

ORDINANCE 2026-07

AN ORDINANCE OF THE CITY COUNCIL OF NEDERLAND, TEXAS, AUTHORIZING PARTICIPATION WITH OTHER ENTERGY SERVICE AREA CITIES IN MATTERS CONCERNING ENTERGY TEXAS, INC. AT THE PUBLIC UTILITY COMMISSION OF TEXAS IN 2026; AUTHORIZING THE HIRING OF LAWYERS AND RATE EXPERTS; AUTHORIZING THE CITY'S PARTICIPATION TO THE FULL EXTENT PERMITTED BY LAW AT THE PUBLIC UTILITY COMMISSION OF TEXAS; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Cities have exclusive original jurisdiction over rates, operations, and services of an electric utility in areas in the municipality pursuant to *Tex. Util. Code* § 33.001; and

WHEREAS, Cities have standing in each case before the Public Utility Commission of Texas that relates to an electric utility providing service in the municipality pursuant to *Tex. Util. Code* § 33.025; and

WHEREAS, Entergy Texas, Inc. ("ETI" or "Company") is expected to file rate change requests in various proceedings before the Public Utility Commission of Texas ("Commission") or before municipalities in 2026, which may include (1) a base rate case, (2) rate proceedings or cost adjustments such as a transmission cost recovery rider, a distribution cost recovery rider, a generation cost recovery rider, energy efficiency cost recovery factor, or storm restoration cost or offset true-ups, (3) and various fuel cost refunds or surcharges and reconciliations; and

WHEREAS, Cities have the statutory right to set fair and reasonable rates for both the Company and customers within Cities; and

WHEREAS, Cities are entitled to reimbursement by the utility of their reasonable rate case expenses to participate in cases that are deemed rate proceedings pursuant to *Tex. Util. Code* § 33.023.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEDERLAND, TEXAS, that:

SECTION 1. The City of Nederland shall participate with other Cities to intervene in ETI's various rate filings related to any base rate adjustment proceedings or cost of service adjustments, the various fuel cost surcharges and reconciliations, and any other interim or incremental surcharge proceedings or surcharge adjustments filed with the Commission or with municipalities in 2026.

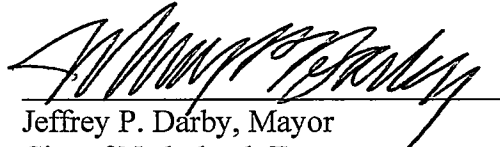
SECTION 2. The City of Nederland employs the Lawton Law Firm P.C. to represent the City regarding ETI rate matters before local regulatory authorities and the Commission and authorizes counsel to employ rate experts as are recommended by the Cities' Steering Committee to intervene in rate- or fuel-related proceedings at the Commission concerning ETI's rates charged to Texas customers.

SECTION 3. All such actions shall be taken pursuant to the direction of the Cities' Steering Committee. Cities' Steering Committee shall have authority to retain rate consultants and lawyers. Cities' Steering Committee shall direct the actions of Cities' representatives in the above proceedings. The Steering Committee is directed to obtain reimbursement from ETI of all reasonable expenses associated with participation in said proceedings.

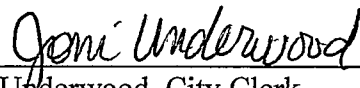
SECTION 4. The meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION 5. This Ordinance shall be effective from and after the date of its passage.

PASSED AND APPROVED this 11th day of May, 2026.


Jeffrey P. Darby, Mayor
City of Nederland, Texas

ATTEST:


Joni Underwood, City Clerk
City of Nederland, Texas

APPROVED AS TO FORM:


Richard D. Hughes, City Attorney
City of Nederland, Texas



THE LAWTON LAW FIRM, P.C.

12600 Hill Country Blvd., Suite R-275 • Austin, Texas 78738 • 512/322-0019

January 19, 2026

Via e-mail

Mr. Richard G. Baker
City Attorney – City of Anahuac
P.O. Box 10066
Liberty, Texas 77575

Ms. Sharae Reed
City Attorney – City of Beaumont
P.O. Box 3827
Beaumont, Texas 77704

Mr. Kenneth R. Williams
City Manager – City of Beaumont
P.O. Box 3827
Beaumont, Texas 77704

Mr. Paul Fukuda
City Attorney – City of Bridge City
City Attorney – City of Pine Forest
260 Rachal
Post Office Box 846
Bridge City, Texas 77611

Mr. Scott Swigert
City Manager – City of Cleveland
907 E. Houston
Cleveland, Texas 77327

Ms. Mary Ann Powell
City Attorney – City of Cleveland
Wortham Tower, Suite 600
2727 Allen Parkway
Houston, Texas 77019

Ms. Juanita Limon
City Secretary – City of Cleveland
907 E. Houston
Cleveland, Texas 77327

Mr. Gary Scott
City Attorney – City of Conroe
P.O. Box 3066
Conroe, Texas 77305

Mayor Nyla Akin Dalhaus
City of Cut and Shoot
P.O. Box 7364
Cut and Shoot, Texas 77306

Amy L. Wade
City Secretary – City of Cut and Shoot
P.O. Box 7364
Cut and Shoot, Texas 77306

Mayor Martin Mudd
City of Dayton
117 Cook Street
Dayton, Texas 77535

Mr. Derek Woods
City Manager – City of Dayton
117 Cook Street
Dayton, Texas 77535

Attorney-Client Privileged Communication

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Mr. Brandon Monk
City Attorney – City of Groves
4875 Parker Drive
Beaumont, TX 77705

Mr. Kevin Carruth
City Manager – City of Groves
3947 Lincoln Avenue
Groves, Texas 77619-4604

Ms. Tina Paez
City of Houston Administration & Regulatory
Affairs Department (ARA)
611 Walker, 13 th Floor
Houston, Texas 77002

Ms. Yushan Chang
City of Houston Legal Department
P.O. Box 368, Houston, Texas 77001-0368
City Hall Annex, 4th Floor
900 Bagby
Houston, Texas 77002

Mr. Leonard Schneider
City Attorney – City of Huntsville
City Attorney – City of Panorama Village
City Attorney – City of Riverside
City Attorney – City of Splendora
Law Offices of Leonard Schneider PLLC
2261 Northpark Dr., Suite 445
Kingwood, TX 77339

Mr. Sam Masiel
Interim City Manager – City of Huntsville
1212 Ave. M
Huntsville, Texas 77340

Mr. Brandon Davis
City Attorney – City of Liberty
City Attorney – City of Dayton
1517 Trinity
Liberty, Texas 77575

Mr. Bryan Kendrick
City Manager – City of Liberty
1829 Sam Houston
Liberty, Texas 77575

Mr. Alan P. Petrov
City Attorney – City of Montgomery
Johnson Petrov LLP
2929 Allen Parkway, Suite 3150
Houston, Texas 77019

Mr. Richard Tramm
City Administrator – City of Montgomery
101 Old Plantersville Road
Montgomery, TX 77316

Mr. Cary Bovey
City Attorney – City of Navasota
Bovey & Cochran, PLLC
2251 Double Creek Dr., Suite 204
Round Rock, Texas 78664

Ms. Kristin Gauthier
Assistant City Manager – City of Navasota
200 E. McAlpine Street
Navasota, Texas 77868

Ms. Cheryl Dowden
Interim City Manager – City of Nederland
P.O. Box 967
Nederland, Texas 77627

Mr. Chris Leavins
City Attorney – City of Nederland
City Attorney – City of Vidor
City Attorney – City of West Orange
P.O. Box 4915
Beaumont, Texas 77704-4915

Ms. Elizabeth Harrell
City Secretary – City of Oak Ridge North
27424 Robinson Road
Oak Ridge North, Texas 77385

Mr. Guy Goodson
City Attorney – City of Orange
GERMER PLLC
550 Fannin, Suite 400
Beaumont, Texas 77701

Mr. Rodney Price
City Attorney – City of Rose City
P.O. Box 310
Vidor, Texas 77670

Mr. Tommy Gunn
City Attorney – City of Pinehurst
202 S. Border
Orange, Texas 77630

Mr. Ronald Burton
City Manager – City of Port Arthur
P.O. Box 1089
Port Arthur, Texas 77641

Mr. Andre' Wimer
City Manager – City of Port Neches
P.O. Box 758
Port Neches, Texas 77651

Ms. Kathie Reyer
City Administrator – City of Shenandoah
29955 IH-45 N.
Shenandoah, Texas 77381

Ms. DeeAnn Zimmerman
City Manager – City of Silsbee
105 South 3rd Street
Silsbee, Texas 77656

Ms. Heather Neeley
City Manager – City of Oak Ridge North
27424 Robinson Road
Oak Ridge North, Texas 77385

Mr. Mike Kunst
City Manager – City of Orange
812 North 16th Street
P.O. Box 520
Orange, Texas 77630

Mr. Jerry Hood
City Administrator – City of Pinehurst
2497 Martin Luther King Jr. Drive
Orange, Texas 77630

Ms. Roxann Cotroneo
City Attorney – City of Port Arthur
P.O. Box 1089
Port Arthur, Texas 77641

Mr. Lance Bradley
City Attorney – City of Port Neches
P.O. Box 1148
Port Neches, Texas 77651

Mr. J. Grady Randle
City Attorney – City of Roman Forest
The Randle Law Office Ltd. LLP
820 Gessner, Suite 1570
Houston, TX 77024

Mr. Solomon Freimuth
City Attorney – City of Silsbee
P.O. Box 186
Port Neches, Texas 77651

Mr. Alex Stelly
City Attorney – City of Sour Lake
2615 Calder Ave., Ste. 1070
Beaumont, Texas 77702

Mr. Jack Provost
City Manager – City of Sour Lake
625 Hwy 105 W
Sour Lake, Texas 77959

Mayor Dorothy Welch
City Attorney Leonard Schneider
City of Splendora
P.O. Box 1087
Splendora, Texas 77372

Mr. Robbie Hood
City Manager - City of Vidor
1395 N. Main St.
Vidor, Texas 77662-3726

Mayor Randy Branch
Mayor – City of West Orange
2700 Western Avenue
West Orange, TX 77630

Mr. Michael S. Stelly
City of West Orange, Texas
2700 Austin Avenue
West Orange, TX 77630

Ms. Marissa Quintanilla
City Secretary – City of Willis
200 N. Bell
Willis, Texas 77378

Re: **Annual Ordinance Authorizing Municipal Participation in
Regulatory Proceedings of Entergy Texas, Inc. in 2026**

Dear Steering Committee of Cities located in Entergy Texas, Inc.'s Service Territory:

It is once again time to authorize municipal participation in regulatory rate proceedings involving Entergy Texas, Inc. ("ETI" or "Company") before the Public Utility Commission of Texas ("PUCT" or "Commission"). **Attached for your consideration is a proposed Ordinance to authorize participation in rate proceedings in 2026. Please forward the completed Ordinance to us by email at danlawtonlawfirm@gmail.com and molly@mayhallvandervoort.com.**

In 2025, we participated in several different types of proceedings that ETI initiated with the Commission, summarized below:

- *Application of Entergy Texas, Inc. to Amend Its Certificate of Convenience and Necessity to Construct a Portfolio of Dispatchable Generation Resources.* ETI's application for approval to construct the Legend Power Station and the Lone Star Power Station was approved on December 9, 2025. Together, these plants will add 1207 MW of capacity to serve ETI's customers by mid-2028. In its order, the Commission found that ETI did not adequately evaluate lower-cost alternatives in its planning process. To protect customers from the risk of the projects going over budget, the Commission imposed a cost cap of \$1.6024 billion for the Legend Power Station and \$771.5 billion for the Lone Star Power Station.
- *Application of Entergy Texas, Inc. to Amend Its Certificate of Convenience and Necessity to Construct a Portfolio of Renewable Generation Resources.* ETI withdrew its application for approval to construct two solar facilities and will not go forward with these projects.

- *Application of Entergy Texas, Inc. for Approval of a Resiliency Plan.* In January 2025, the Commission approved Phase I of ETI's "Texas Future Ready Resiliency Plan," a comprehensive set of resiliency measures that are intended to improve service reliability for customers and to mitigate system restoration costs after extreme weather events.¹ The projects approved for Phase I are expected to cost approximately \$137 million, but ETI is deferring recovery of these costs until a future proceeding. ETI must file a resiliency plan report annually starting May 1, 2026.
- *Application of Entergy Texas, Inc. for Authority to Reconcile Fuel and Purchased Power Costs.* ETI requested to reconcile the fuel and purchased power expenses it incurred between April 1, 2022 and March 31, 2024. No objections were raised and the application was approved as filed. Pursuant to the Commission's final order, the Company's under-recovery balance of approximately \$30 million will be carried forward to the next fuel reconciliation proceeding. As such, rates were not impacted.
- *Application of Entergy Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor.* The Energy Efficiency Cost Recovery Rider ("EECRF") recovers costs related to ETI's energy efficiency programs. This rider is adjusted annually with the updated rate going into effect on January 1 of each year. The parties reached a settlement agreement that made small adjustments to the Company's request with a negligible impact on the proposed rates. The Commission approved the settlement agreement on December 12, 2025.
- ETI filed applications to recover costs related to its distribution system (Distribution Cost Recovery Factor or "DCRF") and its transmission system (Transmission Cost Recovery Factor or "TCRF"). The DCRF applications were uncontested by the Commission Staff and intervening parties and were approved by the Commission. The TCRF application is still pending, but as we do not anticipate any major issues, we expect a final order to be issued in early 2026. The DCRF and TCRF are subject to true-up to prevent the Company from over-recovering its expenses.

Looking forward to 2026, we will continue to participate in the currently pending TCRF proceedings. In addition, several other rate proceedings may be initiated this year:

- ETI's Orange County Advanced Power Station ("OCAPS") is on track to start serving customers in summer of 2026. When the Commission approved the OCAPS project in 2023, the cost was projected to be at least \$1.58 billion and possibly as much as \$2.5 billion. We anticipate that the Company will file an application for a Generation Cost Recovery Rider ("GCRR"), which will allow for recovery of plant investment costs as soon as OCAPS goes into service. Like the TCRF and DCRF,

¹ ETI filed its system resiliency plan pursuant to Public Utility Regulatory Act § 38.078 (Transmission and Distribution System Resiliency Planning by and Cost Recovery for Electric Utilities), which was signed into law in 2023.

the GCRR is an interim cost recovery mechanism that is subject to true-up in the next base rate case.

- By statute, electric utilities must reconcile fuel and purchased power costs at least once every two years.² ETI's last fuel reconciliation case was filed in 2024, so ETI is expected to file its next fuel reconciliation case this year.
- The Company is likely to file an additional TCRF and up to two DCRF applications for interim cost recovery of investments made to its transmission and distribution systems.
- The Company is also expected to file its annual application to amend its Energy Efficiency Cost Recovery Factor in May 2026.
- ETI is not required to file its next base rate case until August 2027, but it could opt to file in 2026 instead.³

The continued support of each of the Cities in the Steering Committee has been instrumental in the successful regulation of ETI and in maintaining reasonable rates for customers within the Cities. We look forward to each City's continued participation with the Steering Committee in the regulatory process. **Please forward completed Ordinances to us by email at danlawtonlawfirm@gmail.com and molly@mayhallvandervoort.com.**

If you have any questions or concerns, please call.

Sincerely,



For Daniel J. Lawton

² Public Utility Regulatory Act § 36.203(h).

³ Public Utility Regulatory Act § 36.212(b)(1).