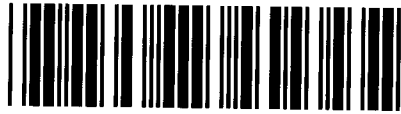


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DOCKET NO. **43740**

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2014 NOV -7 AM 10:36
PUBLIC UTILITY COMMISSION
FILING CLERK

**AGREED NOTICE OF VIOLATION
AND SETTLEMENT AGREEMENT
RELATING TO ENERGY TEXAS,
INC'S VIOLATION OF PURA § 38.005
AND P.U.C. SUBST. R. 25.52,
CONCERNING RELIABILITY AND
CONTINUITY OF SERVICE**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT

Staff of the Public Utility Commission of Texas (Commission) files this Application for Approval of Settlement Agreement and would show in support as follows:

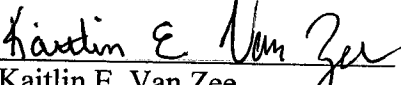
Commission Staff and Entergy Texas Inc. (ETI) (together, Parties) have entered into a Settlement Agreement and Report to Commission (Agreement). The Agreement, attached to this motion, has been signed by representatives of both parties and includes a Proposed Order. This Agreement resolves and concludes Commission Staff's investigation of ETI for violation of PURA¹ § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service for reporting year 2013.

WHEREFORE, Commission Staff respectfully requests that its Application for Approval of Settlement Agreement be granted.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2007 & Supp. 2014) (PURA).

Respectfully Submitted,

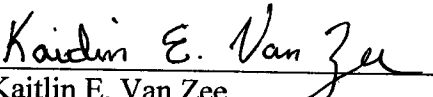
Robert M. Long
Division Director
Oversight and Enforcement Division


Kaitlin E. Van Zee

Attorney, Oversight and Enforcement Division
State Bar No. 24080099
(512) 936-7065
(512) 936-7208 (facsimile)
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
kaitlin.vanzee@puc.texas.gov

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 7th day of November, 2014 in accordance with P.U.C. Procedural Rule 22.74.


Kaitlin E. Van Zee

DOCKET NO. _____

AGREED NOTICE OF VIOLATION	§	PUBLIC UTILITY COMMISSION
AND SETTLEMENT AGREEMENT	§	
RELATING TO ENTERGY TEXAS,	§	OF TEXAS
INC'S VIOLATION OF PURA § 38.005	§	
AND P.U.C. SUBST. R. 25.52,	§	
CONCERNING RELIABILITY AND	§	
CONTINUITY OF SERVICE	§	

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas and Entergy Texas Inc., (ETI) (together, Parties) enter into this Settlement Agreement and Report to Commission (Agreement). This Agreement resolves and concludes the investigation of ETI for a violation of PURA¹ § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service for reporting year 2013.

The Parties agree as follows:

1. The Parties stipulate to the facts contained in the attached Proposed Order and request approval of the Proposed Order by the Commission.
2. Commission Staff recommended, and ETI agrees to pay, an administrative penalty of Twenty-One Thousand Dollars (\$21,000) for ETI's violation described in the attached Proposed Order.
3. ETI agrees to make efforts to improve the performance and reliability of all of its feeders. In particular, those efforts will focus on maintaining the system-wide standards required by P.U.C. SUBST. R. 25.52(g).
4. ETI agrees to continue make investments in both infrastructure and vegetation reliability performance projects to improve its overall System Average Interruption Duration Index (SAIDI) performance as well as the SAIDI performance of Rivtrin 269RV, including but

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2007 & Supp. 2014) (PURA).

not limited to inspections, danger tree removals, vegetation cycle trimming, lightning improvements, sectionalization improvements, and repairs to facilities as needed.

5. This Agreement resolves all claims related to ETI's obligations pursuant to PURA § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service for reporting year 2013.
6. Unless specifically provided for in this Agreement, ETI waives any notice and procedures that might otherwise be authorized or required in this proceeding.
7. Nothing in this Agreement shall limit Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.
8. A Party's support of the resolution of this docket in accordance with this Agreement may differ from its position or testimony regarding contested issues of law, policy, or fact in other proceedings before the Commission or other forums. Because this is a settlement agreement, a Party is under no obligation to take the same position as set out in this Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The Parties' agreement to entry of a final order of the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.
9. The Parties contemplate that this Agreement will be approved pursuant to P.U.C. PROC. R. 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the Parties agree that any Party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available under law. The right to withdraw must be exercised by providing the other Party written notice within 20 calendar days of the date the Commission files the final order acting on this Agreement. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.

10. This Agreement is the final and entire agreement between the Parties regarding the alleged violations related to reliability and continuity of service for reporting year 2013 and supersedes all other communications among the Parties or their representatives regarding its terms.
11. Each person executing this Agreement represents that he or she has been authorized to sign on behalf of the Party represented. Copies of signatures are valid to show execution. If this Agreement is executed in multiple counterparts, each is deemed an original, but all of which will constitute the same Agreement.
12. The Company warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED by the Parties by their authorized representatives designated below.

Carl A. Olson

Carl A. Olson
Manager, Regulatory Affairs
Entergy Texas, Inc.
919 Congress Avenue, Suite 701
Austin, Texas 78701

Date: 11-5-14

Robert M. Long

Robert M. Long
Division Director
Oversight and Enforcement Division
Public Utility Commission of Texas

Date: Oct 6, 2014

ATTACHMENT

DOCKET NO. _____

AGREED NOTICE OF VIOLATION	§	PUBLIC UTILITY COMMISSION
AND SETTLEMENT AGREEMENT	§	
RELATING TO ENTERGY TEXAS	§	OF TEXAS
INC'S VIOLATION OF PURA § 38.005	§	
AND P.U.C. SUBST. R. 25.52,	§	
CONCERNING RELIABILITY AND	§	
CONTINUITY OF SERVICE	§	

PROPOSED ORDER

Pursuant to P.U.C. PROC. R. 22.246(g)(1)(C), this Order approves the Settlement Agreement and Report to Commission (Agreement) between the Staff of the Public Utility Commission of Texas (Commission) and Entergy Texas Inc., (ETI) (together, Parties) regarding Commission Staff's investigation of ETI for violation of PURA¹ § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service. This docket was processed in accordance with applicable statutes and Commission rules. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty of Twenty-One Thousand Dollars (\$21,000). ETI agreed to pay the recommended administrative penalty. The Agreement is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. FINDINGS OF FACT

1. ETI is an electric utility as defined in PURA § 31.002(6).
2. For reporting year 2013, ETI reported it exceeded its system-wide System Average Interruption Duration Index (SAIDI) standard by 20% or more. In addition, ETI's reported annual value was 20% above standard for two or more consecutive years.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2007 & Supp. 2014) (PURA)

3. For the reporting year 2013, ETI reported the following per-feeder violation:
 - One feeder having a SAIDI value more than 300% greater than the system average for two consecutive years, in violation of the rule first year.
4. On or about July 14, 2014, Commission Staff provided to ETI proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about ETI's right to a hearing, and an opportunity for ETI to explain its activities.
5. ETI fully cooperated with Commission Staff's investigation.
6. ETI acknowledges the violations detailed in this Order.
7. ETI participated in one or more settlement discussions with Commission Staff to resolve this matter.
8. On November 6, 2014, the Parties entered into the Agreement resolving the violations. Commission Staff recommended, and ETI agreed to pay, an administrative penalty of Twenty-One Thousand Dollars (\$21,000).
9. The Agreement provides for a reasonable resolution of this dispute.
10. The Agreement is in the public interest.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 38.005.
2. ETI is an electric utility for purposes of PURA §§ 31.002(6) and 38.005, and P.U.C. SUBST. R. 25.52.
3. As an electric utility, ETI is required to comply with the service quality and reliability standards established by PURA § 38.005 and P.U.C. SUBST. R. 25.52.
4. Commission Staff provided ETI with proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about ETI's right to a hearing, and an opportunity for ETI to explain its activities.
5. PURA § 38.005(a) provides that "the commission shall implement service quality and reliability standards relating to the delivery of electricity to retail customers by electric

utilities and transmission and distribution utilities.” Subsection (a) goes on to require the Commission to, by rule, “develop reliability standards, including: (1) SAIFI; (2) SAIDI; (3) achievement of average response time for customer service requests or inquiries; or (4) other standards that the commission finds reasonable and appropriate.”

6. Pursuant to this legislative mandate, the Commission implemented the reliability standards found in P.U.C. SUBST. R. 25.52. P.U.C. SUBST. R. 25.52(g)(1) requires each utility to maintain and operate its distribution system so that its system-wide SAIDI and SAIFI averages do not exceed the standard by more than 5%.
7. P.U.C. SUBST. R. 25.52(g)(2) requires each utility to maintain and operate its electric distribution system so that no distribution feeder with ten or more customers sustains a SAIDI or SAIFI (System Average Interruption Frequency Index) value for a reporting year that is more than 300% greater than the system average of all feeders during any two consecutive reporting years.
8. ETI violated PURA § 38.005 and the requirements of both P.U.C. SUBST. R. 25.52(g)(1)(B) and P.U.C. SUBST. R. 25.52 (g)(2) for reporting year 2013.
9. P.U.C. PROC. R. 22.246(g)(1)(A),(B), and (C) require issuance of a report of a settlement to the Commission and a written order that approves the settlement.
10. The Agreement is a report of settlement to the Commission as required by P.U.C. PROC. R. 22.246(g).
11. This docket was processed in accordance with applicable statutes and Commission rules.
12. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. The Agreement, attached to this Order as Attachment 1, is approved, and the Parties shall be bound by its terms.

2. ETI shall pay an administrative penalty to the Commission in the amount of Twenty-One Thousand Dollars (\$21,000). ETI shall remit payment of the full amount of the administrative penalty on or before 30 calendar days after the date this Order is signed. Payment of the administrative penalty shall be made by check or Electronic Funds Transfer payable to the Public Utility Commission of Texas and shall reference this docket. When paying by check, the check shall be sent to the following address:

Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711
ATTN: Fiscal Services

3. ETI shall file an affidavit of payment in this docket no later than five calendar days after the payment is made.
4. ETI agrees to make efforts to improve the performance and reliability of all of its feeders. In particular, those efforts will focus on maintaining the system-wide standards required by P.U.C. SUBST. R. 25.52 (g).
5. ETI agrees to continue make investments in both infrastructure and vegetation reliability performance projects to improve its overall SAIDI performance as well as the SAIDI performance of Rivtrin 269RV, including but not limited to inspections, danger tree removals, vegetation cycle trimming, lightning improvements, sectionalization improvements, and repairs to facilities as needed.
6. The Commission shall not be constrained in any manner from requiring additional action or penalties for violations that are not raised here.
7. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Neither should the entry of an order consistent with the Agreement be regarded as a binding, holding or precedent as to the appropriateness of any principle underlying the Agreement.
8. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS the ____ day of _____, 2014__.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY D. MARTY, COMMISSIONER