:

- (1) Exhibit JKC-1
- (2) Actual 2010 Historical Base Rate Revenue at primary/secondary voltage level by Rate Class.
- (3) Ratio of Rate Class Base Revenue to the Total Base Revenue.
- (4) Prior EECR Costs X Applicable Rate Class Ratio.
- (5) Actual 2010 EECRF Revenues

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
DEVELOPMENT OF BILLING DETERMINANTS
(kWh)

RATE CLASS/VOLTAGE LEVEL	REVENUE CLASS				
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>	<u>Total</u>
2012 Revenue Class Forecast Data	5,671,491,956	4,487,988,872	262,254,127	6,431,533,968	16,853,268,924
<u>2010 Actual Billing Determinants</u>					
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>	<u>Total</u>
Residential					
Secondary	5,471,023,829				5,471,023,829
Total Residential	5,471,023,829	-	-	-	5,471,023,829
Small General Service					
Secondary	(135,007)	282,534,268	10,119,354	25,700,533	318,219,148
Total Small General Service	(135,007)	282,534,268	10,119,354	25,700,533	318,219,148
General Service					
230 KV				11,857,000	11,857,000
69/138 KV		19,326,392		66,551,110	85,877,502
Primary		47,265,088	2,199,500	96,053,481	145,518,069
Secondary		2,727,628,114	128,981,892	194,610,681	3,051,220,687
Total General Service	-	2,794,219,594	131,181,392	369,072,272	3,294,473,258
Large General Service					
69/138 KV				47,943,869	47,943,869
Primary		93,094,266	26,100,400	296,473,544	415,668,210
Secondary		823,858,677	35,078,952	110,269,800	969,207,429
Total Large General Service	-	916,952,943	61,179,352	454,687,213	1,432,819,508
Large Industrial Power Service					
230 KV				934,602,412	934,602,412
69/138 KV		216,119,673	35,574,000	3,530,485,569	3,782,179,242
Primary		36,545,834		70,676,762	107,222,596
Total Large Industrial Power Service	-	252,665,507	35,574,000	4,535,764,743	4,824,004,250
Lighting					
Secondary	15,417,856	26,354,355	32,706,845	1,265,250	75,744,306
Total Lighting	15,417,856	26,354,355	32,706,845	1,265,250	75,744,306
Non-Applicable kWh					
NA				255,368,537	255,368,537
Total Non-Applicable kWh	-	-	-	255,368,537	255,368,537
Grand Total	5,486,306,678	4,272,726,667	270,760,943	5,641,858,548	15,671,652,836

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
DEVELOPMENT OF BILLING DETERMINANTS
(kWh)

<u>RATE CLASS/VOLTAGE LEVEL</u>	<u>REVENUE CLASS</u>			
<u>Percentage of Class kWh</u>				
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>
Residential				
Secondary	99.7214%	0.0000%	0.0000%	0.0000%
Total Residential	99.7214%	0.0000%	0.0000%	0.0000%
Small General Service				
Secondary	-0.0025%	6.6125%	3.7374%	0.4555%
Total Small General Service	-0.0025%	6.6125%	3.7374%	0.4555%
General Service				
230 KV	0.0000%	0.0000%	0.0000%	0.2102%
69/138 KV	0.0000%	0.4523%	0.0000%	1.1796%
Primary	0.0000%	1.1062%	0.8123%	1.7025%
Secondary	0.0000%	63.8381%	47.6368%	3.4494%
Total General Service	0.0000%	65.3966%	48.4492%	6.5417%
Large General Service				
69/138 KV	0.0000%	0.0000%	0.0000%	0.8498%
Primary	0.0000%	2.1788%	9.6396%	5.2549%
Secondary	0.0000%	19.2818%	12.9557%	1.9545%
Total Large General Service	0.0000%	21.4606%	22.5953%	8.0592%
Large Industrial Power Service				
230 KV	0.0000%	0.0000%	0.0000%	16.5655%
69/138 KV	0.0000%	5.0581%	13.1385%	62.5766%
Primary	0.0000%	0.8553%	0.0000%	1.2527%
Total Large Industrial Power Service	0.0000%	5.9134%	13.1385%	80.3949%
Lighting				
Secondary	0.2810%	0.6168%	12.0796%	0.0224%
Total Lighting	0.2810%	0.6168%	12.0796%	0.0224%
Non-Applicable kWh				
NA	0.0000%	0.0000%	0.0000%	4.5263%
Total Non-Applicable kWh	0.0000%	0.0000%	0.0000%	4.5263%
Grand Total	100.0000%	100.0000%	100.0000%	100.0000%

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
DEVELOPMENT OF BILLING DETERMINANTS
(kWh)

<u>RATE CLASS/VOLTAGE LEVEL</u>	<u>REVENUE CLASS</u>				
<u>Allocated 2012 Forecasted Billing Determinants</u>					
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Industrial</u>	<u>Total</u>
Residential					
Secondary	5,655,693,248	-	-	-	5,655,693,248
Total Residential	5,655,693,248	-	-	-	5,655,693,248
Small General Service					
Secondary	(139,564)	296,768,492	9,801,422	29,297,766	335,728,116
Total Small General Service	(139,564)	296,768,492	9,801,422	29,297,766	335,728,116
General Service					
230 KV	-	-	-	13,516,592	13,516,592
69/138 KV	-	20,300,066	-	75,866,086	96,166,152
Primary	-	49,646,328	2,130,396	109,497,822	161,274,546
Secondary	-	2,865,047,446	124,929,516	221,849,803	3,211,826,764
Total General Service	-	2,934,993,839	127,059,912	420,730,303	3,482,784,053
Large General Service					
69/138 KV	-	-	-	54,654,440	54,654,440
Primary	-	97,784,404	25,280,373	337,970,130	461,034,907
Secondary	-	865,365,108	33,976,835	125,703,961	1,025,045,904
Total Large General Service	-	963,149,512	59,257,208	518,328,531	1,540,735,252
Large Industrial Power Service					
230 KV	-	-	-	1,065,416,140	1,065,416,140
69/138 KV	-	227,007,895	34,456,330	4,024,637,922	4,286,102,147
Primary	-	38,387,032	-	80,569,194	118,956,226
Total Large Industrial Power Service	-	265,394,927	34,456,330	5,170,623,256	5,470,474,513
Lighting					
Secondary	15,938,272	27,682,101	31,679,255	1,442,344	76,741,972
Total Lighting	15,938,272	27,682,101	31,679,255	1,442,344	76,741,972
Non-Applicable kWh					
NA	-	-	-	291,111,769	291,111,769
Total Non-Applicable kWh	-	-	-	291,111,769	291,111,769
Grand Total	5,671,491,956	4,487,988,872	262,254,127	6,431,533,968	16,853,268,924

Summary

Billing Determinants by Class

Residential	5,655,693,248
Small General Service	335,728,116
General Service	3,482,784,053
Large General Service	1,540,735,252
Large Industrial Power Service	5,470,474,513
Lighting	76,741,972
Total	<u><u>16,562,157,155</u></u>

Industrial Large Industrial Power Service - Transmission Voltage Levels

69/138 KV	4,024,637,922
230 KV	1,065,416,140
Total	<u><u>5,090,054,062</u></u>

Attachment A

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RATES
RIDER SCHEDULE EECRF

Applicable through December 2012 Billing Month

T

Net Monthly Rate

The following Energy Efficiency Cost Recovery Factor will be added to the rates set out in the Net Monthly Bill for electric service billed under all retail rate schedules * on file with the Public Utility Commission of Texas. The Energy Efficiency Cost Recovery Factor shall be effective for bills rendered on and after the first billing cycle of January 2012. Amounts billed pursuant to this Rider EECRF are not subject to the IHE but are subject to State and local sales taxes.

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* Excluded Schedules: EAPS, LQF, SMS and SQF.

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Energy Efficiency Cost Recovery Factor (1)</u>	
Residential	RS, RS-TOD	\$0.000871 per kWh	R
Small General Service	SGS, UMS, TSS	\$0.001044 per kWh	R
General Service	GS, GS-TOD	\$0.000642 per kWh	R
Large General Service	LGS, LGS-TOD	\$0.000409 per kWh	R
Large Industrial Power Service –			
Industrial Transmission Customers Only	LIPS, LIPS-TOD	\$0.000055 per kWh	R
Other than Industrial Transmission Customers	LIPS, LIPS-TOD	-\$0.000140 per kWh	R
Lighting	SHL, LS-E, ALS, RLU	\$0.001469 per kWh	R

Notes:

(1) See Attachment B

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
RATE DEVELOPMENT FORMULA

Ln No			Rate Class					
			Residential	SGS	GS	LGS	LIPS	Lighting
1	$EECRF_k =$	ENERGY EFFICIENCY COST RECOVERY FACTOR FOR RATE CLASS _k (1)						
2	$EECRF_k =$	$EERR_k / BD_k + EEPB_k / BD_k$						
	Where,							
3		$EERR_k =$ ENERGY EFFICIENCY COST FOR RATE CLASS _k						
4		$EERR_k =$ $PEEC_k + TUA_k$						
	Where,							
5		$PEEC_k =$ PROJECTED ENERGY EFFICIENCY COST FOR RATE CLASS _k (2)	\$4,890,336	\$218,146	\$1,972,660	\$280,511	\$10,734	\$83,613
6		$TUA_k =$ TRUE-UP ADJUSTMENT FOR RATE CLASS _k (4)						
7		$TUA_k =$ $EEC_k + PEEPB_k - (RR_k - PTU_k)$						
8		Where,						
		$EEC_k =$ ENERGY EFFICIENCY COST FOR RATE CLASS _k (5)	\$4,967,256	\$345,512	\$2,039,466	\$579,785	\$37,121	\$110,860
9		$PEEPB_k =$ PRIOR ENERGY EFFICIENCY PERFORMANCE BONUS FOR RATE CLASS _k (6)	\$0	\$0	\$0	\$0	\$0	\$0
10		$RR_k =$ REVENUE UNDER RIDER EECRF FOR RATE CLASS _k (5)	\$5,605,944	\$245,941	\$2,068,548	\$331,730	\$122,051	\$86,146
11		$PTU_k =$ PRIOR PERIOD TRUE-UP ADJUSTMENT FOR RATE CLASS _k (7)	\$0	\$0	\$0	\$0	\$0	\$0
12		$TUA_k =$ TRUE-UP ADJUSTMENT FOR RATE CLASS _k	\$(638,688)	\$99,571	\$(29,082)	\$248,055	\$(84,930)	\$24,714
			C	C	C	C	C	C

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
RATE DEVELOPMENT FORMULA (Continued)

Ln No			Rate Class					
			Residential	SGS	GS	LGS	LIPS	Lighting
13	$EERR_k =$	ENERGY EFFICIENCY COST FOR RATE CLASS _k (LN 5+ LN 6 + LN 14)	\$4,251,648	\$317,717	\$1,943,578	\$528,566	(\$74,196)	\$108,327
14	$BD_k =$	ENERGY EFFICIENCY COST RECOVERY BILLING DETERMINANTS FOR RATE CLASS _k (8)	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	380,420,451	76,741,972
15	$EERR_k / BD_k =$	ENERGY EFFICIENCY COST RECOVERY FACTOR FOR RATE CLASS _k (\$/kWh) (LN 14 / LN 15)	\$0.000752 per kWh	\$0.000946 per kWh	\$0.000558 per kWh	\$0.000343 per kWh	(\$0.000195) per kWh	\$0.001412 per kWh
16		$EEPB_k =$ ENERGY EFFICIENCY PERFORMANCE BONUS FOR RATE CLASS _k (3)	\$672,383	\$32,953	\$292,347	\$102,129	\$302,067	\$4,393
17	$BD_k =$	ENERGY EFFICIENCY COST RECOVERY BILLING DETERMINANTS FOR RATE CLASS _k (8)	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	5,470,474,513	76,741,972
18	$EEPB_k / BD_k =$	ENERGY EFFICIENCY PERFORMANCE BONUS FOR RATE CLASS _k (3) (\$/kWh) (LN 14 / LN 15)	\$0.000119 per kWh	\$0.000098 per kWh	\$0.000084 per kWh	\$0.000066 per kWh	\$0.000055 per kWh	\$0.000057 per kWh
		EECRF FOR ALL CUSTOMERS EXCEPT LIPS INDUSTRIAL TRANSMISSION CUSTOMERS (LN 15 + LN 18)	\$0.000871 per kWh	\$0.001044 per kWh	\$0.000642 per kWh	\$0.000409 per kWh	(\$0.000140) per kWh	\$0.001469 per kWh
		EECRF FOR LIPS INDUSTRIAL TRANSMISSION CUSTOMERS (LN 18)					\$0.000055 per kWh	

Notes:

- (1) Rate Classes as defined in Attachment A to this Rider EECRF.
- (2) For the initial filing, the Projected Energy Efficiency Cost Period shall be the twelve-month period commencing on January 1, 2009. For subsequent redeterminations, the Projected Energy Efficiency Cost Period shall be the twelve-month period commencing on January 1st of the year in which revised rates shall be in effect.
- (3) For the initial filing, the Performance Bonus shall be set to zero. For each subsequent redetermination, the Performance Bonus shall be determined pursuant to the rules established in P.U.C. SUBST. R. 25.181(h) for the the twelve months ending December 31st of the calendar year immediately preceding the filing year. The Performance Bonus shall be allocated to the rate classes based on the Class Production Demand Allocation Factor approved in ETI's last base rate case.
- (4) For the initial filing, the true-up adjustment shall be zero. For the initial redetermination, the Energy Efficiency Cost (Over)/Under Recovery Period shall reflect the recovery of costs which shall commence on the date that the Energy Efficiency Cost Rates approved in Docket No. 34800 become effective or the date allowed in the final rules in P.U.C. SUBST. R. 25.181, whichever is earlier, and shall end December 31, 2008. For subsequent redeterminations, the Energy Efficiency Cost (Over)/Under Recovery Period shall be the twelve months ending December 31st of the calendar year immediately preceding the filing year.

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ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
RATE DEVELOPMENT FORMULA (Continued)

- (5) For the initial redetermination, the Energy Efficiency Cost Period shall reflect the recovery of costs which shall commence on the date that the initial Energy Efficiency Cost Rates become effective or the date allowed in the final rules in P.U.C. SUBST. R. 25.181, whichever is earlier, and shall end December 31, 2008. For subsequent redeterminations, the Energy Efficiency Cost Period shall be the twelve months ending December 31st of the calendar year immediately preceding the filing year.
- (6) The value of $PEEPB_k$ for rate class k shall be the Energy Efficiency Performance Bonus previously determined under the provisions of this Rider EECRF for the second calendar year immediately preceding the filing year.
- (7) The value of PTU_k for rate class k shall be equal to the True-up Adjustment (TUA_k) previously determined under the provisions of this Rider EECRF for the Energy Efficiency Cost Period for the twelve months ending December 31st of the calendar year immediately preceding the filing year.
- (8) For the initial filing, the Retail Rate Class Billing Determinants shall be based on data for the twelve months ended December 31, 2009. For subsequent redeterminations, the Retail Rate Class Billing Determinants shall be based on projected data for the calendar year in which the redetermined rates shall be in effect.

Attachment A

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RATES
RIDER SCHEDULE EECRF

Applicable through December 2012 Billing Month

T

Net Monthly Rate

The following Energy Efficiency Cost Recovery Factor will be added to the rates set out in the Net Monthly Bill for electric service billed under all retail rate schedules * on file with the Public Utility Commission of Texas. The Energy Efficiency Cost Recovery Factor shall be effective for bills rendered on and after the first billing cycle of January 2012. Amounts billed pursuant to this Rider EECRF are not subject to the IHE but are subject to State and local sales taxes.

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* Excluded Schedules: EAPS, LQF, SMS and SQF.

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Energy Efficiency Cost Recovery Factor (1)</u>	
Residential	RS, RS-TOD	\$0.001244 per kWh	I
Small General Service	SGS, UMS, TSS	\$0.001627 per kWh	I
General Service	GS, GS-TOD	\$0.000831 per kWh	I
Large General Service	LGS, LGS-TOD	\$0.000572 per kWh	I
Large Industrial Power Service –			
Industrial Transmission Customers Only	LIPS, LIPS-TOD	\$0.000055 per kWh	I
Other than Industrial Transmission Customers	LIPS, LIPS-TOD	-\$0.000115 per kWh	R
Lighting	SHL, LS-E, ALS, RLU	\$0.002283 per kWh	I

Notes:

(1) See Attachment B

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
RATE DEVELOPMENT FORMULA

Ln No			Rate Class					
			Residential	SGS	GS	LGS	LIPS	Lighting
1	$EECRF_k =$	ENERGY EFFICIENCY COST RECOVERY FACTOR FOR RATE CLASS _k (1)						
2	$EECRF_k =$	$EERR_k / BD_k + EEPB_k / BD_k$						
	Where,							
3		$EERR_k =$ ENERGY EFFICIENCY COST FOR RATE CLASS _k						
4		$EERR_k =$ $PEEC_k + TUA_k$						
	Where,							
5		$PEEC_k =$ PROJECTED ENERGY EFFICIENCY COST FOR RATE CLASS _k (2)	\$7,001,822	\$413,921	\$2,629,578	\$532,167	\$20,365	\$146,147
6		$TUA_k =$ TRUE-UP ADJUSTMENT FOR RATE CLASS _k (4)						
7		$TUA_k =$ $EEC_k + PEEPB_k - (RR_k - PTU_k)$						
8		Where,						
		$EEC_k =$ ENERGY EFFICIENCY COST FOR RATE CLASS _k (5)	\$4,967,256	\$345,512	\$2,039,466	\$579,785	\$37,121	\$110,860
9		$PEEPB_k =$ PRIOR ENERGY EFFICIENCY PERFORMANCE BONUS FOR RATE CLASS _k (6)	\$0	\$0	\$0	\$0	\$0	\$0
10		$RR_k =$ REVENUE UNDER RIDER EECRF FOR RATE CLASS _k (5)	\$5,605,944	\$245,941	\$2,068,548	\$331,730	\$122,051	\$86,146
11		$PTU_k =$ PRIOR PERIOD TRUE-UP ADJUSTMENT FOR RATE CLASS _k (7)	\$0	\$0	\$0	\$0	\$0	\$0
12		$TUA_k =$ TRUE-UP ADJUSTMENT FOR RATE CLASS _k	\$(638,688)	\$99,571	\$(29,082)	\$248,055	\$(84,930)	\$24,714
			C	C	C	C	C	C

ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
RATE DEVELOPMENT FORMULA (Continued)

Ln No			Rate Class					
			Residential	SGS	GS	LGS	LIPS	Lighting
13	$EERR_k =$	ENERGY EFFICIENCY COST FOR RATE CLASS _k (LN 5+ LN 6 + LN 14)	\$6,363,134	\$513,492	\$2,600,496	\$780,222	(\$64,565)	\$170,861
14	$BD_k =$	ENERGY EFFICIENCY COST RECOVERY BILLING DETERMINANTS FOR RATE CLASS _k (8)	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	380,420,451	76,741,972
15	$EERR_k / BD_k =$	ENERGY EFFICIENCY COST RECOVERY FACTOR FOR RATE CLASS _k (\$/kWh) (LN 14 / LN 15)	\$0.001125 per kWh	\$0.001529 per kWh	\$0.000747 per kWh	\$0.000506 per kWh	(\$0.000170) per kWh	\$0.002226 per kWh
16		$EEPB_k =$ ENERGY EFFICIENCY PERFORMANCE BONUS FOR RATE CLASS _k (3)	\$672,383	\$32,953	\$292,347	\$102,129	\$302,067	\$4,393
17	$BD_k =$	ENERGY EFFICIENCY COST RECOVERY BILLING DETERMINANTS FOR RATE CLASS _k (8)	5,655,693,248	335,728,116	3,482,784,053	1,540,735,252	5,470,474,513	76,741,972
18	$EEPB_k / BD_k =$	ENERGY EFFICIENCY PERFORMANCE BONUS FOR RATE CLASS _k (3) (\$/kWh) (LN 14 / LN 15)	\$0.000119 per kWh	\$0.000098 per kWh	\$0.000084 per kWh	\$0.000066 per kWh	\$0.000055 per kWh	\$0.000057 per kWh
		EECRF FOR ALL CUSTOMERS EXCEPT LIPS INDUSTRIAL TRANSMISSION CUSTOMERS (LN 15 + LN 18)	\$0.001244 per kWh	\$0.001627 per kWh	\$0.000831 per kWh	\$0.000572 per kWh	(\$0.000115) per kWh	\$0.002283 per kWh
		EECRF FOR LIPS INDUSTRIAL TRANSMISSION CUSTOMERS (LN 18)					\$0.000055 per kWh	

Notes:

- (1) Rate Classes as defined in Attachment A to this Rider EECRF.
- (2) For the initial filing, the Projected Energy Efficiency Cost Period shall be the twelve-month period commencing on January 1, 2009. For subsequent redeterminations, the Projected Energy Efficiency Cost Period shall be the twelve-month period commencing on January 1st of the year in which revised rates shall be in effect.
- (3) For the initial filing, the Performance Bonus shall be set to zero. For each subsequent redetermination, the Performance Bonus shall be determined pursuant to the rules established in P.U.C. SUBST. R. 25.181(h) for the the twelve months ending December 31st of the calendar year immediately preceding the filing year. The Performance Bonus shall be allocated to the rate classes based on the Class Production Demand Allocation Factor approved in ETI's last base rate case.
- (4) For the initial filing, the true-up adjustment shall be zero. For the initial redetermination, the Energy Efficiency Cost (Over)/Under Recovery Period shall reflect the recovery of costs which shall commence on the date that the Energy Efficiency Cost Rates approved in Docket No. 34800 become effective or the date allowed in the final rules in P.U.C. SUBST. R. 25.181, whichever is earlier, and shall end December 31, 2008. For subsequent redeterminations, the Energy Efficiency Cost (Over)/Under Recovery Period shall be the twelve months ending December 31st of the calendar year immediately preceding the filing year.

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ENTERGY TEXAS, INC.
ENERGY EFFICIENCY COST RECOVERY FACTOR RIDER
RATE DEVELOPMENT FORMULA (Continued)

- (5) For the initial redetermination, the Energy Efficiency Cost Period shall reflect the recovery of costs which shall commence on the date that the initial Energy Efficiency Cost Rates become effective or the date allowed in the final rules in P.U.C. SUBST. R. 25.181, whichever is earlier, and shall end December 31, 2008. For subsequent redeterminations, the Energy Efficiency Cost Period shall be the twelve months ending December 31st of the calendar year immediately preceding the filing year.
- (6) The value of $PEEPB_k$ for rate class k shall be the Energy Efficiency Performance Bonus previously determined under the provisions of this Rider EECRF for the second calendar year immediately preceding the filing year.
- (7) The value of PTU_k for rate class k shall be equal to the True-up Adjustment (TUA_k) previously determined under the provisions of this Rider EECRF for the Energy Efficiency Cost Period for the twelve months ending December 31st of the calendar year immediately preceding the filing year.
- (8) For the initial filing, the Retail Rate Class Billing Determinants shall be based on data for the twelve months ended December 31, 2009. For subsequent redeterminations, the Retail Rate Class Billing Determinants shall be based on projected data for the calendar year in which the redetermined rates shall be in effect.

**NOTICE OF APPLICATION OF ENTERGY TEXAS, INC. FOR AUTHORITY TO
REDETERMINE RATES FOR THE ENERGY EFFICIENCY COST RECOVERY
FACTOR TARIFF AND REQUEST TO ESTABLISH A REVISED ENERGY
EFFICIENCY GOAL AND COST CAPS**

On April 29, 2011, Entergy Texas, Inc. (“ETI”, “Entergy Texas” or “the Company”) filed with the Public Utility Commission of Texas (“PUCT”) its Application for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff and Request to Establish a Revised Energy Efficiency Goal and Cost Caps (“Application”), pursuant to Section 39.905 of the Public Utility Regulatory Act (“PURA”) and P.U.C. SUBST. R. 25.181(f), relating to recovery of costs for energy efficiency programs. This filing has been assigned Docket No. _____. In its Application, ETI requested that its revised energy efficiency cost recovery factor (“EECRF”) become effective for use beginning with the first billing cycle of its January 2012 billing month, which begins on December 30, 2011. All Texas retail customers that fall within the classes subject to the EECRF will be affected by approval of the Company’s Application.

In Project No. 37623, the Commission increased the energy efficiency goal for the 2012 program year from a 20% reduction of the annual growth in demand of an electric utility’s residential and commercial customers to a 25% reduction in the annual growth in demand of an electric utility’s residential and commercial customers.¹ In that project, the Commission also implemented cost caps limiting the rates electric utilities may charge their customers to \$0.001 per month for residential customers and \$0.0005 per kWh for non-residential customers. Because Entergy Texas cannot comply with the new increased

¹ P.U.C. SUBST. R. 25.181(e)(1)(B).

energy efficiency goals without increasing customers' rates to levels that exceed the new EECRF cost caps, the Company has requested that the Commission establish ETI's energy efficiency goal for 2012 at a 20% reduction of annual growth in demand of ETI's residential and commercial customers, which is the same goal ETI is required to meet in 2011, and increase the Commission's cost caps slightly for its Small General Service, General Service, and Lighting rate classes. To achieve a 20% reduction of the annual growth in demand of ETI's residential and commercial customers, ETI will spend the same amount on its 2012 energy efficiency programs that it spent on its 2010 and 2011 programs. Assuming the Commission lowers ETI's energy efficiency goal to a 20% reduction of the annual growth in demand of ETI's residential and commercial customers, ETI requests authority to redetermine its EECRF rates to recover approximately \$8,481,913, which reflects the following three components:

- 1) recovery of \$7,456,000 in energy efficiency program costs projected to be incurred in 2012 to achieve a 20% reduction of the annual growth in demand of ETI's residential and commercial customers;
- 2) refund of \$380,360 in energy efficiency program costs recovered under its EECRF implemented for calendar year 2010 that exceeded actual program costs; and
- 3) recovery of \$1,406,273 representing ETI's 2010 performance bonus for achieving demand savings that exceeded its statutory goal for 2010.

Under this request, despite that the Company's EECRF request will exceed the Commission's cost caps for ETI's Small General Service, General Service, and Lighting rate classes, all ETI Texas retail customers that fall within the classes subject to the EECRF will experience a decrease in their EECRF rates. The rates charged under the revised EECRF will decrease the Company's annual

Texas retail revenues by approximately \$1.251 million. A residential customer using 1,000 kilowatt-hours ("kWh") of electricity per month would see a decrease of approximately 0.2% annually, or \$0.14 on average per month. The requested revised EECRF rates would be as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service	\$0.000871 per kWh
Small General Service	\$0.001044 per kWh
General Service	\$0.000642 per kWh
Large General Service	\$0.000409 per kWh
Large Industrial Power Service (excluding Industrial Transmission Customers)	-\$0.000140 per kWh
Large Industrial Power Service (Industrial Transmission Customers Only)	\$0.000055 per kWh
Lighting	\$0.001469 per kWh

The Company believes this request offers the most benefits to its customers because it maintains funding for valuable energy efficiency programs while reducing rates for its customers.

In the alternative, if the Commission does not establish a lower goal for ETI in 2012 but rather requires ETI to meet the increased goal of a 25% reduction of the annual growth in demand of its residential and commercial customers, then pursuant to P.U.C. SUBST. R. 25.181(e)(2), ETI requests authority to redetermine its EECRF rates to recover approximately \$11,769,913, which reflects the following three components:

- 1) recovery of \$10,744,000 in energy efficiency program costs projected to be incurred in 2012 to achieve a 25% reduction of the annual growth in demand of ETI's residential and commercial customers;

- 2) refund of \$380,360 in energy efficiency program costs recovered under its EECRF implemented for calendar year 2010 that exceeded its actual program costs; and
- 3) recovery of \$1,406,273 representing ETI's 2010 performance bonus for achieving demand savings that exceeded its statutory goal for 2010.

The rates charged under this alternative revised EECRF request reflect a \$3.288 million dollar increase to ETI's projected 2012 energy efficiency program budget over its 2011 energy efficiency program budget, which will in turn increase the Company's annual Texas retail revenues by approximately \$2.037 million from the Company's current EECRF. In addition, the Company's alternative EECRF rates would exceed the Commission's cost caps for all but the Large Industrial Power Service rate classes. Therefore, pursuant to this alternative request, the Company requested that the Commission raise the cost caps for those affected rate classes to be consistent with the rates listed below. Under the Company's alternative revised EECRF rates, a residential customer using 1,000 kWh of electricity per month would see an increase of approximately 0.2% annually, or \$0.23 on average per month. The requested alternative revised EECRF rates are as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service	\$0.001244 per kWh
Small General Service	\$0.001627 per kWh
General Service	\$0.000831 per kWh
Large General Service	\$0.000572 per kWh
Large Industrial Power Service (excluding Industrial Transmission Customers)	-\$0.000115 per kWh
Large Industrial Power Service (Industrial Transmission Customers Only)	\$0.000055 per kWh
Lighting	\$0.002283 per kWh

Persons with questions or who want more information about this Application may contact Entergy Texas at 350 Pine Street, Beaumont, Texas 77701, or call 1-800-368-3749 (select option 1, then press 0, then press 4) during normal business hours. A complete copy of the Application is available for inspection at the address listed above.

The Commission will review Entergy Texas' Application, establish an intervention date for interested persons, and determine whether Entergy Texas' Application should be approved. The Commission's proceeding to review Entergy Texas' Application has been assigned Docket No. _____. Persons who wish to intervene in or comment upon these proceedings, or obtain further information, should contact the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326, or call the Commission's Office of Consumer Protection at 512-936-7120 or 1-888-782-8477. Hearing and speech-impaired individuals with text telephones (TTY) may contact the Commission at 512-936-7136 or use Relay Texas (toll-free) 1-800-735-2989. All communications should refer to Docket No. _____.